



Faysal Bank Limited

Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited ("FBL" or "the Bank") along with Unconsolidated Financial Statements for the quarter and nine months ended on September 30, 2021.

Company Profile

FBL was incorporated in Pakistan on 3rd October 1994 as a public limited company and its shares are listed on Pakistan Stock Exchange. FBL offers a wide range of modern banking services to all customer segments.

The Bank's footprint now spreads over 207 cities across the country with 576 branches. In line with FBL's strategy of transforming itself into a full-fledged Islamic Bank, 90% of its branches are now offering dedicated sharia-compliant banking services.

Holding Company

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain holds directly and indirectly, 66.78% (2020: 66.78%) of the shareholding in the Bank. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. while Dar Al-Maal Al-Islami Trust (DMIT) is the holding company of Ithmaar Holding B.S.C. and ultimate parent of the Bank. DMIT was formed by an indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and tradition.

Economic Update

In its meeting on September 20, 2021, the Monetary Policy Committee (MPC) decided to raise the policy rate by 25 basis points to 7.25% to deter rising demand pressures in the economy, thus, reversing the course on the accommodative monetary policy that followed Covid-19. The Ministry of Finance projects the economy to grow by 5% in FY22 whereas the World Bank projects growth of 3.4% for the same period. The average inflation for 1QFY22 stood at 8.58% due to high month on month numbers. World Bank

projects inflation to edge up with expected domestic energy tariff hikes and higher oil and commodity prices.

The trade deficit for the 1QFY22 widened by 100.62% to USD 11.66 billion from USD 5.81 billion in the same period of last fiscal year. Exports, at USD 6.97 billion in 1QFY'22, were 27.3% higher and imports, at USD 18.63 billion, were 65.0% higher than the values reported for 1QFY'21. The consequences of this high import bill had begun to show as USD/PKR parity had weakened from 157.87, at the start of FY22, to 170.66 by the end of 1QFY22 i.e., a depreciation of 8.10%. Many other currencies have also depreciated recently though as expectations of tapering by the Federal Reserve have been brought forward. The current account deficit rose to USD 2.3 Billion in July-Aug FY22, while remittances remained strong at USD 8 Billion in the 1QFY22. The Monetary Policy Committee (MPC) had noted in its meeting in September that over the last few months the burden of adjusting to the rising current account deficit had fallen primarily on the exchange rate and that it could be expected in the coming future for other adjustment tools, including interest rates, to be used against the surging deficit.

For FY22, the fiscal deficit is budgeted to be at 6.3% of GDP. Pakistan's tax machinery collected PKR 1.395 trillion in the 1QFY22 exceeding the target of PKR 1.211 trillion by PKR 186 billion. The revenue collection is mainly driven by 52% contribution from tax collection at import stage while only 48% is from domestic taxes.

Looking ahead, the 39-month IMF Extended Fund Facility (EFF) will be the key in setting the tone for the rest of FY22. Negotiations for resumption of EFF with IMF officials are underway. Key reforms include domestic revenue mobilization, reduction of power sector arrears, electricity subsidy reform and increased central bank operational autonomy. The bone of contention is the pace of the reforms and not the reforms themselves. Any delays in the resumption of the IMF-EFF program and the consequent external financing difficulties will lead to unsustainable external pressure and forced fiscal and monetary tightening. Whereas the successful conclusion of the talks would facilitate immediate disbursements of

USD 1 billion by the IMF, USD 600 million by the Asian Development Bank and another USD 1 billion by the World Bank over the course of the current fiscal year providing much needed space on the foreign exchange side.

Bank's Performance

Conversion to Islamic Banking

The Bank continues to make significant progress on its strategy to convert into a full-fledged Islamic Bank. We are proud to share that Alhamdulillah, 83.4% of the Bank's financing as of September '21 end is sharia compliant. This has been made possible by the untiring efforts of the entire team under the supervision and guidance of the Sharia Board and the Board of Directors. During the period under review, the Bank has converted another 21 branches into dedicated sharia compliant banking branches taking the number of Islamic Banking branches to 521 i.e., 90% of the network. Full conversion of the Bank to Islamic is no longer a distant dream but a distinct reality which we will InshaAllah achieve soon as envisaged in FBL's strategy.

Support of Government Initiatives

Roshan Digital Account (RDA) is one of the major initiatives of State Bank of Pakistan, in collaboration with selected commercial banks operating in Pakistan. These accounts provide innovative banking solutions for millions of Non-Resident Pakistanis (NRPs), seeking to undertake banking, payment, and investment activities in Pakistan. Faysal Bank was amongst the few banks initially selected by SBP to offer Roshan Digital Accounts. As per SBP's directives, Roshan Apni Car, Roshan Apna Ghar and Roshan Samaaji Khidmat for donations & charities were also successfully launched exclusively for RDA customers.

Faysal Bank is also amongst the few banks to achieve its mandatory targets for 'Housing and Construction Finance' on quarterly basis since inception, in addition to low-cost housing targets as set by SBP on a monthly basis. In line with the SBP's vision to facilitate affordable low-cost housing borrowers across

Pakistan, FBL led the initiative for the launch of the Pakistan Banks' Association joint call center named 'Mera Pakistan Mera Ghar – Helpline' in Islamabad and Karachi. In addition to the above Faysal Bank is also actively participating in Kamyab Jawan Program (PM-YES) of the government, while exceeding the SBP disbursement targets to date, as well.

Financial Highlights

Key Balance Sheet Numbers	September '21	December '20	Growth
	Rs. in million	Rs. in million	%
Investment	343,737	276,930	24.1%
Financing	366,929	318,180	15.3%
Total Assets	833,982	709,958	17.5%
Deposits	613,673	540,636	13.5%

Profit & Loss Account	September '21	September '20	Growth
	Rs. in million	Rs. in million	%
Total Revenue	25,336	25,318	0.1%
Non-Markup Expenses	15,192	14,166	7.2%
Profit before tax and provisions	10,144	11,151	-9.0%
Provisions / (Reversal)	216	2,082	-89.6%
Profit before tax	9,928	9,070	9.5%
Tax	3,859	3,555	8.6%
Profit after tax	6,069	5,515	10.0%
Earnings per share (Rupees)	4.00	3.63	10.2%

Despite drastic cut of 625 bps in policy rate during 2020, the Bank was able to generate net markup income of Rs. 18,921 million for the nine months ended September 30, 2021, almost at the same level as compared to the corresponding previous year period. This was made possible through continued emphasis on generating low-cost deposits. The Bank also focused on increasing revenue from non-markup income and generated 43% higher fee-based income as compared to last year with stellar growth across all product lines. Due to higher gain on government securities during the corresponding previous year, overall non-markup income showed marginal increase of 1.9% to Rs. 6,414 million. Non markup expenses have increased by 7.2% to Rs. 15,192 million mainly due to opening of 21 new branches in last quarter of 2020 and inflationary pressures.

Net provisions for nine months under review reflected charge of Rs. 216 million as against charge of Rs. 2,082 million in the corresponding period of last year.

Accordingly profit after tax for the nine months ended September 30, 2021 is 10% higher than corresponding period of previous year at Rs. 6,069 million. Earnings per share for the current nine months period works out to Rs. 4.00.

On the balance sheet side deposits grew by 13.5% to Rs. 613.7 billion. The Bank concentrated on reducing cost of deposit during the quarter and saw significant growth in low-cost deposits. Ratio of current deposits to total deposits has improved from 30.7% to 34.4%. Financing increased by 15.3% from December '20 level to Rs. 366.9 billion. Investments were 24.1% higher at Rs. 343.7 billion. Accordingly, total assets of the Bank are at Rs. 833.9 billion as of September 30, 2021 registering a strong growth of 17.5%.

Risk management

Credit Risk Management, in coordination with the Business Units, continued to closely monitor the credit portfolio in these unprecedented times that also included Rapid Credit Portfolio Reviews. Regular follow-

up has been maintained with the customers to proactively monitor and manage credit relationships. Enterprise Risk Management function focused on enhanced monitoring of market, liquidity & operational risks. A senior management committee, headed by the Chief Risk Officer, continued to oversee implementation of measures required to ensure well-being of the employees, customers and community at large in these difficult times of pandemic. Being a responsible corporate citizen, FBL joined hands with the Government in its fight against Covid 19 by vaccinating its staff, and their eligible family members.

Outlook

Alhamdulillah the Country has fared much better in dealing with COVID 19 pandemic as compared to many countries. With the vaccinations picking up and declining number of new infections most of the restrictions on economic and social activities have been lifted. There is thus cautious optimism that the economic activities will gain momentum going forward and credit offtake is likely to rebound.

As per our strategic plan FBL will continue to work towards its commitment to achieve complete Islamic transformation. The Bank is targeting to convert another 44 branches to Islamic during the last quarter of 2021. Another 30 new Islamic branches will be opened before the year end, resultantly 98% of the branch network will be offering dedicated sharia compliant products. Digital banking is another strategic thrust of FBL which has achieved greater emphasis during the pandemic. We remain committed to provide best in class service to our customers through improved and enhanced offerings from alternate delivery channels and digital platforms.

Credit Rating:

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

Long-Term	AA
Short-Term	A1+

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

Subsequent Events

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

Acknowledgement

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

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on October 27, 2021 and signed by the Chief Executive Officer and a director.

President & CEO

Chairman

Karachi

Dated: October 27, 2021

FAYSAL BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021



	Un-audited September 30, 2021	Audited December 31, 2020
Note	----- Rupees '000 -----	
ASSETS		
Cash and balances with treasury banks	9 51,526,860	59,881,289
Balances with other banks	10 3,892,546	2,878,547
Lendings to financial institutions	11 12,000,000	2,985,000
Investments	12 343,736,992	276,929,792
Advances	13 366,929,219	318,179,878
Fixed assets	14 25,028,209	24,038,885
Intangible assets	15 1,539,930	1,540,779
Deferred tax assets	20 -	-
Other assets	16 29,328,164	23,523,784
	833,981,920	709,957,954
LIABILITIES		
Bills payable	17 12,016,500	13,543,270
Borrowings	18 104,111,137	58,446,516
Deposits and other accounts	19 613,672,486	540,635,833
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	20 980,285	1,591,769
Other liabilities	21 38,466,875	35,633,134
	769,247,283	649,850,522
NET ASSETS	<u>64,734,637</u>	<u>60,107,432</u>
REPRESENTED BY		
Share capital	15,176,965	15,176,965
Reserves	10,995,073	11,032,647
Surplus on revaluation of assets - net	22 8,112,169	9,027,473
Unappropriated profit	30,450,430	24,870,347
	<u>64,734,637</u>	<u>60,107,432</u>
CONTINGENCIES AND COMMITMENTS	23	

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2021**

Note	Quarter ended		Nine months ended		
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	
----- Rupees '000 -----					
Mark-up / return / interest earned	25	13,800,948	12,343,174	38,294,872	44,300,167
Mark-up / return / interest expensed	26	6,795,314	6,535,399	19,373,617	25,275,137
Net mark-up / interest income		7,005,634	5,807,775	18,921,255	19,025,030
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	1,311,873	963,175	3,744,023	2,618,016
Dividend income		102,310	40,298	346,144	271,878
Foreign exchange income		589,865	630,863	1,615,633	1,559,427
Income / (loss) from derivatives		4,240	(21,350)	(40,635)	79,693
Gain on securities	28	73,310	675,533	523,553	1,690,708
Other income	29	58,332	60,794	226,110	72,870
Total non mark-up / interest income		2,139,930	2,349,313	6,414,828	6,292,592
Total income		9,145,564	8,157,088	25,336,083	25,317,622
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	5,459,803	4,749,576	14,978,343	13,864,392
Workers Welfare Fund		74,722	47,764	208,534	195,891
Other charges	31	1,325	(1,989)	5,466	106,023
Total non mark-up / interest expenses		5,535,850	4,795,351	15,192,343	14,166,306
Profit before provisions		3,609,714	3,361,737	10,143,740	11,151,316
Provisions and write-offs - net	32	227,332	616,951	215,784	2,081,759
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		3,382,382	2,744,786	9,927,956	9,069,557
Taxation	33	1,332,979	1,040,183	3,858,731	3,555,005
PROFIT AFTER TAXATION		2,049,403	1,704,603	6,069,225	5,514,552
----- Rupees -----					
Basic / diluted earnings per share	34	1.35	1.12	4.00	3.63

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2021

	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- Rupees '000 -----			
Profit after taxation for the period	2,049,403	1,704,603	6,069,225	5,514,552
Other comprehensive loss				
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>				
- Movement in surplus on revaluation of investments - net of tax	(95,961)	(200,629)	(645,598)	(1,186,050)
<i>Items that will not be reclassified to the profit and loss account in subsequent periods:</i>				
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	(86,560)	-	(86,560)
	(95,961)	(287,189)	(645,598)	(1,272,610)
Total comprehensive income	<u>1,953,442</u>	<u>1,417,414</u>	<u>5,423,627</u>	<u>4,241,942</u>

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

FAYSAL BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Reserves						Surplus / (deficit) on revaluation of			Unappropriated profit	Total
	Capital reserves			Statutory reserve	Total	Investments	Fixed assets / non-banking assets	Total			
	Share capital	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase						Reserve arising on amalgamation		
	Rupees '000										
Balance as at January 1, 2020 (audited)	15,176,965	10,131	475,930	23,952	9,320,945	9,830,958	3,383,915	7,364,165	10,748,080	19,507,870	55,263,873
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	-	-	-	5,514,552	5,514,552
Other comprehensive loss - net of tax	-	-	-	-	-	-	(1,186,050)	-	(1,186,050)	-	(1,186,050)
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,186,050)	-	(1,186,050)	5,514,552	4,328,502
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(86,560)	(86,560)	86,560	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(87,887)	-	-	(87,887)	-	-	-	-	(87,887)
Balance as at September 30, 2020 (un-audited)	15,176,965	10,131	388,043	23,952	9,320,945	9,743,071	2,197,865	7,277,605	9,475,470	25,108,982	59,504,488
Profit after taxation for the period from October 1, 2020 to December 31, 2020	-	-	-	-	-	-	-	-	-	995,953	995,953
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(419,140)	-	(419,140)	38,656	(380,484)
Total comprehensive (loss) / income	-	-	-	-	-	-	(419,140)	-	(419,140)	1,034,609	615,469
Transfer to statutory reserve	-	-	-	-	1,302,101	1,302,101	-	-	-	(1,302,101)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(28,857)	(28,857)	28,857	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	(12,525)
Balance as at December 31, 2020 (audited)	15,176,965	10,131	375,518	23,952	10,623,046	11,032,647	1,778,725	7,248,748	9,027,473	24,870,347	60,107,432
Profit after taxation for the nine months ended September 30, 2021	-	-	-	-	-	-	-	-	-	6,069,225	6,069,225
Other comprehensive loss - net of tax	-	-	-	-	-	-	(645,598)	-	(645,598)	-	(645,598)
Total comprehensive (loss) / income	-	-	-	-	-	-	(645,598)	-	(645,598)	6,069,225	5,423,627
Interim cash dividend declared at Rs 0.5 per share	-	-	-	-	-	-	-	-	-	(758,848)	(758,848)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(87,168)	(87,168)	87,168	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(182,538)	(182,538)	182,538	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(37,574)	-	-	(37,574)	-	-	-	-	(37,574)
Balance as at September 30, 2021 (un-audited)	15,176,965	10,131	337,944	23,952	10,623,046	10,995,073	1,133,127	6,979,042	8,112,169	30,450,430	64,734,637

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

FAYSAL BANK LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021



Note	Nine months ended	
	September 30,	September 30,
	2021	2020
	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,927,956	9,069,557
Less: dividend income	(346,144)	(271,878)
	<u>9,581,812</u>	<u>8,797,679</u>
Adjustments:		
Depreciation on owned fixed assets	30 1,023,258	993,724
Amortisation of intangible assets	30 107,051	141,056
Depreciation on right-of-use assets	30 1,156,439	1,010,522
Depreciation on non-banking assets	30 3,724	4,649
Workers Welfare Fund	208,534	195,891
Provision against loans and advances - net	32 838,709	2,129,066
Reversal of provision for diminution in value of investments - net	32 (320,589)	(63,511)
Provision against other assets	29,758	-
Reversal of provision against off balance sheet obligations - net	32 (21,956)	(9,621)
Unrealised loss on securities - held for trading - net	39,405	39,278
Gain on sale of fixed assets - net	29 (14,531)	(15,899)
Gain on sale of non-banking assets - net	29 (47,650)	-
Charge for defined benefit plan	158,143	125,646
Loss / (income) from derivative contracts - net	40,635	(79,693)
Mark-up / return / interest expensed - lease liability against right-of-use assets	26 980,752	776,436
Bad debts written off directly	32 23,886	12,723
	<u>4,205,568</u>	<u>5,260,267</u>
	<u>13,787,380</u>	<u>14,057,946</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(9,015,000)	(1,996,880)
Held-for-trading securities	(12,759,847)	1,348,582
Advances	(49,611,936)	(2,757,082)
Others assets	(6,266,851)	2,040,845
	<u>(77,653,634)</u>	<u>(1,364,535)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(1,526,770)	2,835,377
Borrowings from financial institutions	46,908,833	340,897
Deposits	73,036,653	56,847,335
Other liabilities (excluding current taxation)	1,519,353	1,566,890
	<u>119,938,069</u>	<u>61,590,499</u>
Income tax paid	(3,790,877)	(1,359,630)
Contribution to gratuity fund	(158,143)	(244,460)
Net cash generated from operating activities	<u>52,122,795</u>	<u>72,679,820</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(55,137,593)	(69,627,395)
Net divestment in associates	200,000	-
Net divestment in held-to-maturity securities	113,066	1,128,333
Dividends received	313,148	261,446
Investment in operating fixed assets	(2,012,201)	(1,031,020)
Investment in intangible assets	(167,798)	(166,922)
Proceeds from sale of fixed assets	15,747	31,159
Proceeds from sale of non-banking assets	469,000	-
Net cash used in investing activities	<u>(56,206,631)</u>	<u>(69,404,399)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(1,325,648)	(1,100,054)
Dividend paid	(686,734)	(136)
Net cash used in financing activities	<u>(2,012,382)</u>	<u>(1,100,190)</u>
(Decrease) / increase in cash and cash equivalents during the period	<u>(6,096,218)</u>	<u>2,175,231</u>
Cash and cash equivalents at the beginning of the period	<u>61,126,505</u>	<u>62,765,265</u>
Cash and cash equivalents at the end of the period	<u><u>55,030,287</u></u>	<u><u>64,940,496</u></u>

The annexed notes 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

FAYSAL BANK LIMITED
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**
1 STATUS AND NATURE OF BUSINESS

- 1.1 Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 575 branches (December 31, 2020: 575 branches) and 1 sub-branch (December 31, 2020: 1 sub-branch). Out of these, 521 (December 31, 2020: 500) are Islamic banking branches and 55 (December 31, 2020: 76) are conventional banking branches.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2020: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), ultimate parent of the Bank, is the holding company of Ithmaar Holdings B.S.C.

- 1.2 The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2020: 'AA') and the short term rating as 'A1+' (December 31, 2020: 'A1+') on June 30, 2021 and June 26, 2021 respectively.

2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.

- 2.2 The financial results of the Islamic banking branches have been consolidated in these condensed interim unconsolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all the Islamic banking branches are disclosed in note 39 to these condensed interim unconsolidated financial statements.

- 2.3 The Bank has controlling interest in Faysal Asset Management Limited (FAML) and is required to prepare consolidated financial statements under the provisions of the Companies Act, 2017. These condensed interim financial statements represent the unconsolidated results of the Bank and a separate set of condensed interim consolidated financial statements are also being presented by the Bank.

3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 'Interim financial reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of, and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 3.2** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended September 30, 2021, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 37.575 (September 30, 2020: Rs. 87.887 million) from the NCR.
- 3.3** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the annual audited unconsolidated financial statements for the year ended December 31, 2020.
- 3.4 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current period:**
- 3.4.1** There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim unconsolidated financial statements.
- 3.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:**
- 3.5.1** The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2022*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2022
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 3 - 'Business combinations' (amendments)	January 1, 2022

The management is in the process of assessing the impact of these standards and amendments on the condensed interim unconsolidated financial statements of the Bank.

* The SBP vide its BPRD Circular Letter No. 24 dated July 5, 2021 has notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2022. IFRS 9, 'Financial instruments' has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has an impact on all the assets of the Bank which are exposed to credit risk.

- 3.5.2** 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, 2022 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 condensed interim unconsolidated financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are the same as applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

5 BASIS OF MEASUREMENT

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except for certain fixed assets and non-banking assets acquired in satisfaction of claims which have been carried at revalued amounts, certain investments and derivative contracts which have been marked to market and are carried at fair value, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right-of-use assets which are initially measured at an amount equal to the corresponding lease liabilities (adjusted for any lease payments and certain specified costs) and depreciated over the respective lease terms.

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements is the same as that applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2020, except for a change in the accounting estimate for useful lives of certain categories of fixed assets, as disclosed in more details in note 14.4 to these condensed interim unconsolidated financial statements.

8 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2020.

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
9 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	14,253,741	13,650,095
- foreign currencies	1,307,054	6,147,826
	15,560,795	19,797,921
With State Bank of Pakistan in		
- local currency current accounts	25,361,655	25,323,730
- foreign currency current accounts	2,292,273	2,121,802
- foreign currency deposit accounts	4,277,245	3,860,816
	31,931,173	31,306,348
With National Bank of Pakistan in		
- local currency current accounts	3,754,237	8,202,707
Prize bonds	280,655	574,313
	<u>51,526,860</u>	<u>59,881,289</u>
10 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	1,724,230	645,262
Outside Pakistan		
- in current accounts	2,144,424	2,233,285
- in deposit accounts	23,892	-
	<u>3,892,546</u>	<u>2,878,547</u>
11 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	12,000,000	-
Repurchase agreement lendings (reverse repo)	-	2,985,000
	<u>12,000,000</u>	<u>2,985,000</u>

11.1 Securities held as collateral against lendings to financial institutions

	Un-audited			Audited		
	September 30, 2021			December 31, 2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- Rupees '000 -----					
Pakistan Investment Bonds	-	-	-	2,985,000	-	2,985,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,985,000</u>	<u>-</u>	<u>2,985,000</u>

12 INVESTMENTS

12.1 Investments by type:

Note	Un-audited				Audited			
	September 30, 2021				December 31, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus	Carrying value
----- Rupees '000 -----								
Held-for-trading securities								
	18,659,994	-	(3,330)	18,656,664	6,534,053	-	418	6,534,471
Federal Government securities								
Shares	633,906	-	(35,657)	598,249	-	-	-	-
	19,293,900	-	(38,987)	19,254,913	6,534,053	-	418	6,534,471
Available-for-sale securities								
	249,133,923	-	154,746	249,288,669	195,466,018	-	15,838	195,481,856
Federal Government securities								
Shares	10,350,497	1,377,288	(827,630)	8,145,579	8,421,544	1,688,885	376,325	7,108,984
Non Government debt securities	51,179,570	557,516	2,530,469	53,152,523	51,638,835	559,787	2,523,780	53,602,828
	310,663,990	1,934,804	1,857,585	310,586,771	255,526,397	2,248,672	2,915,943	256,193,668
Held-to-maturity securities								
	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Federal Government securities								
Non Government debt securities	11,718,390	1,521,895	-	10,196,495	11,831,456	1,528,616	-	10,302,840
	13,315,438	1,521,895	-	11,793,543	13,428,504	1,528,616	-	11,899,888
Associates *								
	268,625	-	-	268,625	268,625	-	-	268,625
Faysal Income & Growth Fund								
Faysal Islamic Stock Fund	-	-	-	-	200,000	-	-	200,000
Faysal Savings Growth Fund	693,247	-	-	693,247	693,247	-	-	693,247
	961,872	-	-	961,872	1,161,872	-	-	1,161,872
Subsidiary *								
	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
Faysal Asset Management Limited								
	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
Total Investments - net	345,375,093	3,456,699	1,818,598	343,736,992	277,790,719	3,777,288	2,916,361	276,929,792

* related parties

Un-audited Audited
September 30, December
2021 31, 2020
----- Rupees '000 -----

12.2	Bai Muajjal - gross	2,212,625	2,212,625
	Less: deferred income	(41,563)	(194,895)
	Less: profit receivable shown in other assets	(574,014)	(420,682)
	Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

This represents Bai Muajjal with Government of Pakistan carrying profit at the rate of 12.84% per annum (December 31, 2020: 12.84%) maturing in December, 2021.

12.3 Investments given as collateral

- Market treasury bills	<u>28,600,000</u>	<u>-</u>
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Un-audited Audited
September 30, December
2021 31, 2020
----- Rupees '000 -----

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
12.4 Provision for diminution in value of investments		
12.4.1 Opening balance	3,777,288	3,849,281
Charge / (reversals)		
Charge for the period / year	-	379,785
Reversals for the period / year	(8,990)	(14,982)
Reversals on disposals for the period / year	(311,599)	(436,796)
	(320,589)	(71,993)
Closing balance	<u>3,456,699</u>	<u>3,777,288</u>

12.4.2 Particulars of provision against debt securities

Category of classification	Un-audited September 30, 2021		Audited December 31, 2020	
	Non-performing investments	Provision	Non-performing investments	Provision
	----- Rupees '000 -----			
Domestic				
- Loss	<u>2,079,412</u>	<u>2,079,412</u>	<u>2,088,403</u>	<u>2,088,403</u>

12.5 The market value of non government debt securities classified as held-to-maturity as at September 30, 2021 amounted to Rs. 9,820.543 million (December 31, 2020: Rs. 10,029.170 million).

12.6 Investment in subsidiary and associates

Note	Un-audited As at September 30, 2021				Un-audited For nine months ended September 30, 2021			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income	
	----- Rupees '000 -----							
Associates								
Faysal Income & Growth Fund	Pakistan	26.26%	1,018,606	14,514	58,662	49,111	49,111	
Faysal Savings Growth Fund	Pakistan	24.59%	2,796,809	31,790	150,732	125,272	125,272	
Subsidiary								
Faysal Asset Management Limited	12.6.1	Pakistan	99.99%	1,252,389	151,326	440,427	172,070	172,070
	Audited As at December 31, 2020				Un-audited For nine months ended September 30, 2020			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive income / (loss)	
	----- Rupees '000 -----							
Associates								
Faysal Income & Growth Fund	Pakistan	40.67%	672,056	15,337	72,426	59,695	35,409	
Faysal Islamic Stock Fund	Pakistan	37.64%	646,596	17,356	-	-	-	
Faysal Savings Growth Fund	Pakistan	21.54%	3,232,073	44,947	118,353	99,254	99,254	
Subsidiary								
Faysal Asset Management Limited	Pakistan	99.99%	1,062,615	133,622	150,283	4,546	4,546	

12.6.1 Faysal Asset Management Limited (the Company) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained a 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.

13 ADVANCES

Note	Performing		Non-performing		Total	
	Un-audited September 30, 2021	Audited December 31, 2020	Un-audited September 30, 2021	Audited December 31, 2020	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----					
Loans, cash credits, running finances, etc.	58,163,706	119,418,082	19,462,640	22,406,562	77,626,346	141,824,644
Islamic financing and related assets	305,035,410	189,951,257	3,759,789	3,294,935	308,795,199	193,246,192
Bills discounted and purchased	636,881	4,150,522	450,547	523,928	1,087,428	4,674,450
Advances - gross	363,835,997	313,519,861	23,672,976	26,225,425	387,508,973	339,745,286
Provision against advances	13.3					
- specific	-	-	(19,666,971)	(20,649,632)	(19,666,971)	(20,649,632)
- general	(912,783)	(915,776)	-	-	(912,783)	(915,776)
	(912,783)	(915,776)	(19,666,971)	(20,649,632)	(20,579,754)	(21,565,408)
Advances - net of provision	362,923,214	312,604,085	4,006,005	5,575,793	366,929,219	318,179,878

13.1 Particulars of advances (gross)

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
- in local currency	383,417,770	339,106,568
- in foreign currency	4,091,203	638,718
	<u>387,508,973</u>	<u>339,745,286</u>

13.2 Advances include Rs. 23,672.976 million (December 31, 2020: Rs. 26,225.425 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited September 30, 2021		Audited December 31, 2020	
	Non-performing loans	Provision	Non- performing loans	Provision
	----- Rupees '000 -----			
Domestic				
- other assets especially mentioned	365,073	364	204,782	-
- substandard	1,096,698	109,216	2,727,006	541,529
- doubtful	624,746	204,568	900,979	237,209
- loss	21,586,459	19,352,823	22,392,658	19,870,894
Total	<u>23,672,976</u>	<u>19,666,971</u>	<u>26,225,425</u>	<u>20,649,632</u>

13.3 Particulars of provision against advances

	Un-audited September 30, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
Opening balance	20,649,632	915,776	21,565,408	23,475,724	761,951	24,237,675
Exchange adjustments	30,278	-	30,278	25,095	-	25,095
Charge for the period / year	2,136,162	-	2,136,162	3,610,762	250,000	3,860,762
Reversals during the period / year	(1,294,460)	(2,993)	(1,297,453)	(1,485,958)	(96,175)	(1,582,133)
	841,702	(2,993)	838,709	2,124,804	153,825	2,278,629
Amounts written off	(1,854,641)	-	(1,854,641)	(4,975,991)	-	(4,975,991)
Closing balance	<u>19,666,971</u>	<u>912,783</u>	<u>20,579,754</u>	<u>20,649,632</u>	<u>915,776</u>	<u>21,565,408</u>

13.3.1 As per the Prudential Regulations, the 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.

The Bank also maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance issued by the SBP. The provision ranges between 0.5% to 1.5% based on the non-performing loan ratio present in the portfolio.

	Un-audited	Audited
	September 30, 2021	December 31, 2020
	----- Rupees '000 -----	
16.1 Provision held against other assets		
Dividend receivable	75,348	75,348
SBP penalties	51,050	51,050
Fraud forgery theft and account receivable	50,625	20,867
Security deposits	22,994	22,994
Others	155,573	155,573
	<u>355,590</u>	<u>325,832</u>
16.1.1 Movement in provision held against other assets		
Opening balance	325,832	252,176
Charge for the period / year	29,758	74,536
Reversals during the period / year	-	(795)
	29,758	73,741
Amounts written off	-	(85)
Closing balance	<u>355,590</u>	<u>325,832</u>
17 BILLS PAYABLE		
In Pakistan	<u>12,016,500</u>	<u>13,543,270</u>
18 BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan (SBP)		
- under export refinance scheme - part I and II	584,152	8,623,400
- under long term financing facility	1,050,437	1,246,164
- under long term financing facility for renewable power energy (RPE)	763,299	809,662
- under scheme of financing facility for storage of agricultural produce	31,943	53,129
- under Islamic export refinance scheme	23,726,535	19,400,601
- under refinance scheme for payment of wages and salaries	8,932,162	12,932,302
- under Islamic financing for renewable energy	5,600,232	1,400,274
- under Islamic long term financing facility	6,914,264	3,599,252
- under Islamic temporary economic refinance scheme	17,357,756	3,807,141
- under Islamic refinance facility for combating COVID-19	318,722	35,400
- under Islamic financing facility for storage of agricultural produce	49,382	-
	65,328,884	51,907,325
Repurchase agreement borrowings	28,396,622	-
Borrowing from other financial institution	475,605	500,000
Total secured	<u>94,201,111</u>	<u>52,407,325</u>
Unsecured		
Call borrowings	1,500,000	-
Overdrawn nostro accounts	389,119	1,633,331
Musharaka acceptances	-	410,000
Other borrowings	8,020,907	3,995,860
Total unsecured	<u>9,910,026</u>	<u>6,039,191</u>
	<u>104,111,137</u>	<u>58,446,516</u>

19 DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	September 30, 2021			December 31, 2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000 -----					
Customers						
Current deposits	185,698,030	23,850,819	209,548,849	144,344,241	20,813,651	165,157,892
Savings deposits	201,980,526	19,395,314	221,375,840	184,980,930	17,643,501	202,624,431
Term deposits	136,925,679	1,976,987	138,902,666	143,287,216	3,141,533	146,428,749
Margin deposits	2,809,946	7,178	2,817,124	3,341,663	15,132	3,356,795
	527,414,181	45,230,298	572,644,479	475,954,050	41,613,817	517,567,867
Financial institutions						
Current deposits	1,737,052	97,148	1,834,200	813,493	49,245	862,738
Savings deposits	30,209,777	-	30,209,777	15,880,218	-	15,880,218
Term deposits	8,984,030	-	8,984,030	6,325,010	-	6,325,010
	40,930,859	97,148	41,028,007	23,018,721	49,245	23,067,966
	<u>568,345,040</u>	<u>45,327,446</u>	<u>613,672,486</u>	<u>498,972,771</u>	<u>41,663,062</u>	<u>540,635,833</u>

20	DEFERRED TAX (LIABILITIES) / ASSETS	Note	Un-audited	Audited
			September 30, 2021	December 31, 2020
			----- Rupees '000 -----	
	Deductible temporary differences on			
	- provision for diminution in the value of investments		45,476	155,137
	- provision against advances, off balance sheet, etc.		1,356,012	1,215,623
	- provision against other assets		140,068	128,462
			1,541,556	1,499,222
	Taxable temporary differences on			
	- surplus on revaluation of fixed assets		(1,546,516)	(1,602,246)
	- surplus on revaluation of non-banking assets		(14,113)	(14,113)
	- surplus on revaluation of investments		(724,458)	(1,137,218)
	- fair value adjustment relating to net assets acquired upon amalgamation		(216,065)	(240,087)
	- accelerated tax depreciation		(20,689)	(97,327)
			(2,521,841)	(3,090,991)
			(980,285)	(1,591,769)
21	OTHER LIABILITIES			
	Mark-up / return / interest payable in local currency		2,970,745	3,792,193
	Mark-up / return / interest payable in foreign currencies		9,967	6,344
	Unearned commission and income on bills discounted		885,767	968,302
	Accrued expenses		2,387,357	2,484,143
	Acceptances	16	13,101,501	10,726,305
	Unclaimed dividends		117,152	45,038
	Mark to market loss on forward foreign exchange contracts		857,824	1,907,030
	Current taxation (provision less payments)		509,759	58,669
	Charity fund balance		1,094	1,070
	Provision against off-balance sheet obligations	21.1	105,613	127,569
	Security deposits against leases		269,305	586,301
	Withholding tax payable		115,964	165,433
	Federal excise duty payable		51,560	67,402
	Payable to brokers against purchase of shares		1,255,309	35,001
	Fair value of derivative contracts		922,796	964,671
	Payable related to credit cards and other products		188,634	1,146,914
	Lease liability against right-of-use assets		9,344,034	8,530,893
	Advance against disposal of assets		21,723	459,467
	Funds held as security		265,883	242,227
	Payable to 1Link (Private) Limited		158,505	154,308
	Insurance payable		101,633	115,600
	Clearing and settlement accounts		3,942,568	2,706,765
	Others		882,182	341,489
			38,466,875	35,633,134
21.1	Provision against off-balance sheet obligations			
	Opening balance		127,569	113,676
	Charge for the period / year		1,871	25,132
	Reversals during the period / year		(23,827)	(11,239)
			(21,956)	13,893
	Closing balance		105,613	127,569
22	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Surplus on revaluation of:			
	- available for sale securities		1,857,585	2,915,943
	- fixed assets		7,268,422	7,411,321
	- non-banking assets acquired in satisfaction of claims		1,271,248	1,453,786
			10,397,255	11,781,050
	Deferred tax on surplus on revaluation of:			
	- available for sale securities		(724,458)	(1,137,218)
	- fixed assets		(1,546,515)	(1,602,246)
	- non-banking assets acquired in satisfaction of claims		(14,113)	(14,113)
			(2,285,086)	(2,753,577)
			8,112,169	9,027,473

23	CONTINGENCIES AND COMMITMENTS	Note	Un-audited	Audited
			September 30, 2021	December 31, 2020
			----- Rupees '000 -----	
	Guarantees	23.1	36,218,282	29,202,222
	Commitments	23.2	237,601,290	183,850,529
	Other contingent liabilities	23.3	4,122,244	4,122,244
			<u>277,941,816</u>	<u>217,174,995</u>
23.1	Guarantees:			
	Financial guarantees		7,574,197	7,810,863
	Performance guarantees		10,575,325	5,662,415
	Other guarantees		18,068,760	15,728,944
			<u>36,218,282</u>	<u>29,202,222</u>
23.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		79,699,505	50,571,999
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	94,054,435	93,025,986
	- forward government securities transactions	23.2.2	28,409,410	2,989,036
	- derivatives - cross currency and interest rate swaps (notional principal)	23.2.3	6,671,828	8,272,187
	- extending credit (irrevocable)	23.5	28,598,923	28,859,840
	Commitments for acquisition of:			
	- operating fixed assets		31,030	49,303
	- intangible assets		136,159	82,178
			<u>237,601,290</u>	<u>183,850,529</u>
23.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		67,440,020	66,134,904
	Sale		26,614,415	26,891,082
			<u>94,054,435</u>	<u>93,025,986</u>
23.2.2	Commitments in respect of forward government securities transactions			
	Purchase		28,409,410	-
	Sale		-	2,989,036
			<u>28,409,410</u>	<u>2,989,036</u>
23.2.3	Commitments in respect of derivatives			
	Sale	24	6,671,828	8,272,187
23.3	Other contingent liabilities			
	Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case		2,510,000	2,510,000
	Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
	Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	23.3.1	1,154,701	1,154,701
			<u>4,122,244</u>	<u>4,122,244</u>
23.3.1	Income tax assessments of the Bank have been finalised upto the tax year 2019 (accounting year 2018) and tax return for the tax year 2021 (accounting year 2020) has already been filed.			

The department and the Bank has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2020: Rs. 1,154.701 million). The Commissioner Inland Revenue (Appeals) [(CIR(A)] had deleted the said additional tax liability, however the income tax department had filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). During the current period, the ATIR has passed an order and maintained the decision of the CIR(A) in favour of the Bank. The management of the Bank is confident that in case an appeal is filed by the department against the order of the ATIR, the matter will be decided in the Bank's favour and accordingly, no provision has been recorded in these condensed interim unconsolidated financial statements in respect of this matter.

23.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 33,864 million (December 31, 2020: Rs 31,374 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2020: 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 advices and / or internal assessments, the management is confident that the above matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim unconsolidated financial statements.

23.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 28,599 million (December 2020: Rs. 28,860 million) which are irrevocable in nature.

24 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)
Interest rate swap (notional principal)

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
	6,415,842	7,792,684
	255,986	479,503

24.1 Product analysis

Counterparties	September 30, 2021 (Un-audited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	----- Rupees '000 -----			
With banks for				
Hedging	-	-	-	-
Market making	2,642,033	(29,283)	255,986	4,068
With other entities for				
Hedging	-	-	-	-
Market making	3,773,809	(865,059)	-	-
Total				
Hedging	-	-	-	-
Market making	6,415,842	(894,342)	255,986	4,068
Counterparties	December 31, 2020 (Audited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain
	----- Rupees '000 -----			
With banks for				
Hedging	-	-	-	-
Market making	3,218,043	62,289	479,503	7,048
With other entities for				
Hedging	-	-	-	-
Market making	4,574,641	(843,878)	-	-
Total				
Hedging	-	-	-	-
Market making	7,792,684	(781,589)	479,503	7,048

	Note	Un-audited	
		For the nine months ended	
		September 30, 2021	September 30, 2020
		----- Rupees '000 -----	
25 MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		21,023,942	25,914,194
Investments		16,906,722	17,399,977
Lendings to financial institutions		254,573	45,198
Balances with banks		189	14,601
Securities purchased under resale agreements		109,446	926,197
		<u>38,294,872</u>	<u>44,300,167</u>
26 MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		14,746,025	20,265,878
Securities sold under repurchase agreements		733,789	166,713
Other short term borrowings		31,329	24,463
SBP borrowings		718,845	430,361
Short sale of Pakistan Investment Bonds		-	42,219
Bai Muajjal		-	178,419
Musharaka acceptances		115,822	633,290
Lease liability against right-of-use assets		980,752	776,436
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,047,055	2,757,358
		<u>19,373,617</u>	<u>25,275,137</u>
27 FEE AND COMMISSION INCOME			
Branch banking customer fees		608,379	370,021
Consumer finance related fees		367,803	232,213
Card related fees (debit and credit cards)		1,440,287	1,075,500
Credit related fees		20,756	36,565
Investment banking fees		170,345	118,737
Commission on trade		288,653	199,576
Commission on guarantees		103,961	66,350
Commission on cash management		56,340	46,594
Commission on remittances including home remittances		256,943	106,507
Commission on bancassurance		221,307	225,209
Commission on sale of funds unit		144,439	90,190
Others		64,810	50,554
		<u>3,744,023</u>	<u>2,618,016</u>
28 GAIN ON SECURITIES			
Realised - net	28.1	562,958	1,729,986
Unrealised - held for trading - net		(39,405)	(39,278)
		<u>523,553</u>	<u>1,690,708</u>
28.1 Realised gain on:			
Federal Government securities		331,260	1,187,116
Shares		148,175	512,650
Open end mutual funds		22,003	30,220
Associates		61,520	-
		<u>562,958</u>	<u>1,729,986</u>
29 OTHER INCOME			
Rent on property		155,332	140,063
Gain on sale of fixed assets - net		14,531	15,899
Gain on sale of non-banking assets - net		47,650	-
Loss on short sale of Pakistan Investment Bonds (PIBs)		-	(88,139)
Notice pay		5,504	3,375
Scrap income		2,821	1,291
Others		272	381
		<u>226,110</u>	<u>72,870</u>

Note	Un-audited		
	For the nine months ended		
	September 30, 2021	September 30, 2020	
	----- Rupees '000 -----		
30 OPERATING EXPENSES			
Total compensation expense	6,021,798	5,480,855	
Property expense			
Rent and taxes	334,748	156,010	
Insurance	44,235	45,854	
Utilities cost	569,739	532,641	
Security (including guards)	551,286	564,138	
Repair and maintenance (including janitorial charges)	403,754	359,155	
Depreciation on owned fixed assets	396,968	388,989	
Depreciation on non-banking assets	3,724	4,649	
Depreciation on right-of-use assets	1,156,439	1,010,522	
Others	64,735	54,573	
	3,525,628	3,116,531	
Information technology expenses			
Software maintenance	1,051,144	1,199,542	
Hardware maintenance	189,239	197,290	
Depreciation on owned fixed assets	265,317	280,732	
Amortisation	107,051	141,056	
Network charges	177,487	192,454	
Others	304	2,025	
	1,790,542	2,013,099	
Other operating expenses			
Directors' fees and allowances	80,080	115,741	
Legal and professional charges	80,210	56,563	
Outsourced services costs - staff	282,893	280,548	
Travelling and conveyance	65,100	49,191	
NIFT clearing charges	38,035	35,782	
Depreciation on owned fixed assets	360,973	324,003	
Training and development	15,042	16,042	
Postage and courier charges	109,107	121,398	
Communication	143,820	103,358	
Marketing, advertisement and publicity	332,957	293,621	
Donations	79,917	77,424	
Auditors remuneration	16,514	12,436	
Insurance	679,433	613,247	
Stationery and printing	258,902	264,091	
Bank fees and charges	114,150	86,210	
Brokerage and commission	53,909	51,564	
Deposit protection premium	390,176	292,992	
Credit card bonus points redemption	137,116	134,357	
Others	402,041	325,339	
	3,640,375	3,253,907	
	14,978,343	13,864,392	
31 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan	5,466	106,023	
32 PROVISIONS AND WRITE-OFFS - NET			
Reversal of provision for diminution in value of investments	12.4	(320,589)	(63,511)
Provision against loans and advances	13.3	838,709	2,129,066
Bad debts written-off directly		23,886	12,723
Recoveries of written-off / charged-off bad debts		(334,024)	(42,271)
Reversal of provision against off balance sheet obligations	21.1	(21,956)	(9,621)
Provision against other assets - net		29,758	55,373
		215,784	2,081,759

33 TAXATION	Un-audited	
	For the nine months ended	
	September 30, 2021	September 30, 2020
	----- Rupees '000 -----	
Current	3,993,433	3,751,314
Prior periods	40,000	20,000
Deferred	(174,702)	(216,309)
	<u>3,858,731</u>	<u>3,555,005</u>

34 BASIC / DILUTED EARNINGS PER SHARE

	Un-audited			
	For the quarter ended		For the nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- Rupees '000 -----			
Profit after tax for the period	<u>2,049,403</u>	<u>1,704,603</u>	<u>6,069,225</u>	<u>5,514,552</u>
	----- Number of shares in thousands -----			
Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>	<u>1,517,697</u>	<u>1,517,697</u>
	----- Rupees -----			
Basic earnings per share	<u>1.35</u>	<u>1.12</u>	<u>4.00</u>	<u>3.63</u>

34.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at September 30, 2021 and September 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

35 FAIR VALUE MEASUREMENTS

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

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

35.1 Fair value of financial assets

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	September 30, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	----- Rupees '000 -----			
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	267,945,333	-	267,945,333
Shares	7,166,652	1,577,176	-	8,743,828
Non-Government debt securities	47,512,500	5,640,023	-	53,152,523
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	9,820,543	-	9,820,543
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,978,362	11,978,362
Non-banking assets acquired in satisfaction of claims	-	-	2,258,133	2,258,133
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	70,334,897	-	70,334,897
Forward sale of foreign exchange	-	27,468,376	-	27,468,376
Derivatives sales	-	6,671,828	-	6,671,828
	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- Rupees '000 -----			
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	202,016,327	-	202,016,327
Shares	5,631,735	1,477,249	-	7,108,984
Non-Government debt securities	47,510,000	6,092,828	-	53,602,828
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	10,029,170	-	10,029,170
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,259,060	11,259,060
Non-banking assets acquired in satisfaction of claims	-	-	2,683,207	2,683,207
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	64,514,335	-	64,514,335
Forward sale of foreign exchange	-	26,528,182	-	26,528,182
Derivatives sales	-	8,272,187	-	8,272,187

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date when the event or change in circumstances require the Bank to exercise such transfers.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV / PKFRV rates.
Ijara Sukuk	Fair values of GoP Ijara Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from different pre-defined / approved dealers / brokers.
Unlisted ordinary shares	Break-up value determined on the basis of the NAV of the company using the latest available audited financial statements.
Term Finance Certificates (TFCs) and Sukuk Certificates	Fair values of TFCs and Sukuk certificates are determined using the MUFAP rates.

Item	Valuation approach and input used
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivative instruments	The Bank enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly interest rate swaps, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.
Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and buildings)	Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. These were last revalued on December 31, 2019.
Non-banking assets acquired in satisfaction of claims	Non-banking assets acquired in satisfaction of claims are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. These were last revalued on December 31, 2019.

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

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

	2021					Total
	Retail	CIBG	Treasury	SAM	Others	
----- Rupees '000 -----						
Profit and loss account for the						
nine months ended						
September 30, 2021 (un-audited)						
Net mark-up / return / profit	(7,868,976)	13,621,483	13,160,937	229,848	(222,037)	18,921,255
Inter segment revenue - net	20,964,920	(10,562,483)	(12,341,993)	(121,118)	2,060,674	-
Non mark-up / return / interest income	3,608,271	1,115,640	2,333,874	(10,057)	(632,900)	6,414,828
Total income	16,704,215	4,174,640	3,152,818	98,673	1,205,737	25,336,083
Segment direct expenses	8,960,229	364,974	209,744	104,704	5,552,692	15,192,343
Inter segment expense allocation	4,899,896	463,595	99,870	89,331	(5,552,692)	-
Total expenses	13,860,125	828,569	309,614	194,035	-	15,192,343
Provisions	(85,341)	1,502,137	(311,599)	(886,322)	(3,091)	215,784
Profit before tax	2,929,431	1,843,934	3,154,803	790,960	1,208,828	9,927,956
Statement of financial position						
as at September 30, 2021						
(un-audited)						
Cash and bank balances	21,314,552	-	34,104,854	-	-	55,419,406
lendings to financial institutions	-	-	12,000,000	-	-	12,000,000
Investments	-	15,865,029	326,892,219	3,296,550	1,139,893	347,193,691
- Investment provision	-	-	(1,377,288)	(2,079,411)	-	(3,456,699)
Net inter segment lending	484,282,618	-	-	-	(484,282,618)	-
Advances - performing	74,045,869	283,274,532	-	-	6,515,596	363,835,997
Advances - non-performing	4,468,490	5,552,943	-	13,588,332	63,211	23,672,976
- Advances - provisions	(3,201,008)	(3,940,909)	-	(13,058,688)	(379,149)	(20,579,754)
Others	14,054,076	3,709,173	4,241,979	(1,882,480)	35,773,555	55,896,303
Total assets	594,964,597	304,460,768	375,861,764	(135,697)	(441,169,512)	833,981,920

2021						
Retail	CIBG	Treasury	SAM	Others	Total	
----- Rupees '000 -----						
Borrowings	7,023,891	59,370,330	37,716,916	-	-	104,111,137
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	575,466,934	36,683,554	-	295,686	1,226,312	613,672,486
Net inter segment borrowing	-	206,544,601	330,854,716	(431,383)	(536,967,934)	-
Others	12,473,772	1,862,283	6,157,005	-	30,970,600	51,463,660
Total liabilities	594,964,597	304,460,768	374,728,637	(135,697)	(504,771,022)	769,247,283
Equity	-	-	1,133,127	-	63,601,510	64,734,637
Total equity and liabilities	594,964,597	304,460,768	375,861,764	(135,697)	(441,169,512)	833,981,920
Contingencies and commitments	18,531,697	96,557,120	-	1,286,513	-	116,375,330

2020						
Retail	CIBG	Treasury	SAM	Others	Total	
----- Rupees '000 -----						
Profit and loss account for the nine months ended September 30, 2020 (un-audited)						
Net mark-up / return / profit	(12,915,126)	18,902,652	12,807,042	170,080	60,382	19,025,030
Inter segment revenue - net	24,825,284	(16,110,495)	(12,332,440)	(151,987)	3,769,638	-
Non mark-up / return / interest income	2,671,065	764,781	3,275,359	5,198	(423,811)	6,292,592
Total income	14,581,223	3,556,938	3,749,961	23,291	3,406,209	25,317,622
Segment direct expenses	8,153,714	392,847	263,031	93,367	5,263,347	14,166,306
Inter segment expense allocation	4,587,542	483,949	100,743	89,908	(5,262,142)	-
Total expenses	12,741,256	876,796	363,774	183,275	1,205	14,166,306
Provisions	785,587	1,459,979	(58,543)	(172,377)	67,113	2,081,759
Profit before tax	1,054,380	1,220,163	3,444,730	12,393	3,337,891	9,069,557

Statement of financial position as at December 31, 2020 (audited)

Cash and bank balances	29,219,828	-	33,540,008	-	-	62,759,836
Lendings to financial institutions	-	-	2,985,000	-	-	2,985,000
Investments	-	16,430,902	259,865,978	3,298,820	1,111,380	280,707,080
- Investment provision	-	-	(1,688,885)	(2,088,403)	-	(3,777,288)
Net inter segment lending	412,879,111	-	-	-	(412,879,111)	-
Advances - performing	64,171,608	245,899,442	-	-	3,448,811	313,519,861
Advances - non-performing	6,647,456	3,489,249	-	16,049,685	39,035	26,225,425
- Advances - provisions	(5,245,632)	(2,755,805)	-	(13,299,212)	(264,759)	(21,565,408)
Others	10,290,418	3,793,772	4,945,294	(1,881,285)	31,955,249	49,103,448
Total assets	517,962,789	266,857,560	299,647,395	2,079,605	(376,589,395)	709,957,954
Borrowings	5,488,813	46,412,012	6,545,691	-	-	58,446,516
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	494,881,273	44,326,035	-	201,771	1,226,754	540,635,833
Net inter segment borrowing	-	175,499,595	289,997,780	1,871,334	(467,368,709)	-
Others	17,592,703	619,918	331,518	6,500	32,217,534	50,768,173
Total liabilities	517,962,789	266,857,560	296,874,989	2,079,605	(433,924,421)	649,850,522
Equity	-	-	2,772,406	-	57,335,026	60,107,432
Total equity and liabilities	517,962,789	266,857,560	299,647,395	2,079,605	(376,589,395)	709,957,954
Contingencies and commitments	14,672,741	64,309,145	-	1,249,878	-	80,231,764

37 RELATED PARTY TRANSACTIONS

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

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with persons of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	September 30, 2021 (Un-audited)						December 31, 2020 (Audited)					
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
	Rupees '000											
Investments												
Opening balance	-	-	-	1,139,893	1,161,872	3,495,158	-	-	-	639,893	961,872	3,614,956
Investment made during the period / year	-	-	-	-	-	11,750,000	-	-	-	500,000	200,000	21,245,000
Investment redeemed / sold during the period / year	-	-	-	-	(200,000)	(11,507,994)	-	-	-	-	-	(21,364,798)
Closing balance	-	-	-	1,139,893	961,872	3,737,164	-	-	-	1,139,893	1,161,872	3,495,158
Provision for diminution in value of investments	-	-	-	-	-	2,039,337	-	-	-	-	-	2,041,899
Advances												
Opening balance	-	-	255,772	-	-	1,799,681	-	-	226,887	-	-	9,441,893
Addition during the period / year	-	-	353,334	-	-	-	-	-	78,407	-	-	6,496
Repaid during the period / year	-	-	(188,412)	-	-	(72,719)	-	-	(49,522)	-	-	(5,296,772)
Written off during the period / year	-	-	-	-	-	-	-	-	-	-	-	(2,351,936)
Closing balance	-	-	420,694	-	-	1,726,962	-	-	255,772	-	-	1,799,681
Provision held against advances	-	-	-	-	-	511,816	-	-	-	-	-	511,816
Fixed assets - right-of-use assets												
Opening balance	-	-	-	7,814	-	-	-	-	-	12,750	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the period / year	-	-	-	(3,701)	-	-	-	-	-	(4,936)	-	-
Closing balance	-	-	-	4,113	-	-	-	-	-	7,814	-	-
Accumulated depreciation	-	-	-	10,693	-	-	-	-	-	6,992	-	-

	September 30, 2021 (Un-audited)						December 31, 2020 (Audited)					
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
	Rupees '000											
Other assets												
Interest / mark-up accrued	-	-	542	-	-	48,281	-	-	345	-	-	58,469
Commission income receivable	-	-	-	-	1,216	62,709	-	-	-	-	72	36,391
Defined benefit plan asset	-	-	-	-	-	64,205	-	-	-	-	-	64,205
Maintenance receivable	-	-	-	584	-	-	-	-	-	1,751	-	-
Rent receivable	-	-	-	2,156	-	-	-	-	-	6,467	-	-
Dividend receivable	-	-	-	-	-	1,559	-	-	-	-	-	1,398
Others	-	-	-	-	-	551,518	-	-	-	-	-	515,944
	-	-	542	2,740	1,216	728,272	-	-	345	8,218	72	676,407
Deposits and other accounts												
Opening balance	182	44,456	139,814	4,244	14,910	10,509,734	182	37,985	156,482	5,469	-	3,074,185
Received during the period / year	705,659	73,494	1,774,402	18,652,195	767,814	336,073,297	-	46,969	1,723,877	33,796,467	1,178,039	235,409,751
Withdrawn during the period / year	(377,444)	(69,805)	(1,751,639)	(18,556,970)	(769,730)	(329,684,057)	-	(40,498)	(1,740,545)	(33,797,692)	(1,163,129)	(227,974,202)
Transfer in/ (out) during the period / year	-	-	-	-	(2,041)	2,041	-	-	-	-	-	-
Closing balance	328,397	48,145	162,577	99,469	10,953	16,901,015	182	44,456	139,814	4,244	14,910	10,509,734
Other liabilities												
Interest / mark-up payable	-	145	142	-	-	42,480	-	129	217	-	11	38,703
Lease liability against right-of-use asset	-	-	-	-	-	-	-	-	-	5,640	-	-
Other liabilities	-	-	-	11,062	-	158,505	-	-	-	-	-	154,308
	-	145	142	11,062	-	200,985	-	129	217	5,640	11	193,011
Contingencies and commitments												
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	-	6,603	-	-	-	-	-	4,397
Trade related commitments	-	-	-	-	-	132,453	-	-	-	-	-	90,506
	-	-	-	-	-	139,056	-	-	-	-	-	94,903

* represents outstanding guarantee

37.1 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.

- 37.2 The Bank has entered into a lease arrangement with the subsidiary company. The office premises leased is used for training purposes. The term for the said lease is of 3 years which is further extendable by 3 years.

RELATED PARTY TRANSACTIONS

	September 30, 2021 (Un-audited)						September 30, 2020 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
Income												
Mark-up / return / interest earned	-	-	11,859	-	-	61,925	-	-	9,711	-	-	254,422
Fee and commission income	-	25	61	47	34	148,453	-	39	103	40	-	108,081
Dividend income	-	-	-	-	57,867	37,879	-	-	-	-	-	146,919
Net gain on sale of securities	-	-	163	17	61,520	22,257	-	-	-	-	-	30,220
Gain on sale of fixed assets	-	-	11	-	-	-	-	-	-	-	-	-
Maintenance income	-	-	-	5,254	-	-	-	-	-	18,406	-	-
Occupancy and conservancy income	-	-	-	19,400	-	-	-	-	-	4,985	-	-
Other income	-	-	-	875	-	-	-	-	-	700	-	-
Expense												
Mark-up / return / interest paid	-	807	2,193	1,246	875	475,801	-	1,797	6,025	1,151	-	161,906
Interest expense on lease liability	-	-	-	474	-	-	-	-	-	976	-	-
Director's fee and other expenses	-	80,080	-	-	-	-	-	115,741	-	-	-	-
Remuneration	-	-	421,236	-	-	980	-	-	413,222	-	-	1,343
Consultancy fee	-	-	-	-	-	7,947	-	-	-	-	-	578
Commission expense	-	-	-	11,062	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	158,143	-	-	-	-	-	125,646
Contribution to defined contribution plan	-	-	-	-	-	187,057	-	-	-	-	-	170,138
Others												
Shares / units purchased during the period	-	-	-	-	-	11,750,000	-	-	-	500,000	-	15,450,000
Shares / units sold during the period	-	-	-	-	261,520	11,529,997	-	-	-	-	-	14,852,291
Government securities purchased during the period	-	-	599,573	-	-	3,659,466	-	-	539,806	-	-	6,340,856
Government securities sold during the period	-	-	754,889	495,847	-	6,002,957	-	-	562,901	-	-	7,186,930
Contribution to defined benefit plan	-	-	-	-	-	158,143	-	-	-	-	-	244,460
Sale proceeds from disposal of fixed assets	-	-	25	-	-	-	-	-	-	-	-	-

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum capital requirement (MCR):		
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital adequacy ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	55,296,277	49,714,043
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	55,296,277	49,714,043
Eligible tier 2 capital	7,767,817	8,503,577
Total eligible capital (tier 1 + tier 2)	63,064,094	58,217,620
Risk weighted assets (RWAs):		
Credit risk	264,051,449	238,337,872
Market risk	26,272,456	21,979,018
Operational risk	51,445,036	51,445,036
Total	341,768,941	311,761,926
Common equity tier 1 capital adequacy ratio (in %)	16.18%	15.95%
Tier 1 Capital adequacy ratio (in %)	16.18%	15.95%
Total Capital adequacy ratio (in %)	18.45%	18.67%
Leverage ratio (LR):		
Eligible tier-1 capital	55,296,277	49,714,043
Total exposures	1,020,497,865	833,578,134
Leverage ratio (in %)	5.42%	5.96%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	321,394,295	265,715,345
Total net cash outflow	145,732,025	125,951,241
Liquidity coverage ratio (Ratio)	2.205	2.110
Net stable funding ratio (NSFR):		
Total available stable funding	566,067,803	493,425,675
Total required stable funding	336,454,933	291,491,198
Net stable funding ratio (in %)	168.24%	169.28%

39 ISLAMIC BANKING BUSINESS

The Bank is operating 521 Islamic banking branches (December 31, 2020: 500) including 1 Islamic sub-branch (December 31, 2020: 1). The statement of financial position and profit and loss account of these branches for the period ended September 30, 2021 are as follows:

	Note	Un-audited	Audited
		September 30, 2021	December 31, 2020
		----- Rupees '000 -----	
Statement of financial position			
ASSETS			
Cash and balances with treasury banks		22,060,322	21,763,033
Balances with other banks		2,787,778	1,929,779
Due from financial institutions	39.1	28,000,000	28,000,000
Investments	39.2	68,328,003	67,554,233
Islamic financing and related assets - net	39.3	305,973,261	189,941,639
Fixed assets		14,278,389	13,345,113
Intangible assets		179,604	136,688
Other assets		13,283,378	6,278,487
		454,890,735	328,948,972
LIABILITIES			
Bills payable		7,062,482	6,029,790
Due to financial institutions		75,756,094	47,086,694
Deposits and other accounts	39.4	323,732,281	248,090,892
Due to head office		4,449,023	769,570
Other liabilities		12,569,828	11,198,497
		423,569,708	313,175,443
NET ASSETS		<u>31,321,027</u>	<u>15,773,529</u>
REPRESENTED BY			
Islamic banking fund		22,180,000	9,180,000
Surplus on revaluation of assets - net of tax		1,503,354	1,468,656
Unappropriated profit	39.5	7,637,673	5,124,873
		<u>31,321,027</u>	<u>15,773,529</u>
CONTINGENCIES AND COMMITMENTS			
	39.6		
		Un-audited	
		For the nine months ended	
		September 30, 2021	September 30, 2020
		----- Rupees '000 -----	
Profit and loss account			
Profit / return earned	39.7	18,917,011	13,780,751
Profit / return expensed	39.8	7,212,556	6,539,478
Net profit / return		<u>11,704,455</u>	<u>7,241,273</u>
Other income			
Fee and commission income		1,357,147	588,812
Foreign exchange income		281,092	189,848
Gain on securities		76,598	225
Others		97,795	3,734
Total other income		1,812,632	782,619
Total income		<u>13,517,087</u>	<u>8,023,892</u>
Other expenses			
Operating expenses		7,375,831	4,541,327
Other charges		825	47,022
Total other expenses		7,376,656	4,588,349
Profit before provisions		6,140,431	3,435,543
Provisions and write offs - net		2,021,087	192,700
Profit before taxation		<u>4,119,344</u>	<u>3,242,843</u>
Taxation		1,606,544	1,264,709
Profit after taxation		<u>2,512,800</u>	<u>1,978,134</u>

Un-audited Audited
September 30, December 31,
2021 2020
----- Rupees '000 -----

39.1 Due from financial institutions

Musharaka placement

28,000,000 28,000,000

39.2 Investments by segments:

	Un-audited				Audited			
	September 30, 2021				December 31, 2020			
	Cost / amortised cost	Provision for diminution	Surplus	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----								
Federal Government securities:								
- Ijarah Sukuks	34,524,485	-	202,155	34,726,640	34,434,037	-	(27,948)	34,406,089
- Bai Muajjal								
Government of Pakistan	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
- Other Federal Government securities	1,091,045	-	-	1,091,045	466,435	-	-	466,435
	<u>37,212,578</u>	<u>-</u>	<u>202,155</u>	<u>37,414,733</u>	<u>36,497,520</u>	<u>-</u>	<u>(27,948)</u>	<u>36,469,572</u>
Shares								
- Listed companies	100,000	-	-	100,000	-	-	-	-
Non Government Debt securities:								
- Listed	15,000,000	-	487,500	15,487,500	15,000,000	-	410,000	15,410,000
- Unlisted	15,308,032	-	17,738	15,325,770	15,663,124	-	11,537	15,674,661
	<u>30,308,032</u>	<u>-</u>	<u>505,238</u>	<u>30,813,270</u>	<u>30,663,124</u>	<u>-</u>	<u>421,537</u>	<u>31,084,661</u>
Total investments	<u>67,620,610</u>	<u>-</u>	<u>707,393</u>	<u>68,328,003</u>	<u>67,160,644</u>	<u>-</u>	<u>393,589</u>	<u>67,554,233</u>

39.3 Islamic financing and related assets - net

	Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----		
Murabaha	18,743,930	2,802,616
Musharaka	7,164	7,194
Diminishing Musharaka	135,075,691	102,902,725
Istisna	21,471,481	17,760,768
Tawwaruq	1,053,123	55,002
Running Musharaka	72,601,965	37,086,503
Fixed assets Ijarah financing - net	60,650	78,056
Tijarah	286,461	232,113
Advance against Murabaha financing	1,855,236	1,267,610
Advanced against Diminishing Musharaka	29,058,983	16,552,367
Advance against Ijarah	1,624,922	937,383
Advance against Istisna	11,698,288	6,890,624
Advance against Islamic export refinance	7,521,931	2,650,700
Advance against Tijarah	115,000	-
Musawamah	120,561	-
Bai salam	326,675	-
Salam	112,300	-
Inventory related to Islamic financing	7,060,838	1,974,625
Gross Islamic financing and related assets	<u>308,795,199</u>	<u>191,198,286</u>
Less: provision against Islamic financings		
- specific	(2,597,856)	(1,094,130)
- general	(224,082)	(162,517)
	<u>(2,821,938)</u>	<u>(1,256,647)</u>
Islamic financing and related assets - net of provision	<u>305,973,261</u>	<u>189,941,639</u>

39.4 Deposits

	Un-audited			Audited		
	September 30, 2021			December 31, 2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	128,911,931	11,764,214	140,676,145	82,149,540	8,463,757	90,613,297
Savings deposits	121,377,264	8,296,042	129,673,306	95,053,032	6,078,395	101,131,427
Term deposits	27,725,277	192,416	27,917,693	45,612,885	245,025	45,857,910
	278,014,472	20,252,672	298,267,144	222,815,457	14,787,177	237,602,634
Financial institutions						
Current deposits	251,112	8,247	259,359	171,270	78	171,348
Savings deposits	17,665,728	-	17,665,728	8,426,214	7,646	8,433,860
Term deposits	7,540,050	-	7,540,050	1,883,050	-	1,883,050
	25,456,890	8,247	25,465,137	10,480,534	7,724	10,488,258
	303,471,362	20,260,919	323,732,281	233,295,991	14,794,901	248,090,892

Un-audited Audited
September 30, December 31,
2021 2020
----- Rupees '000 -----

39.5 Islamic banking business unappropriated profit

Opening balance	5,124,873	2,794,403
Add: Islamic Banking profit for the period / year	4,119,344	3,820,444
Less: taxation	(1,606,544)	(1,489,974)
Closing balance	<u>7,637,673</u>	<u>5,124,873</u>

39.6 Contingencies and commitments

Guarantees	23,410,889	12,003,581
Commitments	<u>72,569,470</u>	<u>50,760,337</u>
	<u>95,980,359</u>	<u>62,763,918</u>

Un-audited
For the nine months ended
September 30, September 30,
2021 2020
----- Rupees '000 -----

39.7 Profit / return earned of financing, investments and placement

on:		
Financing	13,670,896	10,916,946
Investments	5,246,115	2,863,805
	<u>18,917,011</u>	<u>13,780,751</u>

39.8 Profit on deposits and other dues expensed

Deposits and other accounts	5,120,982	4,255,011
Other short term borrowings	1,437,662	1,758,643
Lease liability against right-of-use assets	653,912	525,824
	<u>7,212,556</u>	<u>6,539,478</u>

40 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim unconsolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. There have been no significant reclassifications during the period.

41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on October __, 2021 by the Board of Directors of the Bank.

President & CEO

Chief Financial Officer

Chairman

Director

Director



Faysal Bank Limited

Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

Directors' Report on the Consolidated Financial Statements**For the quarter and nine months ended September 30, 2021**

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited Group, along with unaudited condensed interim consolidated financial statements for the quarter and nine months ended September 30, 2021.

Group Profile

Faysal Bank Ltd. (FBL) holds 99.9% shareholding in Faysal Asset Management Limited (FAML). FAML is an unlisted public limited company registered as a Non-Banking Finance Company (NBFC), licensed to carry out asset management and investment advisory services under the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

FBL also has significant influence based on its holding in the following open-ended mutual funds managed by FAML.

Associates	% Holding
Faysal Income & Growth Fund	70.39%
Faysal Cash Fund	30.24%
Faysal Asset Allocation Fund	21.00%
Faysal Saving Growth Fund	24.59%

FBL Group Financial Highlights:

Key Balance Sheet Numbers	September '21	December '20	Growth
	Rs. in million	Rs. in million	%
Investment	343,351	276,470	24.2%
Financing	366,929	318,180	15.3%
Total Assets	834,214	710,064	17.5%
Deposits	613,580	540,632	13.5%
Profit & Loss Account	September '21	September '20	Growth
	Rs. in million	Rs. in million	%

Directors' Report on the Consolidated Financial Statements**For the quarter and nine months ended September 30, 2021**

Total Revenue	25,606	25,440	0.7%
Non-Markup Expenses	15,336	14,269	7.5%
Share of profit of associates	83	-	-
Profit before tax & provisions	10,353	11,171	-7.3%
Net Provisions	216	2,082	-89.6%
Profit before tax	10,137	9,089	11.5%
Tax	3,931	3,566	10.2%
Profit after tax	6,206	5,523	12.4%
Earnings per share (Rupees)	4.09	3.64	

Despite a significant reduction in banking spreads due to reduction in markup rates, FBL's consolidated profit after tax for the nine months ended September 30, 2021 at PKR 6,206 million is 12.4% higher than corresponding period of previous year. The Group was able to protect its margins by aggressively growing its low-cost core deposits. Consequently, Earnings Per Share in the first nine months of 2021 was PKR 4.09 as compared to PKR 3.64 in the corresponding period of last year.

FAML continued to show improvement in performance. Assets Under Management (AUMs) have grown by 39.2% over December 2020 to PKR 66 billion. One of the reasons for growth in AUMs is that FBL is effectively leveraging its branch network to generate Faysal Funds sales in targeted customer segments.

FAML has recorded profit after tax of PKR 182.14 million during the period under review as against a profit of PKR 4.55 million during the corresponding period last year. This shows remarkable turnaround in operating performance of the entity post acquisition of control by FBL.

FAML strives to enhance its product suite and has acquired Private Fund Management and REIT Management licenses in the second quarter of 2021. Further FAML has launched Faysal Pension Fund and Faysal Islamic Pension Fund in the first week of October '21.

Credit Rating

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

Long-Term	AA
Short-Term	A1+

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

VIS has recently upgraded Management Quality Rating (MQR) of FAML to AM2+. The rating signifies asset manager exhibiting very good management characteristics. The rating upgrade reflects improvement in market share, growing proportion of retail investments in relation to total AUMs, growth in advisory portfolio and capitalization. Post-acquisition by FBL, the MQR of FAML has been upgraded by three notches.

Holding Company

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain is the parent company holding directly and indirectly, 66.78% (2020: 66.78%) of the shareholding in Faysal Bank Ltd. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding company of Ithmaar Holding B.S.C. and is the ultimate parent of the Group. DMIT was formed by indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles, and tradition.

Subsequent Events

No material changes or commitments affecting the financial position of the Group have occurred between the end of the quarter and the date of this report other than those disclosed in the consolidated financial statements.

Acknowledgement

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

Approval

In compliance with the requirement of the Companies Act, 2017, this directors' report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on October 27, 2021 and signed by the Chief Executive Officer and a director.

President & CEO

Karachi

Dated: October 27, 2021

Chairman



Faysal Bank Limited

Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

FAYSAL BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----			
ASSETS			
Cash and balances with treasury banks	10	51,526,909	59,881,290
Balances with other banks	11	3,892,625	2,878,630
Lendings to financial institutions	12	12,000,000	2,985,000
Investments	13	343,351,483	276,469,824
Advances	14	366,929,219	318,179,878
Fixed assets	15	25,104,491	24,102,155
Intangible assets	16	1,893,268	1,894,204
Deferred tax assets	21	-	-
Other assets	17	29,516,135	23,673,221
		834,214,130	710,064,202
LIABILITIES			
Bills payable	18	12,016,500	13,543,270
Borrowings	19	104,111,137	58,446,516
Deposits and other accounts	20	613,579,947	540,632,217
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	21	996,508	1,582,351
Other liabilities	22	38,528,014	35,641,746
		769,232,106	649,846,100
NET ASSETS		64,982,024	60,218,102
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		10,995,073	11,032,647
Surplus on revaluation of assets - net	23	8,112,169	9,027,473
Unappropriated profit		30,697,778	24,981,002
Total equity attributable to the equity holders of the Bank		64,981,985	60,218,087
Non-controlling interest		39	15
		64,982,024	60,218,102
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

FAYSAL BANK LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2021

Note	Quarter ended		Nine months ended		
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	
----- Rupees '000 -----					
Mark-up / return / interest earned	26	13,800,982	12,343,214	38,298,178	44,300,287
Mark-up / return / interest expensed	27	6,793,554	6,535,177	19,367,950	25,274,019
Net mark-up / interest income		7,007,428	5,808,037	18,930,228	19,026,268
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	1,468,660	1,013,635	4,122,728	2,727,888
Dividend income		102,547	43,937	290,564	283,825
Foreign exchange income		589,865	630,863	1,615,633	1,559,427
Income / (loss) from derivatives		4,240	(21,350)	(40,635)	79,693
Gain on securities	29	81,704	689,156	480,306	1,713,102
Other income	30	51,932	59,310	206,777	50,045
Total non mark-up / interest income		2,298,948	2,415,551	6,675,373	6,413,980
Total income		9,306,376	8,223,588	25,605,601	25,440,248
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	31	5,520,245	4,788,029	15,122,347	13,967,341
Workers Welfare Fund		74,722	47,764	208,534	195,891
Other charges	32	1,325	(1,789)	5,466	106,223
Total non mark-up / interest expenses		5,596,292	4,834,004	15,336,347	14,269,455
Share of profit of associates	13.6	16,321	-	83,708	-
Profit before provisions		3,726,405	3,389,584	10,352,962	11,170,793
Provisions and write-offs - net	33	227,332	616,951	215,784	2,081,759
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		3,499,073	2,772,633	10,137,178	9,089,034
Taxation	34	1,361,387	1,043,855	3,931,236	3,566,235
PROFIT AFTER TAXATION		2,137,686	1,728,778	6,205,942	5,522,799
Attributable to:					
Equity holders of the Bank		2,137,677	1,728,775	6,205,918	5,522,798
Non-controlling interest		9	3	24	1
		2,137,686	1,728,778	6,205,942	5,522,799
----- Rupees -----					
Basic / diluted earnings per share	35	1.41	1.14	4.09	3.64

The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2021

	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- Rupees '000 -----			
Profit after taxation for the period	2,137,686	1,728,778	6,205,942	5,522,799
Other comprehensive loss				
Items that may be reclassified to the profit and loss account in subsequent periods:				
- Movement in surplus on revaluation of investments - net of tax	(95,961)	(200,629)	(645,598)	(1,186,050)
Items that will not be reclassified to the profit and loss account in subsequent periods:				
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	(86,560)	-	(86,560)
	(95,961)	(287,189)	(645,598)	(1,272,610)
Total comprehensive income	<u>2,041,725</u>	<u>1,441,589</u>	<u>5,560,344</u>	<u>4,250,189</u>
Attributable to:				
Equity holders of the Bank	2,041,716	1,441,586	5,560,320	4,250,188
Non-controlling interest	9	3	24	1
	<u>2,041,725</u>	<u>1,441,589</u>	<u>5,560,344</u>	<u>4,250,189</u>

The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

FAYSAL BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Reserves						Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total
	Capital reserves			Statutory reserve	Total	Investments	Fixed assets / non-banking assets	Total				
	Share capital	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase						Reserve arising on amalgamation			
Rupees '000												
Balance as at January 1, 2020 (audited)	15,176,965	10,131	475,930	23,952	9,320,945	9,830,958	3,383,915	7,364,165	10,748,080	19,449,413	11	55,205,427
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	-	-	-	5,522,798	1	5,522,799
Other comprehensive loss - net of tax	-	-	-	-	-	-	(1,186,050)	-	(1,186,050)	-	-	(1,186,050)
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,186,050)	-	(1,186,050)	5,522,798	1	4,336,749
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(86,560)	(86,560)	86,560	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(87,887)	-	-	(87,887)	-	-	-	-	-	(87,887)
Balance as at September 30, 2020 (un-audited)	15,176,965	10,131	388,043	23,952	9,320,945	9,743,071	2,197,865	7,277,605	9,475,470	25,058,771	12	59,454,289
Profit after taxation for the period from October 1, 2020 to December 31, 2020	-	-	-	-	-	-	-	-	-	1,157,819	3	1,157,822
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(419,140)	-	(419,140)	37,656	-	(381,484)
Total comprehensive (loss) / income	-	-	-	-	-	-	(419,140)	-	(419,140)	1,195,475	3	776,338
Transfer to statutory reserve	-	-	-	-	1,302,101	1,302,101	-	-	-	(1,302,101)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(28,857)	(28,857)	28,857	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	-	(12,525)
Balance as at December 31, 2020 (audited)	15,176,965	10,131	375,518	23,952	10,623,046	11,032,647	1,778,725	7,248,748	9,027,473	24,981,002	15	60,218,102
Profit after taxation for the nine months ended September 30, 2021	-	-	-	-	-	-	-	-	-	6,205,918	24	6,205,942
Other comprehensive loss - net of tax	-	-	-	-	-	-	(645,598)	-	(645,598)	-	-	(645,598)
Total comprehensive (loss) / income	-	-	-	-	-	-	(645,598)	-	(645,598)	6,205,918	24	5,560,344
Interim cash dividend declared at Rs 0.5 per share	-	-	-	-	-	-	-	-	-	(758,848)	-	(758,848)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(87,168)	(87,168)	87,168	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(182,538)	(182,538)	182,538	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(37,574)	-	-	(37,574)	-	-	-	-	-	(37,574)
Balance as at September 30, 2021 (un-audited)	15,176,965	10,131	337,944	23,952	10,623,046	10,995,073	1,133,127	6,979,042	8,112,169	30,697,778	39	64,982,024

The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

FAYSAL BANK LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

Note	Nine months ended	
	September 30, 2021	September 30, 2020
	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,137,178	9,089,034
Less: dividend income	(290,564)	(283,825)
Less: share of profit of associates	(83,708)	-
	<u>9,762,906</u>	<u>8,805,209</u>
Adjustments:		
Depreciation on owned fixed assets	31 1,025,630	995,010
Amortisation of intangible assets	31 107,139	141,056
Depreciation on right-of-use assets	31 1,153,971	1,006,820
Depreciation on non-banking assets	31 3,724	4,649
Workers Welfare Fund	208,534	195,891
Provision against loans and advances - net	33 838,709	2,129,066
Reversal of provision for diminution in value of investments - net	33 (320,589)	(63,511)
Provision against other assets	29,758	-
Reversal of provision against off balance sheet obligations - net	33 (21,956)	(9,621)
Unrealised loss on securities - held for trading - net	42,462	32,633
Gain on sale of fixed assets - net	30 (14,597)	(16,167)
Gain on sale of non-banking assets	30 (47,650)	-
Charge for defined benefit plan	162,425	134,805
Loss / (income) from derivative contracts - net	40,635	(79,693)
Mark-up / return / interest expensed - leased liability against right-of-use assets	27 976,331	776,452
Bad debts written off directly	33 23,886	12,723
	<u>4,208,412</u>	<u>5,260,113</u>
	<u>13,971,318</u>	<u>14,065,322</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(9,015,000)	(1,996,880)
Held-for-trading securities	(12,340,702)	914,650
Advances	(49,611,936)	(2,757,082)
Others assets	(6,332,824)	1,697,127
	<u>(77,300,462)</u>	<u>(2,142,185)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(1,526,770)	2,835,377
Borrowings from financial institutions	46,908,833	340,897
Deposits	72,947,730	56,847,997
Other liabilities (excluding current taxation)	1,559,974	1,615,612
	<u>119,889,767</u>	<u>61,639,883</u>
Income tax paid	(3,790,039)	(1,107,416)
Contribution to gratuity fund	(160,287)	(253,770)
	<u>(52,610,297)</u>	<u>(72,201,834)</u>
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	(55,137,593)	(69,127,395)
Net investment in associates	(212,953)	-
Net divestment in held to maturity securities	113,066	1,128,333
Dividends received	257,568	273,393
Investment in operating fixed assets	(2,013,210)	(1,031,689)
Investment in intangible assets	(167,799)	(166,922)
Proceeds from sale of fixed assets	15,814	32,759
Proceeds from sale of non-banking assets	469,000	-
	<u>(56,676,107)</u>	<u>(68,891,521)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(1,343,629)	(1,134,876)
Dividend paid	(686,735)	(137)
	<u>(2,030,364)</u>	<u>(1,135,013)</u>
Net cash used in financing activities		
	<u>(6,096,174)</u>	<u>2,175,300</u>
(Decrease) / increase in cash and cash equivalents during the period		
Cash and cash equivalents at the beginning of the period	61,126,589	62,765,354
Cash and cash equivalents at the end of the period	<u>55,030,415</u>	<u>64,940,654</u>

The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

President & CEO

Chief Financial Officer

Chairman

Director

Director

1 STATUS AND NATURE OF BUSINESS**1.1 The "Group" consists of:**

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

1.1.1 Holding Company - Faysal Bank Limited

Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 575 branches (December 31, 2020: 575 branches) and 1 sub-branch (December 31, 2020: 1 sub-branch). Out of these, 521 (December 31, 2020: 500) are Islamic banking branches and 55 (December 31, 2020: 76) are conventional banking branches.

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

Ithmaar Bank B.S.C (closed), a wholly owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2020: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), ultimate parent of the Bank, is the holding company of Ithmaar Holdings B.S.C.

The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2020: 'AA') and the short term rating as 'A1+' (December 31, 2020: 'A1+') on June 30, 2021 and June 26, 2021 respectively.

1.1.2 Subsidiary Company - Faysal Asset Management Limited

	Percentage of holding	
	September 30, 2021	December 31, 2020
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

Faysal Asset Management Limited (the Subsidiary Company) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Subsidiary Company commenced its operations on November 14, 2003. The registered office of the Subsidiary Company is located at 7th Floor, West Wing, Faysal House, ST-02, Shahra-e-Faisal, Karachi.

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

VIS Credit Rating Company Limited has assigned Asset Management rating of AM2+ as at August 10, 2021 (December 31, 2020: AM2).

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 condensed interim consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.
- 2.2** The financial results of the Islamic banking branches have been consolidated in these condensed interim consolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all the Islamic banking branches are disclosed in note 40 to these condensed interim consolidated financial statements.

3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Bank and the financial statements of the Subsidiary Company from the date from which control of the Subsidiary Company by the Group commences until the date on which control ceases. The financial statements of the Subsidiary Company are incorporated on a line-by-line basis and the investment held by the Bank is eliminated against the corresponding share capital and pre-acquisition reserve of the Subsidiary Company in the consolidated financial statements.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using accounting policies that are generally consistent with those of the Holding Company.

Material intra-group balances and transactions are eliminated.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control established by contractual agreement. Associates and joint ventures are accounted for using the equity method.

4 STATEMENT OF COMPLIANCE

4.1 These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 'Interim financial reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of, and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017, and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

4.2 As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Holding Company to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended September 30, 2021, the Group has adjusted amortisation of intangible assets net of tax amounting to Rs. 37.574 million (September 30, 2020: Rs. 87.887 million) from the NCR.

4.3 These condensed interim consolidated financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2020.

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

4.4.1 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these condensed interim consolidated financial statements.

4.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:

4.5.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2022*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2022
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 3 - 'Business combinations' (amendments)	January 1, 2022

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

* The SBP vide its BPRD Circular No. 24 dated July 5, 2021 has notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2022. IFRS 9, 'Financial instruments' has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has an impact on all the assets of the Bank which are exposed to credit risk.

4.5.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or will not have any significant effect on the Group's operations and are therefore not detailed in these condensed interim consolidated financial statements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are the same as applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2020.

6 BASIS OF MEASUREMENT

These condensed interim consolidated financial statements have been prepared under the historical cost convention except for certain fixed assets and non-banking assets acquired in satisfaction of claims which have been carried at revalued amounts, certain investments and derivative contracts which have been marked to market and are carried at fair value, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right-of-use assets which are initially measured at an amount equal to the corresponding lease liabilities (adjusted for any lease payments and certain specified costs) and depreciated over the respective lease terms.

7 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these condensed interim consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These condensed interim consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is the same as that applied in the preparation of the consolidated financial statements of the Holding Company for the year ended December 31, 2020, except for a change in the accounting estimate for useful lives of certain categories of fixed assets, as disclosed in more details in note 15.4 to these condensed interim consolidated financial statements.

9 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the condensed interim consolidated financial statements for the year ended December 31, 2020.

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
10 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	14,253,790	13,650,096
- foreign currencies	1,307,054	6,147,826
	15,560,844	19,797,922
With State Bank of Pakistan in		
- local currency current accounts	25,361,655	25,323,730
- foreign currency current accounts	2,292,273	2,121,802
- foreign currency deposit accounts	4,277,245	3,860,816
	31,931,173	31,306,348
With National Bank of Pakistan in		
- local currency current accounts	3,754,237	8,202,707
Prize bonds	280,655	574,313
	<u>51,526,909</u>	<u>59,881,290</u>
11 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	1,724,241	645,273
- in saving accounts	67	72
	1,724,308	645,345
Outside Pakistan		
- in current accounts	2,144,424	2,233,285
- in deposit accounts	23,893	-
	<u>3,892,625</u>	<u>2,878,630</u>
12 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	12,000,000	-
Repurchase agreement lendings (reverse repo)	-	2,985,000
	<u>12,000,000</u>	<u>2,985,000</u>

12.1 Securities held as collateral against lendings to financial institutions

	Un-audited			Audited		
	September 30, 2021			December 31, 2020		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	----- Rupees '000 -----					
Pakistan Investment Bonds	-	-	-	2,985,000	-	2,985,000
	-	-	-	<u>2,985,000</u>	-	<u>2,985,000</u>

13 INVESTMENTS**13.1 Investments by type:**

Note	Un-audited				Audited			
	September 30, 2021				December 31, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus	Carrying value
----- Rupees '000 -----								
Held-for-trading securities								
Federal Government securities	18,659,994	-	(3,330)	18,656,664	6,534,053	-	418	6,534,471
Shares	813,929	-	(37,628)	776,301	599,168	-	1,086	600,254
	19,473,923	-	(40,958)	19,432,965	7,133,221	-	1,504	7,134,725
Available-for-sale securities								
Federal Government securities	249,133,923	-	154,746	249,288,669	195,466,018	-	15,838	195,481,856
Shares	10,350,497	1,377,288	(827,630)	8,145,579	8,421,544	1,688,885	376,325	7,108,984
Non Government debt securities	51,179,570	557,516	2,530,469	53,152,523	51,638,835	559,787	2,523,780	53,602,828
	310,663,990	1,934,804	1,857,585	310,586,771	255,526,397	2,248,672	2,915,943	256,193,668
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt securities	11,718,390	1,521,895	-	10,196,495	11,831,456	1,528,616	-	10,302,840
	13,315,438	1,521,895	-	11,793,543	13,428,504	1,528,616	-	11,899,888
Associates *								
Faysal Income & Growth Fund	706,757	-	-	706,757	267,056	-	-	267,056
Faysal Cash Fund	77,111	-	-	77,111	-	-	-	-
Faysal Islamic Stock Fund	-	-	-	-	236,820	-	-	236,820
Faysal Asset Allocation Fund	74,436	-	-	74,436	51,158	-	-	51,158
Faysal Savings Growth Fund	679,900	-	-	679,900	686,509	-	-	686,509
	1,538,204	-	-	1,538,204	1,241,543	-	-	1,241,543
Total Investments - net	344,991,555	3,456,699	1,816,627	343,351,483	277,329,665	3,777,288	2,917,447	276,469,824

* related parties

	Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----		
13.2 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(41,563)	(194,895)
Less: profit receivable shown in other assets	(574,014)	(420,682)
Bai Muajjal - net	1,597,048	1,597,048

This represents Bai Muajjal with Government of Pakistan which carry mark-up at the rate of 12.84% per annum (December 31, 2020: 12.84%) maturing in December, 2021.

	Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----		
13.3 Investments given as collateral		
- Market treasury bills	28,600,000	-
13.4 Provision for diminution in value of investments		
13.4.1 Opening balance	3,777,288	3,849,281
Charge / (reversals)		
Charge for the period / year	-	379,785
Reversals for the period / year	(8,990)	(14,982)
Reversals on disposals	(311,599)	(436,796)
	(320,589)	(71,993)
Closing balance	3,456,699	3,777,288

13.4.2 Particulars of provision against debt securities

Category of classification	Un-audited		Audited	
	September 30, 2021	Provision	December 31, 2020	Provision
	Non-performing investment		Non-performing investment	
----- Rupees '000 -----				
Domestic				
- Loss	2,079,412	2,079,412	2,088,403	2,088,403

13.5 The market value of non government debt securities classified as held-to-maturity as at September 30, 2021 amounted to Rs. 9,820.543 million (December 31, 2020: Rs. 10,029.170 million).

13.6 Movement of investment in associates

As at September 30, 2021							
Country of incorporation	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit	Dividend received	Investment at the end of the period	
----- Rupees '000 -----							
Associates							
Faysal Income & Growth Fund	Pakistan	70.39%	267,056	442,519	19,979	(22,797)	706,757
Faysal Cash Fund	Pakistan	30.24%	-	76,453	4,828	(4,170)	77,111
Faysal Islamic Stock Fund	Pakistan	17.69%	236,820	(261,520)	24,700	-	-
Faysal Asset Allocation Fund	Pakistan	21.00%	51,158	23,415	(137)	-	74,436
Faysal Savings Growth Fund	Pakistan	24.59%	686,509	-	34,338	(40,947)	679,900
			1,241,543	280,867	83,708	(67,914)	1,538,204

As at December 31, 2020							
Country of incorporation	% Holding	Investment at the beginning of the year	Investment / (redemption) during the year	Share of profit	Dividend received	Investment at the end of the year	
----- Rupees '000 -----							
Associates							
Faysal Income & Growth Fund	Pakistan	40.67%	268,625	-	26,672	(28,241)	267,056
Faysal Islamic Stock Fund	Pakistan	37.64%	-	200,000	41,860	(5,040)	236,820
Faysal Asset Allocation Fund	Pakistan	28.12%	-	34,279	17,665	(786)	51,158
Faysal Savings Growth Fund	Pakistan	21.54%	693,247	-	69,973	(76,711)	686,509
			961,872	234,279	156,170	(110,778)	1,241,543

14 ADVANCES

Note	Performing		Non performing		Total	
	Un-audited September 30, 2021	Audited December 31, 2020	Un-audited September 30, 2021	Audited December 31, 2020	Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----						
Loans, cash credits, running finances, etc.	58,163,706	119,418,082	19,462,640	22,406,562	77,626,346	141,824,644
Islamic financing and related assets	305,035,410	189,951,257	3,759,789	3,294,935	308,795,199	193,246,192
Bills discounted and purchased	636,881	4,150,522	450,547	523,928	1,087,428	4,674,450
Advances - gross	363,835,997	313,519,861	23,672,976	26,225,425	387,508,973	339,745,286
Provision against advances	14.3					
- specific	-	-	(19,666,971)	(20,649,632)	(19,666,971)	(20,649,632)
- general	(912,783)	(915,776)	-	-	(912,783)	(915,776)
	(912,783)	(915,776)	(19,666,971)	(20,649,632)	(20,579,754)	(21,565,408)
Advances - net of provision	362,923,214	312,604,085	4,006,005	5,575,793	366,929,219	318,179,878

Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----	

14.1 Particulars of advances (gross)

- in local currency	383,417,770	339,106,568
- in foreign currency	4,091,203	638,718
	<u>387,508,973</u>	<u>339,745,286</u>

14.2 Advances include Rs. 23,672.976 million (December 31, 2020: Rs. 26,225.425 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited September 30, 2021		Audited December 31, 2020	
	Non-performing loans	Provision	Non-performing loans	Provision
	----- Rupees '000 -----			
Domestic				
- other assets especially mentioned	365,073	364	204,782	-
- substandard	1,096,698	109,216	2,727,006	541,529
- doubtful	624,746	204,568	900,979	237,209
- loss	21,586,459	19,352,823	22,392,658	19,870,894
Total	<u>23,672,976</u>	<u>19,666,971</u>	<u>26,225,425</u>	<u>20,649,632</u>

14.3 Particulars of provision against advances

	Un-audited September 30, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
Opening balance	20,649,632	915,776	21,565,408	23,475,724	761,951	24,237,675
Exchange adjustment	30,278	-	30,278	25,095	-	25,095
Charge for the period / year	2,136,162	-	2,136,162	3,610,762	250,000	3,860,762
Reversals during the period / year	(1,294,460)	(2,993)	(1,297,453)	(1,485,958)	(96,175)	(1,582,133)
	841,702	(2,993)	838,709	2,124,804	153,825	2,278,629
Amounts written off	(1,854,641)	-	(1,854,641)	(4,975,991)	-	(4,975,991)
Closing balance	<u>19,666,971</u>	<u>912,783</u>	<u>20,579,754</u>	<u>20,649,632</u>	<u>915,776</u>	<u>21,565,408</u>

14.3.1 As per the Prudential Regulations, the 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.

The Holding Company also maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance issued by the SBP. The provision ranges between 0.5% to 1.5% based on the non-performing loan ratio present in the portfolio.

The Holding Company is also required to maintain a general reserve of 1% against un-secured small enterprise financing portfolio as per the applicable requirements of the Prudential Regulations issued by the SBP.

In addition to the requirements of the Prudential Regulations, the management has exercised prudence and recognised a general provision amounting to Rs. 250 million keeping in view the impacts of COVID-19.

14.3.2 As allowed by the SBP, the Holding Company has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,251.319 million (December 31, 2020: Rs 2,632.364 million) relating to advances while determining the provisioning requirement against non-performing financing as at September 30, 2021. The additional profit arising from availing the FSV benefit (net of tax) as at September 30, 2021 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,373.305 million (December 31, 2020: Rs 1,605.742 million).

Un-audited **Audited**
September 30, 2021 **December 31, 2020**
 ----- Rupees '000 -----

17.1 Provision held against other assets

Dividend receivable	75,348	75,348
SBP penalties	51,050	51,050
Fraud forgery theft and account receivable	50,625	20,867
Security deposits	22,994	22,994
Others	159,619	159,619
	<u>359,636</u>	<u>329,878</u>

17.1.1 Movement in provision held against other assets

Opening balance	329,878	256,222
Charge for the period / year	29,758	74,536
Reversals during the period / year	-	(795)
	29,758	73,741
Amounts written off	-	(85)
Closing balance	<u>359,636</u>	<u>329,878</u>

18 BILLS PAYABLE

In Pakistan	<u>12,016,500</u>	<u>13,543,270</u>
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19 BORROWINGS**Secured**

Borrowings from the State Bank of Pakistan (SBP)

- under export refinance scheme - part I and II	584,152	8,623,400
- under long term financing facility	1,050,437	1,246,164
- under long term financing facility for renewable power energy (RPE)	763,299	809,662
- under scheme of financing facility for storage of agricultural produce	31,943	53,129
- under Islamic export refinance scheme - part I and II	23,726,535	19,400,601
- under refinance scheme for payment of wages and salaries	8,932,162	12,932,302
- under Islamic financing for renewable energy	5,600,232	1,400,274
- under Islamic long term financing facility	6,914,264	3,599,252
- under Islamic temporary economic refinance scheme	17,357,756	3,807,141
- under Islamic refinance facility for combating COVID-19	318,722	35,400
- under Islamic financing facility for storage of agricultural produce	49,382	-
	65,328,884	51,907,325
Repurchase agreement borrowings	28,396,622	-
Borrowing from other financial institution	475,605	500,000
Total secured	<u>94,201,111</u>	<u>52,407,325</u>

Unsecured

Call borrowings	1,500,000	-
Overdrawn nostro accounts	389,119	1,633,331
Musharaka acceptances	-	410,000
Other borrowings	8,020,907	3,995,860
Total unsecured	<u>9,910,026</u>	<u>6,039,191</u>
	<u>104,111,137</u>	<u>58,446,516</u>

20 DEPOSITS AND OTHER ACCOUNTS

Un-audited			Audited		
September 30, 2021			December 31, 2020		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total

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

Customers

Current deposits	185,698,030	23,850,819	209,548,849	144,344,213	20,813,651	165,157,864
Savings deposits	201,887,987	19,395,314	221,283,301	184,977,342	17,643,501	202,620,843
Term deposits	136,925,679	1,976,987	138,902,666	143,287,216	3,141,533	146,428,749
Margin deposits	2,809,946	7,178	2,817,124	3,341,663	15,132	3,356,795
	<u>527,321,642</u>	<u>45,230,298</u>	<u>572,551,940</u>	<u>475,950,434</u>	<u>41,613,817</u>	<u>517,564,251</u>

Financial institutions

Current deposits	1,737,052	97,148	1,834,200	813,493	49,245	862,738
Savings deposits	30,209,777	-	30,209,777	15,880,218	-	15,880,218
Term deposits	8,984,030	-	8,984,030	6,325,010	-	6,325,010
	<u>40,930,859</u>	<u>97,148</u>	<u>41,028,007</u>	<u>23,018,721</u>	<u>49,245</u>	<u>23,067,966</u>
	<u>568,252,501</u>	<u>45,327,446</u>	<u>613,579,947</u>	<u>498,969,155</u>	<u>41,663,062</u>	<u>540,632,217</u>

Note	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
21 DEFERRED TAX LIABILITIES / (ASSETS)		
Taxable temporary differences on		
- surplus on revaluation of fixed assets	1,546,516	1,599,730
- surplus on revaluation of non-banking assets	14,113	14,113
- surplus on revaluation of investments	724,458	1,137,218
- fair value adjustment relating to net assets acquired upon amalgamation	216,065	240,087
- fair value adjustment relating to net assets acquired upon business combination	52,496	52,496
- accelerated tax depreciation	20,689	96,495
- right-of-use of asset	4,534	-
- fair valuation of previously held equity interest in the Subsidiary Company	13,118	13,118
	2,591,989	3,153,257
Deductible temporary differences on		
- provision for diminution in the value of investments	(45,584)	(152,577)
- provision against advances, off balance sheet, etc.	(1,356,012)	(1,215,623)
- provision against other assets	(140,068)	(128,462)
- Alternate Corporate Tax (ACT)	(37,188)	(4,675)
- defined benefit obligation	(505)	620
- unused tax losses	(8,712)	(69,652)
- others	(7,412)	(537)
	(1,595,481)	(1,570,906)
	996,508	1,582,351
22 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	2,970,745	3,792,193
Mark-up / return / interest payable in foreign currencies	9,967	6,344
Unearned commission and income on bills discounted	885,767	968,302
Accrued expenses	2,480,039	2,531,060
Acceptances	17 13,101,501	10,726,305
Unclaimed dividends	117,156	45,043
Mark to market loss on forward foreign exchange contracts	857,824	1,907,030
Current taxation (provision less payments)	473,490	-
Charity fund balance	1,094	1,070
Provision against off-balance sheet obligations	22.1 105,613	127,569
Security deposits against leases	269,305	586,301
Withholding tax payable	130,301	182,100
Federal excise duty payable	51,560	67,402
Payable to brokers against purchase of shares	1,255,309	35,001
Fair value of derivative contracts	922,796	964,671
Payable related to credit cards and other products	188,634	1,146,914
Lease liability against right-of-use assets	9,327,900	8,525,253
Advance against disposal of assets	21,723	459,467
Funds held as security	265,883	242,227
Payable to 1Link (Private) Limited	158,505	154,308
Insurance payable	101,633	115,012
Clearing and settlement accounts	3,942,568	2,706,765
Others	888,701	351,409
	38,528,014	35,641,746
22.1 Provision against off-balance sheet obligations		
Opening balance	127,569	113,676
Charge for the period / year	1,871	25,132
Reversals during the period / year	(23,827)	(11,239)
	(21,956)	13,893
Closing balance	105,613	127,569

Note	Un-audited	Audited
	September 30, 2021	December 31, 2020
----- Rupees '000 -----		
23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of:		
- available for sale securities	1,857,585	2,915,943
- fixed assets	7,268,422	7,411,321
- non-banking assets acquired in satisfaction of claims	1,271,248	1,453,786
	10,397,255	11,781,050
Deferred tax on surplus on revaluation of:		
- available for sale securities	(724,458)	(1,137,218)
- fixed assets	(1,546,515)	(1,602,246)
- non-banking assets acquired in satisfaction of claims	(14,113)	(14,113)
	(2,285,086)	(2,753,577)
	<u>8,112,169</u>	<u>9,027,473</u>
24 CONTINGENCIES AND COMMITMENTS		
Guarantees	24.1 36,218,282	29,202,222
Commitments	24.2 237,601,290	183,850,529
Other contingent liabilities	24.3 4,122,244	4,122,244
	<u>277,941,816</u>	<u>217,174,995</u>
24.1 Guarantees:		
Financial guarantees	7,574,197	7,810,863
Performance guarantees	10,575,325	5,662,415
Other guarantees	18,068,760	15,728,944
	<u>36,218,282</u>	<u>29,202,222</u>
24.2 Commitments:		
Documentary credits and short-term trade-related transactions		
- letters of credit	79,699,505	50,571,999
Commitments in respect of:		
- forward foreign exchange contracts	24.2.1 94,054,435	93,025,986
- forward government securities transactions	24.2.2 28,409,410	2,989,036
- derivatives - cross currency and interest rate swaps (notional principal)	24.2.3 6,671,828	8,272,187
- extending credit (irrevocable)	24.4 28,598,923	28,859,840
Commitments for acquisition of:		
- operating fixed assets	31,030	49,303
- intangible assets	136,159	82,178
	<u>237,601,290</u>	<u>183,850,529</u>
24.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	67,440,020	66,134,904
Sale	26,614,415	26,891,082
	<u>94,054,435</u>	<u>93,025,986</u>
24.2.2 Commitments in respect of forward government securities transactions		
Purchase	28,409,410	-
Sale	-	2,989,036
	<u>28,409,410</u>	<u>2,989,036</u>
24.2.3 Commitments in respect of derivatives		
Sale	<u>6,671,828</u>	<u>8,272,187</u>

24.3 Other contingent liabilities	Note	Un-audited	Audited
		September 30, 2021	December 31, 2020

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

24.3.1 Holding Company:

Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company has a strong case

	2,510,000	2,510,000
	457,543	457,543
(i)	1,154,701	1,154,701
	<u>4,122,244</u>	<u>4,122,244</u>

Indemnity issued favouring the Honorable High Court in one of the cases

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

- (i) Income tax assessments of the Holding Company have been finalised upto the tax year 2019 (accounting year 2018) and tax return for the tax year 2021 (accounting year 2020) has already been filed.

The department and the Holding Company has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2020: Rs. 1,154.701 million). The Commissioner Inland Revenue (Appeals) [(CIR(A))] had deleted the said additional tax liability, however the income tax department had filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). During the current period, the ATIR has passed an order and maintained the decision of the CIR(A) in favour of the Holding Company. The management of the Holding Company is confident that in case an appeal is filed by the department against the order of the ATIR, the matter will be decided in the Holding Company favour and accordingly, no provision has been recorded in these condensed interim consolidated financial statements in respect of this matter.

- (ii) There are certain claims against the Bank not acknowledged as debt amounting to Rs 33,853 million (December 31, 2020: Rs 31,374 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2020: 25,299 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

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

24.3.2 Subsidiary Company:

- (i) The income tax returns of the Subsidiary Company for the tax years 2004 to 2020 (financial year ended June 30, 2004 to December 31, 2019) have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes. The Tax year 2005 (financial year ended June 30, 2005) has been selected by the taxation authorities for audit purpose. The tax authorities have passed an order under section 221 of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 0.913 million for the tax year 2005 on account of apportionment of expenses and disallowance of certain expenses. The Subsidiary Company has paid Rs. 0.414 million and has filed an appeal against the order before the Commissioner Appeals, the proceedings of which are underway. The remaining tax liability on these matters is Rs. 0.498 million. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.

- (ii) The income tax department has issued orders and show cause notices under section 221 of the Income Tax Ordinance, 2001 for recovery of Workers Welfare Fund (WWF) aggregating to Rs 0.818 million in respect of tax years 2008 and 2013. The details of orders and show cause along with the management actions are listed below:

Tax years	Order / show cause references	Status	WWF Demand
			Rupees '000
2008	Order u/s 221 dated June 30, 2014	Appeal pending before the Commissioner Appeals	315
2013	Show cause u/s 221 dated May 7, 2014	Showcause notice has been responded to	503
			818

The management is of the view that WWF was not applicable for tax year 2008. In tax year 2013, subsequent to clarification decision by the SHC, the management has not admitted WWF charge in the annual return of income. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.

- (iii) The Punjab Revenue Authority issued show cause notice No.PRA/AM/61/2205/ dated March 12, 2014 to Faysal Asset Management Limited requiring the Subsidiary Company to obtain registration / enrolment and to pay sales tax amounting to Rs. 6.055 million from July 2013 to March 2014 under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013 on management fee earned in Punjab.

In respect of this, the Subsidiary Company, jointly with other Asset Management Companies together with their respective collective investment schemes through their trustees, has filed a petition on July 8, 2014 in the SHC challenging the above notice. The Court has ordered suspension of the show cause notice till the next hearing of appeal in their order dated July 10, 2014. The next date of hearing has not yet been decided. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.

- (iv) During the prior period, the audit of the tax year 2013 (financial year ended June 30, 2013) was completed by the taxation authorities. The tax authorities have passed an order under section 122(5A) of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 4.964 million for the tax year 2013 on account of apportionment of expenses, salary expenses and hardware and software expense. The management filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on the grounds of disallowances made by the Additional Commissioner Inland Revenue. The CIR(A) remanded back a few expenses while ordered against various other expenses for which the Subsidiary Company has decided to appeal before the Appellate Tribunal Inland Revenue (ATIR). The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.
- (v) During the year ended December 31, 2020, the audit of the tax year 2014 (financial year ended June 30, 2014) was completed by the taxation authorities. The tax authorities have passed an order under section 122(5A) of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 2.673 million for the tax year 2014 on account of apportionment of expenses, time barred payables, expenses claimed on provisional basis, salary expenses, marketing and advertising expenses, brokerage and commission expenses, legal and professional charges and hardware and software expenses. The management had decided to file an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on the grounds of disallowances made by the Additional Commissioner Inland Revenue. During the current period the CIR(A) issued an order whereby the earlier order passed by the tax authorities under section 122(5A) of the Income Tax Ordinance, 2001, has been annulled on the basis of being time barred, and consequentially the demand for additional liability has been relinquished. The management has decided to file an appeal before the Appellate Tribunal Inland Revenue (ATIR) to contest the order passed by DCIR. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.

- (vi) During the year ended December 31, 2020, the Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 182(1) of the Income Tax Ordinance, 2001 for the tax year 2018, whereby the DCIR has imposed a penalty of Rs. 0.833 million on account of non submission of statement required to be filed by the Subsidiary Company under bilateral or multilateral convention under section 165B of the Income Tax Ordinance, 2001. The management has filed an appeal before the CIR(A) on the subject matter and has paid an amount of Rs 0.083 million being 10% of the total amount of penalty imposed under the order and has thus obtained an automatic stay on the subject matter. The management of the Subsidiary Company is confident that the matter will be decided in the Subsidiary Company's favour and accordingly no provision in respect of this penalty has been made in these condensed interim consolidated financial statements.

During the current period, the Subsidiary Company has received an appellate order on June 15, 2021 from the CIR(A), dismissing the appeal filed by the Subsidiary Company on August 17, 2020. The management intends to file an appeal before the Appellate Tribunal Inland Revenue (ATIR), but as a matter of abundant caution has recognised a provision of the full amount of penalty of Rs. 0.833 million in these condensed interim consolidated financial statements.

24.4 Commitments to extend credits

The Holding Company makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs 28,599 million (December 31, 2020: Rs 28,860 million) which are irrevocable in nature.

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
25 DERIVATIVE INSTRUMENTS		
Cross currency swaps (notional principal)	6,415,842	7,792,684
Interest rate swap (notional principal)	255,986	479,503

25.1 Product analysis

Counterparties	September 30, 2021 (Un-audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	----- Rupees '000 -----			
With banks for				
Hedging	-	-	-	-
Market making	2,642,033	(29,283)	255,986	4,068
With other entities for				
Hedging	-	-	-	-
Market making	3,773,809	(865,059)	-	-
Total				
Hedging	-	-	-	-
Market making	6,415,842	(894,342)	255,986	4,068
Counterparties	December 31, 2020 (Audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain
	----- Rupees '000 -----			
With banks for				
Hedging	-	-	-	-
Market making	3,218,043	62,289	479,503	7,048
With other entities for				
Hedging	-	-	-	-
Market making	4,574,641	(843,878)	-	-
Total				
Hedging	-	-	-	-
Market making	7,792,684	(781,589)	479,503	7,048

		Un-audited	
		For the nine months ended	
		September 30,	September 30,
		2021	2020
		----- Rupees '000 -----	
26	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	Loans and advances	21,024,039	25,914,314
	Investments	16,909,920	17,399,977
	Lendings to financial institutions	254,573	45,198
	Balances with banks	200	14,601
	Securities purchased under resale agreements	109,446	926,197
		<u>38,298,178</u>	<u>44,300,287</u>
27	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	14,744,779	20,264,744
	Securities sold under repurchase agreements	733,789	166,713
	Other short term borrowings	31,329	24,463
	SBP borrowings	718,845	430,361
	Short sale of Pakistan Investment Bonds	-	42,219
	Bai Muajjal	-	178,419
	Musharaka acceptances	115,822	633,290
	Lease liability against right-of-use assets	976,331	776,452
	Cost of foreign currency swaps against foreign currency deposits / borrowings	2,047,055	2,757,358
		<u>19,367,950</u>	<u>25,274,019</u>
28	FEE AND COMMISSION INCOME		
	Branch banking customer fees	608,373	370,021
	Consumer finance related fees	367,803	232,213
	Card related fees (debit and credit cards)	1,440,287	1,075,500
	Credit related fees	20,756	36,565
	Investment banking fees	170,345	118,737
	Commission on trade	288,653	199,576
	Commission on guarantees	103,961	66,350
	Commission on cash management	56,340	46,594
	Commission on remittances including home remittances	256,943	106,507
	Commission on bancassurance	221,307	225,209
	Commission on sale of funds unit	144,439	90,190
	Management fee	261,628	105,264
	Advisory fee	10,403	656
	Sales load	106,673	-
	Others	64,817	54,506
		<u>4,122,728</u>	<u>2,727,888</u>
29	GAIN ON SECURITIES		
	Realised - net	522,768	1,745,735
	Unrealised - held for trading - net	(42,462)	(32,633)
		<u>480,306</u>	<u>1,713,102</u>
29.1	Realised gain on:		
	Federal Government securities	331,260	1,187,116
	Shares	169,505	528,399
	Open end mutual funds	22,003	30,220
		<u>522,768</u>	<u>1,745,735</u>
30	OTHER INCOME		
	Rent on property	135,932	116,675
	Gain on sale of fixed assets - net	14,597	16,167
	Gain on sale of non-banking assets	47,650	-
	Loss on short sale of Pakistan Investment Bonds (PIBs)	-	(88,139)
	Notice pay	5,504	3,375
	Scrap income	2,821	1,291
	Others	273	676
		<u>206,777</u>	<u>50,045</u>

		Un-audited	
		For the nine months ended	
		September 30,	September 30,
		2021	2020
		----- Rupees '000 -----	
31	OPERATING EXPENSES		
	Total compensation expense	6,114,436	5,539,252
	Property expense		
	Rent and taxes	336,359	151,895
	Insurance	44,430	45,979
	Utilities cost	570,632	534,116
	Security (including guards)	551,286	564,138
	Repair and maintenance (including janitorial charges)	410,717	358,342
	Depreciation on owned fixed assets	397,423	389,142
	Depreciation on non-banking assets	3,724	4,649
	Depreciation on right-of-use assets	1,153,971	1,006,820
	Others	65,190	55,235
		3,533,732	3,110,316
	Information technology expenses		
	Software maintenance	1,053,910	1,203,337
	Hardware maintenance	189,894	197,627
	Depreciation on owned fixed assets	266,841	281,189
	Amortisation	107,139	141,056
	Network charges	177,487	192,454
	Others	300	2,025
		1,795,571	2,017,688
	Other operating expenses		
	Directors' fees and allowances	83,955	119,166
	Legal and professional charges	113,499	75,438
	Outsourced services costs - staff	282,996	280,579
	Travelling and conveyance	65,870	49,651
	NIFT clearing charges	38,035	35,782
	Depreciation on owned fixed assets	361,366	324,679
	Training and development	15,457	16,600
	Postage and courier charges	109,335	121,726
	Communication	145,315	104,752
	Marketing, advertisement and publicity	333,071	293,821
	Donations	79,917	77,424
	Auditors remuneration	20,429	17,596
	Insurance	681,347	614,123
	Stationery and printing	258,902	264,091
	Bank fees and charges	115,095	87,166
	Brokerage and commission	33,080	52,737
	Deposit protection premium	390,176	292,992
	Credit card bonus points redemption	90,402	134,357
	Others	460,361	337,405
		3,678,608	3,300,085
		<u>15,122,347</u>	<u>13,967,341</u>
32	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	5,466	106,023
	Penalties imposed by Securities Exchange Commission of Pakistan (SECP)	-	200
		<u>5,466</u>	<u>106,223</u>
33	PROVISIONS AND WRITE-OFFS - NET		
	Reversal of provision for diminution in value of investments	13.4	(320,589)
	Provision against loans and advances	14.3	838,709
	Bad debts written off directly		23,886
	Recoveries of written off / charged off bad debts		(334,024)
	Reversal of provision against off balance sheet obligations	22.1	(21,956)
	Provision against other assets	17.1.1	29,758
			<u>215,784</u>
			<u>2,081,759</u>

		Un-audited	
		For the nine months ended	
		September 30,	September 30,
		2021	2020
		----- Rupees '000 -----	
34	TAXATION		
	Current	4,040,296	3,763,533
	Prior periods	40,000	20,000
	Deferred	(149,060)	(217,298)
		<u>3,931,236</u>	<u>3,566,235</u>

35 BASIC / DILUTED EARNINGS PER SHARE

		Un-audited			
		For the quarter ended		For the nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2021	2020	2021	2020
		----- Rupees -----			
	Profit after tax for the period	<u>2,137,686</u>	<u>1,728,778</u>	<u>6,205,942</u>	<u>5,522,799</u>
		----- Number of shares in thousands -----			
	Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>	<u>1,517,697</u>	<u>1,517,697</u>
		----- Rupees -----			
	Basic earnings per share	<u>1.41</u>	<u>1.14</u>	<u>4.09</u>	<u>3.64</u>

35.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at September 30, 2021 and September 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

36 FAIR VALUE MEASUREMENTS

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

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

Fair value of financial assets

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Item	Valuation approach and input used
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivative instruments	The Bank enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly interest rate swaps, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.
Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announce by the Mutual Funds Association of Pakistan (MUFAP).

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. These were last revalued on December 31, 2019.
Non-banking assets acquired in satisfaction of claims	Non-banking assets acquired in satisfaction of claims are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. These were last revalued on December 31, 2019.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Holding Company which are also on the panel of the Pakistan Banks' Association (PBA). The valuation experts use a market based approach to arrive at the fair value of the Holding Company's properties. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these condensed interim consolidated financial statements.

37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

	2021					
	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss account for the nine months ended September 30, 2021 (un-audited)	----- Rupees '000 -----					
Net mark-up / return / profit	(7,868,976)	13,621,483	13,160,937	229,848	(129,356)	19,013,936
Inter segment revenue - net	20,964,920	(10,562,483)	(12,341,993)	(121,118)	2,060,674	-
Non mark-up / return / interest income	3,608,271	1,115,640	2,333,874	(10,057)	(372,355)	6,675,373
Total Income	16,704,215	4,174,640	3,152,818	98,673	1,558,963	25,689,309
Segment direct expenses	8,960,229	364,974	209,744	104,704	5,696,696	15,336,347
Inter segment expense allocation	4,899,896	463,595	99,870	89,331	(5,552,692)	-
Total expenses	13,860,125	828,569	309,614	194,035	144,004	15,336,347
Provisions	(85,341)	1,502,137	(311,599)	(886,322)	(3,091)	215,784
Profit before tax	2,929,431	1,843,934	3,154,803	790,960	1,418,050	10,137,178
Statement of financial position as at September 30, 2021 (un-audited)						
Cash and bank balances	21,314,680	-	34,104,854	-	-	55,419,534
Lendings to financial institutions	-	-	12,000,000	-	-	12,000,000
Investments	-	15,865,029	326,892,219	3,296,550	754,384	346,808,182
- Investment provision	-	-	(1,377,288)	(2,079,411)	-	(3,456,699)
Net inter segment lending	484,282,618	-	-	-	(484,282,618)	-
Advances - performing	74,045,869	283,274,532	-	-	6,515,596	363,835,997
Advances - non-performing	4,468,490	5,552,943	-	13,588,332	63,211	23,672,976
- Advances - provisions	(3,201,008)	(3,940,909)	-	(13,058,688)	(379,149)	(20,579,754)
Others	14,054,076	3,709,173	4,241,979	(1,882,480)	36,391,145	56,513,893
Total assets	594,964,725	304,460,768	375,861,764	(135,697)	(440,937,431)	834,214,129

	2021					Total
	Retail	CIBG	Treasury	SAM	Others	
	Rupees '000					
Borrowings	7,023,891	59,370,330	37,716,916	-	-	104,111,137
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	575,466,934	36,683,554	-	295,686	1,133,773	613,579,947
Net inter segment borrowing	-	206,544,601	330,854,716	(431,383)	(536,967,934)	-
Others	12,473,900	1,862,283	6,157,005	-	31,047,833	51,541,021
Total liabilities	594,964,725	304,460,768	374,728,637	(135,697)	(504,786,328)	769,232,105
Equity	-	-	1,133,127	-	63,848,897	64,982,024
Total equity and liabilities	594,964,725	304,460,768	375,861,764	(135,697)	(440,937,431)	834,214,129
Contingencies and commitments	18,531,697	96,557,120	-	1,286,513	-	116,375,330

	2020					Total
	Retail	CIBG	Treasury	SAM	Others	
	Rupees '000					
Profit and loss account for the nine months ended September 30, 2020 (un-audited)						
Net mark-up / return / profit	(12,915,126)	18,902,652	12,807,042	170,080	61,620	19,026,268
Inter segment revenue - net	24,825,284	(16,110,495)	(12,332,440)	(151,987)	3,769,638	-
Non mark-up / return / interest income	2,671,065	764,781	3,275,359	5,198	(302,423)	6,413,980
Total Income	14,581,223	3,556,938	3,749,961	23,291	3,528,835	25,440,248
Segment direct expenses	8,153,714	392,847	263,031	93,367	5,366,496	14,269,455
Inter segment expense allocation	4,587,542	483,949	100,743	89,908	(5,262,142)	-
Total expenses	12,741,256	876,796	363,774	183,275	104,354	14,269,455
Provisions	785,587	1,459,979	(58,543)	(172,377)	67,113	2,081,759
Profit before tax	1,054,380	1,220,163	3,444,730	12,393	3,357,368	9,089,034

**Statement of financial position
as at December 31, 2020
(audited)**

Cash and bank balances	29,219,912	-	33,540,008	-	-	62,759,920
Lendings to financial institutions	-	-	2,985,000	-	-	2,985,000
Investments	-	16,430,902	259,865,978	3,298,820	651,412	280,247,112
- Investment provision	-	-	(1,688,885)	(2,088,403)	-	(3,777,288)
Net inter segment lending	412,879,111	-	-	-	(412,879,111)	-
Advances - performing	64,171,608	245,899,442	-	-	3,448,811	313,519,861
Advances - non-performing	6,647,456	3,489,249	-	16,049,685	39,035	26,225,425
- Advances - provisions	(5,245,632)	(2,755,805)	-	(13,299,212)	(264,759)	(21,565,408)
Others	10,290,418	3,793,772	4,945,294	(1,881,285)	32,521,381	49,669,580
Total assets	517,962,873	266,857,560	299,647,395	2,079,605	(376,483,231)	710,064,202
Borrowings	5,488,813	46,412,012	6,545,691	-	-	58,446,516
Deposits and other accounts	494,881,273	44,326,035	-	201,771	1,223,138	540,632,217
Net inter segment borrowing	-	175,499,595	289,997,780	1,871,334	(467,368,709)	-
Others	17,592,787	619,918	331,518	6,500	32,216,644	50,767,367
Total liabilities	517,962,873	266,857,560	296,874,989	2,079,605	(433,928,927)	649,846,100
Equity	-	-	2,772,406	-	57,445,696	60,218,102
Total equity and liabilities	517,962,873	266,857,560	299,647,395	2,079,605	(376,483,231)	710,064,202
Contingencies and commitments	14,672,741	64,309,145	-	1,249,878	-	80,231,764

38 RELATED PARTY TRANSACTIONS

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

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with persons of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	September 30, 2021 (Un-audited)					December 31, 2020 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	----- Rupees '000 -----									
Investments										
Opening balance	-	-	-	1,241,543	4,056,857	-	-	-	961,872	3,780,238
Investment made during the period / year	-	-	-	3,071,852	14,613,074	-	-	-	717,090	31,074,157
Investment redeemed / sold during the period / year	-	-	-	(2,790,985)	(15,497,965)	-	-	-	(482,811)	(30,797,538)
Equity method adjustment	-	-	-	15,794	-	-	-	-	45,392	-
Closing balance	-	-	-	1,538,204	3,171,966	-	-	-	1,241,543	4,056,857
Provision for diminution in value of investments	-	-	-	-	2,039,337	-	-	-	-	2,041,890
Advances										
Opening balance	-	-	258,224	-	1,799,681	-	-	226,887	-	9,441,893
Addition during the period / year	-	-	354,360	-	-	-	-	83,064	-	6,496
Repaid during the period / year	-	-	(190,600)	-	(72,719)	-	-	(51,727)	-	(5,296,772)
Written off during the period / year	-	-	-	-	-	-	-	-	-	(2,351,936)
Closing balance	-	-	421,984	-	1,726,962	-	-	258,224	-	1,799,681
Provision held against advances	-	-	-	-	511,816	-	-	-	-	511,816

	September 30, 2021 (Un-audited)					December 31, 2020 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees '000										
Other assets										
Interest / mark-up accrued	-	-	542	-	48,281	-	-	345	-	58,469
Commission income receivable	-	-	-	1,216	62,709	-	-	-	72	36,391
Defined benefit plan asset	-	-	-	-	64,205	-	-	-	-	66,343
Remuneration receivable	-	-	-	3,971	27,645	-	-	-	3,583	13,601
Receivable against reimbursement of expenses	-	-	-	4,858	123,400	-	-	-	10,301	50,426
Receivable from defined contribution plan	-	-	-	-	803	-	-	-	-	647
Front end load receivable	-	-	-	-	4,316	-	-	-	208	52,394
Preliminary expenses and floatation costs receivable	-	-	-	1,532	7,453	-	-	-	4,065	6,306
Dividend receivable	-	-	-	-	1,559	-	-	-	-	1,398
Others	-	-	-	-	551,518	-	-	-	-	515,944
	-	-	542	11,577	891,889	-	-	345	18,229	801,919
Deposits and other accounts										
Opening balance	182	44,456	139,814	14,910	10,509,734	182	37,985	156,482	-	3,074,185
Received during the period / year	705,659	73,494	1,774,402	767,814	336,073,297	-	46,969	1,723,877	1,178,039	235,409,751
Withdrawn during the period / year	(377,444)	(69,805)	(1,751,639)	(769,730)	(329,684,057)	-	(40,498)	(1,740,545)	(1,163,129)	(227,974,202)
Transfer in / (out) during the period / year	-	-	-	(2,041)	2,041	-	-	-	-	-
Closing balance	328,397	48,145	162,577	10,953	16,901,015	182	44,456	139,814	14,910	10,509,734
Other liabilities										
Interest / mark-up payable	-	145	142	-	42,480	-	129	217	11	38,703
Payable against reimbursement of expenses	-	-	-	-	-	-	-	-	-	2,864
Other liabilities	-	-	-	-	158,505	-	-	-	-	154,308
	-	145	142	-	200,985	-	129	217	11	195,875
Contingencies and commitments										
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	6,603	-	-	-	-	4,397
Trade related commitments	-	-	-	-	132,453	-	-	-	-	90,506
	-	-	-	-	139,056	-	-	-	-	94,903

* represents outstanding guarantee

38.1 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.

RELATED PARTY TRANSACTIONS

	September 30, 2021 (Un-audited)					September 30, 2020 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
----- Rupees '000 -----										
Income										
Mark-up / return / interest earned	-	-	11,912	-	61,925	-	-	9,788	-	254,422
Fee and commission income	-	25	61	30,275	438,735	-	39	103	-	201,869
Dividend income	-	-	-	-	40,166	-	-	-	-	158,866
Net gain on sale of securities	-	-	163	61,520	22,257	-	-	-	-	30,220
Gain on sale of fixed assets	-	-	11	-	-	-	-	-	-	-
Expense										
Mark-up / return / interest paid	-	807	2,193	875	475,801	-	1,797	6,025	-	161,906
Reimbursement of expenses	-	-	-	10,186	160,001	-	-	-	-	69,560
Director's fee and other expenses	-	83,955	-	-	-	-	119,166	-	-	-
Remuneration	-	-	514,345	-	1,385	-	-	466,262	-	1,343
Consultancy Fee	-	-	-	-	7,947	-	-	-	-	578
Charge for defined benefit plan	-	-	-	-	162,425	-	-	-	-	134,805
Contribution to defined contribution plan	-	-	-	-	193,046	-	-	-	-	173,439
Others										
Shares / units purchased during the period	-	-	-	3,071,852	14,613,074	-	-	-	-	22,082,742
Shares / units sold during the period	-	-	-	2,790,985	15,519,968	-	-	-	-	21,067,750
Government securities purchased during the period	-	-	599,573	-	3,659,466	-	-	539,806	-	6,340,856
Government securities sold during the period	-	-	754,889	-	6,002,957	-	-	562,901	-	7,186,930
Contribution to defined benefit plan	-	-	-	-	160,287	-	-	-	-	253,535
Sale proceeds from disposal of fixed assets	-	-	25	-	-	-	-	-	-	-

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
Minimum capital requirement (MCR):		
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital adequacy ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	54,894,222	49,609,041
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	54,894,222	49,609,041
Eligible tier 2 capital	7,767,817	8,503,577
Total eligible capital (tier 1 + tier 2)	62,662,039	58,112,618
Risk weighted assets (RWAs):		
Credit risk	261,610,262	235,843,958
Market risk	26,571,121	22,173,745
Operational risk	51,671,053	51,622,995
Total	339,852,436	309,640,698
Common equity tier 1 capital adequacy ratio	16.15%	16.02%
Tier 1 Capital adequacy ratio	16.15%	16.02%
Total Capital adequacy ratio	18.44%	18.77%
Leverage ratio (LR):		
Eligible tier-1 capital	54,894,222	49,609,041
Total exposures	1,020,078,414	833,658,911
Leverage ratio (in %)	5.38%	5.95%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	321,394,325	265,799,775
Total net cash outflow	145,872,492	125,870,150
Liquidity coverage ratio (Ratio)	2.203	2.112
Net stable funding ratio (NSFR):		
Total available stable funding	566,248,110	493,515,307
Total required stable funding	336,685,937	291,597,390
Net stable funding ratio (in %)	168.18%	169.25%

40 ISLAMIC BANKING BUSINESS

The Bank is operating 521 Islamic banking branches (December 31, 2020: 500) including 1 Islamic sub-branch (December 31, 2020: 1). The statement of financial position and profit and loss account of these branches for the period ended September 30, 2021 are as follows:

	Note	Un-audited	Audited
		September 30, 2021	December 31, 2020
		----- Rupees '000 -----	
Statement of financial position			
ASSETS			
Cash and balances with treasury banks		22,060,322	21,763,033
Balances with other banks		2,787,778	1,929,779
Due from financial institutions	40.1	28,000,000	28,000,000
Investments	40.2	68,328,003	67,554,233
Islamic financing and related assets - net	40.3	305,973,261	189,941,639
Fixed assets		14,278,389	13,345,113
Intangible assets		179,604	136,688
Other assets		13,283,378	6,278,487
		454,890,735	328,948,972
LIABILITIES			
Bills payable		7,062,482	6,029,790
Due to financial institutions		75,756,094	47,086,694
Deposits and other accounts	40.4	323,732,281	248,090,892
Due to head office		4,449,023	769,570
Other liabilities		12,569,828	11,198,497
		423,569,708	313,175,443
NET ASSETS		31,321,027	15,773,529
REPRESENTED BY			
Islamic banking fund		22,180,000	9,180,000
Surplus on revaluation of assets - net of tax		1,503,354	1,468,656
Unappropriated profit	40.5	7,637,673	5,124,873
		31,321,027	15,773,529
CONTINGENCIES AND COMMITMENTS			
	40.6		
		Un-audited	
		For the nine months ended	
		September 30,	September 30,
		2021	2020
		----- Rupees '000 -----	
Profit and loss account			
Profit / return earned	40.7	18,917,011	13,780,751
Profit / return expensed	40.8	7,212,556	6,539,478
Net profit / return		11,704,455	7,241,273
Other income			
Fee and commission income		1,357,147	588,812
Foreign exchange income		281,092	189,848
Gain on securities		76,598	225
Others		97,795	3,734
Total other income		1,812,632	782,619
Total income		13,517,087	8,023,892
Other expenses			
Operating expenses		7,375,831	4,541,327
Other charges		825	47,022
Total other expenses		7,376,656	4,588,349
Profit before provisions		6,140,431	3,435,543
Provisions and write offs - net		2,021,087	192,700
Profit before taxation		4,119,344	3,242,843
Taxation		1,606,544	1,264,709
Profit after taxation		2,512,800	1,978,134

Un-audited Audited
September 30, 2021 December 31, 2020
----- Rupees '000 -----

40.1 Due from financial institutions

Musharaka placement

28,000,000 28,000,000

40.2 Investments by segments:

	Un-audited				Audited			
	Cost / amortised cost	Provision for diminution	Surplus	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	December 31, 2020							
	Rupees '000							
Federal Government securities:								
- Ijarah Sukuks	34,524,485	-	202,155	34,726,640	34,434,037	-	(27,948)	34,406,089
- Bai Muajjal								
Government of Pakistan	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
- Other Federal Government securities	1,091,045	-	-	1,091,045	466,435	-	-	466,435
	<u>37,212,578</u>	<u>-</u>	<u>202,155</u>	<u>37,414,733</u>	<u>36,497,520</u>	<u>-</u>	<u>(27,948)</u>	<u>36,469,572</u>
Shares								
- Listed companies	100,000	-	-	100,000	-	-	-	-
Non Government Debt securities:								
- Listed	15,000,000	-	487,500	15,487,500	15,000,000	-	410,000	15,410,000
- Unlisted	15,308,032	-	17,738	15,325,770	15,663,124	-	11,537	15,674,661
	<u>30,308,032</u>	<u>-</u>	<u>505,238</u>	<u>30,813,270</u>	<u>30,663,124</u>	<u>-</u>	<u>421,537</u>	<u>31,084,661</u>
Total investments	<u>67,620,610</u>	<u>-</u>	<u>707,393</u>	<u>68,328,003</u>	<u>67,160,644</u>	<u>-</u>	<u>393,589</u>	<u>67,554,233</u>

40.3 Islamic financing and related assets - net

Un-audited Audited
September 30, 2021 December 31, 2020
----- Rupees '000 -----

Murabaha	18,743,930	2,802,616
Musharaka	7,164	7,194
Diminishing Musharaka	135,075,691	102,902,725
Istisna	21,471,481	17,760,768
Tawwaruq	1,053,123	55,002
Running Musharaka	72,601,965	37,086,503
Fixed assets Ijarah financing - net	60,650	78,056
Tijarah	286,461	232,113
Advance against Murabaha financing	1,855,236	1,267,610
Advanced against Diminishing Musharaka	29,058,983	16,552,367
Advance against Ijarah	1,624,922	937,383
Advance against Istisna	11,698,288	6,890,624
Advance against Islamic export refinance	7,521,931	2,650,700
Advance against Tijarah	115,000	-
Musawamah	120,561	-
Bai salam	326,675	-
Salam	112,300	-
Inventory related to Islamic financing	7,060,838	1,974,625
Gross Islamic financing and related assets	<u>308,795,199</u>	<u>191,198,286</u>
Less: provision against Islamic financings		
- specific	(2,597,856)	(1,094,130)
- general	(224,082)	(162,517)
	<u>(2,821,938)</u>	<u>(1,256,647)</u>
Islamic financing and related assets - net of provision	<u>305,973,261</u>	<u>189,941,639</u>

40.4 Deposits

	Un-audited			Audited		
	September 30, 2021			December 31, 2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	128,911,931	11,764,214	140,676,145	82,149,540	8,463,757	90,613,297
Savings deposits	121,377,264	8,296,042	129,673,306	95,053,032	6,078,395	101,131,427
Term deposits	27,725,277	192,416	27,917,693	45,612,885	245,025	45,857,910
	278,014,472	20,252,672	298,267,144	222,815,457	14,787,177	237,602,634
Financial institutions						
Current deposits	251,112	8,247	259,359	171,270	78	171,348
Savings deposits	17,665,728	-	17,665,728	8,426,214	7,646	8,433,860
Term deposits	7,540,050	-	7,540,050	1,883,050	-	1,883,050
	25,456,890	8,247	25,465,137	10,480,534	7,724	10,488,258
	303,471,362	20,260,919	323,732,281	233,295,991	14,794,901	248,090,892

Un-audited Audited
September 30, December 31,
2021 2020
 ----- Rupees '000 -----

40.5 Islamic banking business unappropriated profit

Opening balance	5,124,873	2,794,403
Add: Islamic Banking profit for the period / year	4,119,344	3,820,444
Less: taxation	(1,606,544)	(1,489,974)
Closing balance	<u>7,637,673</u>	<u>5,124,873</u>

40.6 Contingencies and commitments

Guarantees	23,410,889	12,003,581
Commitments	72,569,470	50,760,337
	<u>95,980,359</u>	<u>62,763,918</u>

Un-audited
For the nine months ended
September 30, September 30,
2021 2020
 ----- Rupees '000 -----

40.7 Profit / return earned of financing, investments and placement

on:		
Financing	13,670,896	10,916,946
Investments	5,246,115	2,863,805
	<u>18,917,011</u>	<u>13,780,751</u>

40.8 Profit on deposits and other dues expensed

Deposits and other accounts	5,120,982	4,255,011
Other short term borrowings	1,437,662	1,758,643
Lease liability against right-of-use assets	653,912	525,824
	<u>7,212,556</u>	<u>6,539,478</u>

41 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim consolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. There have been no significant reclassifications or re-arrangements during the period.

42 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on October __, 2021 by the Board of Directors of the Holding Company.

President & CEO

Chief Financial Officer

Chairman

Director

Director