

# أشرك إيمانك

HALF YEAR  
ENDED JUNE 30, 2024  
UNAUDITED FINANCIAL STATEMENTS

faysalbank 

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# Corporate Information

## Board of Directors

Mian Muhammad Younis	Chairman / Non-Executive Director
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Vice Chairman / Non-Executive Director
Mr. Yousaf Hussain	President & CEO
Mr. Imtiaz Ahmad Pervez	Non-Executive Director
Mr. Ali Munir	Independent Director
Mr. Juma Hasan Ali Abul	Non-Executive Director
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Non-Executive Director
Ms. Fatima Asad Khan	Independent Director
Mr. Mohsin Tariq	Independent Director
Ms. Sadia Khan	Independent Director

## Board Audit & Corporate Governance Committee

Mr. Ali Munir	Chairman
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member
Mr. Juma Hasan Ali Abul	Member
Mr. Mohsin Tariq	Member

## Board Risk Management Committee

Mr. Imtiaz Ahmad Pervez	Chairman
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member
Mr. Ali Munir	Member
Mr. Yousaf Hussain	Member

## Recruitment Nomination and Remuneration Committee

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Chairman
Mr. Juma Hasan Ali Abul	Member
Mr. Mohsin Tariq	Member
Ms. Fatima Asad Khan	Member
Ms. Sadia Khan	Member

## Board Strategy Committee

Mian Muhammad Younis	Chairman
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member
Mr. Juma Hasan Ali Abul	Member
Mr. Imtiaz Ahmad Pervez	Member
Ms. Fatima Asad Khan	Member
Mr. Yousaf Hussain	Member

# Corporate Information

## Board IT Committee

Ms. Sadia Khan	Chairperson
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member
Mr. Mohsin Tariq	Member
Mr. Yousaf Hussain	Member

## Board Sustainability & Development Committee

Mian Muhammad Younis	Chairman
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member
Ms. Fatima Asad Khan	Member
Ms. Sadia Khan	Member
Mr. Yousaf Hussain	Member

## Shariah Board

Mufti Muhammad Mohib-ul-Haq Siddiqui	Chairman Shariah Board
Dr. Mufti Khalil Ahmad Aazami	Shariah Board Member
Mufti Muhammad Najeeb Khan	Shariah Board Member
Mufti Abdul Basit	Shariah Board Member
Dr. Mufti Hassan Ashraf Usmani	Shariah Board Member
Mufti Muhammad Abdullah	Resident Shariah Board Member

## Syed Majid Ali

### Mr. Aurangzeb Amin

### M/s. KPMG Taseer Hadi & Co., Chartered Accountants

### M/s. Mohsin Tayebaly & Co, Advocate

## Registered Office

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

UAN : (92-21) 111-747-747

Tel : (92-21) 3279-5200

Fax : (92-21) 3279-5226

Website : [www.faysalbank.com](http://www.faysalbank.com)

## Chief Financial Officer

## Company Secretary & Head of Legal

## Auditors

## Legal Advisors

## Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99-B, Block-B,  
SMCHS, Main Shahrah-e-Faisal,  
Karachi-74400

Tel : (92-21) 111-111-500

Fax : (92-21) 34326053

Email : [info@cdcsrsl.com](mailto:info@cdcsrsl.com)

Note: The State Bank of Pakistan has accorded the Fit & Proper approval to the above-mentioned Members of the Board of Directors and accordingly, the said Directors have assumed their responsibilities as the directors.

# Directors' Review

## Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Review along with unaudited condensed interim financial statements of Faysal Bank Limited ("FBL" or "the Bank") for the half year ended June 30, 2024.

### Company Profile

FBL was incorporated in Pakistan on October 03, 1994, as a public limited company and its shares are listed on Pakistan Stock Exchange. FBL offers a wide range of Islamic banking services to all customer segments, i.e., Retail, Small & Medium Sized Enterprises, Commercial, Agri-based, and Corporate. The bank surrendered its conventional banking license on 31 December 2022 and effective 01 January 2023 began operations under an Islamic Banking License issued by the State Bank of Pakistan. Its footprint spreads over 280 cities across the country with 731 branches offering sharia-compliant banking services.

### 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% (2023: 66.78%) of the Bank's shares. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. Dar Al-Maal Al-Islami Trust (DMIT) is the holding entity of Ithmaar Holding B.S.C. and the ultimate parent company 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 traditions.

### Economic Update

Pakistan's economy embarked on a stabilization phase in FY2024, demonstrating resilience and steady improvement across various sectors. The government's dedicated efforts to complete the 2023 Stand-By Arrangement (SBA) with the IMF have yielded significant progress in restoring economic stability, reducing external pressures and led to a moderate real GDP growth rate of 2.38%.

The agricultural sector has been a key driver of growth, expanding by 6.25% in 2023-24, compared to 2.27% in the previous year. This growth is attributed to favorable weather conditions increasing the crop yields. Wheat, cotton, and rice production have seen significant increases.

The Large-Scale Manufacturing (LSM) sector has also shown signs of recovery, moving marginally into positive territory with a growth of 0.99% during July-May FY2024. This improvement is attributed to stimulated external demand, improved business confidence, and the removal of import restrictions.

Inflation, although still high, has significantly reduced from its peak of 38% in May 2023 to 12.6% in June 2024. This decline is attributed to a coordinated policy response, including fiscal consolidation, smooth supplies of food items, favorable global commodity prices, and the base effect.

The State Bank of Pakistan (SBP) has started easing monetary policy, reducing the policy rate further by 100 bps to 19.50% in the Monetary Policy Committee (MPC) held on 29th July 2024. This reduction makes a total decrease of 250 bps in 2024 aimed at boosting the economy. However, fiscal policy continues to grapple with the legacy of persistently high fiscal deficits and debt, resulting from unprecedented expenditures and moderate growth in revenues.

The stock market has witnessed a significant boom, with the KSE-100 index rising to 78,444 points at the end of June 2024. This surge in confidence reflects investors' trust in the Pakistan Stock Exchange, largely due to the successful implementation of the IMF's program under the SBA, the encouraging performance of the external sector, and the formation of a new political government.

The external economic landscape has also shown signs of improvement, with the current account deficit substantially contained, decreasing by 87.6% to US \$0.467 billion compared to US \$3.7 billion in the preceding year. This reduction is primarily due to a rise in exports and a continued decline in imports. Remittances have also increased, reaching US \$30.25 billion during July-June FY2024.

To ensure a stable trajectory, it is crucial to maintain the policy and reforms being undertaken by the government. Securing the new IMF Extended Fund Facility (EFF) of approximately US \$7 billion is also essential for sustained external inflows and to meet the growing financing needs of the economy.

## Bank's Performance

In 2023, the Board approved the establishment of Faysal Islami Currency Exchange Company (Private) Limited, a wholly owned subsidiary of FBL. The bank injected initial paid-up capital of PKR 1 billion during the year. The company received its "Certificate of Incorporation" from SECP on January 16, 2024 and obtained an operational license from SBP on March 26, 2024.

Furthermore, the Bank adopted International Financial Reporting Standard (IFRS) 9 "Financial Instruments" effective from January 1, 2024, the impact is given in note 4.1 of financial statements.

## Financial Highlights

Key Balance Sheet Numbers	Rs. in million		
	June '24	December '23	Growth %
Investment	623,598	589,545	5.8
Financing	575,284	580,711	(0.9)
Total Assets	1,418,151	1,370,074	3.5
Deposits	1,074,089	1,018,276	5.5

Profit & Loss Account	Rs. in million		
	June '24	June '23	Growth %
Total Revenue	47,114	35,411	33.0
Total Expenses	(22,089)	(18,030)	22.5
Profit before tax and provisions	25,025	17,381	44.0
Net provisions	801	(2,325)	134.5
Profit before tax	25,826	15,056	71.5
Tax	(12,560)	(7,531)	66.8
Profit after tax	13,266	7,525	76.3
Earnings per share (Rupees)	8.74	4.96	76.3

In H1'24, FBL continued its trajectory of success and achieved remarkable financial performance, recording unprecedented growth despite challenges posed by the prevailing economic conditions. On a standalone basis, Profit Before Tax (PBT) increased by 71.5% to PKR 25.8 billion. FBL has achieved a Profit After Tax (PAT) of PKR 13.3 billion, 76.3% higher than PKR 7.5 billion in the corresponding period last year, with Earnings Per Share increasing from PKR 4.96 to PKR 8.74.

The Bank, continuing its growth trajectory, increased total revenue by 33.0% over H1'23 to PKR 47.1 billion. This growth was fueled by a combination of balance sheet expansion (H1'24 vs H1'23) and an uptick in spreads, resulting in a 24.4% YoY increase in net spread earned, taking it to PKR 38.2 billion in H1'24. Healthy growth in current deposits of PKR 52 billion (15.7%) YoY and increase in average benchmark rate helped to improve the overall spreads.

Non-fund income grew by 90.0% compared to the corresponding period last year and was at PKR 8.9 billion in H1'24. Fee income also saw an uptick of 23.6%, to PKR 5.1 billion, with significant contributions from trade and remittance business solidifying the Bank's foothold in these key businesses. Trade and remittance volumes registered an exponential increase compared to the corresponding period last year. Consequently, FX income showed strong momentum, growing by 66.2%, to PKR 2.8 billion. The Bank also experienced a positive swing of PKR 2.3 billion YoY in capital gains, benefiting from the positive trajectory of the PSX.

Due to double digit inflation, pressure on PKR / USD parity, and an expanding branch network, the bank's total expenses have risen by 22.5% over H1'23. However, the cost to income ratio has improved from 50.9% in H1'23 to 46.9% in H1'24. There is a net reversal in provisions for H1'24 of PKR 0.8 billion, compared to a charge of PKR 2.3 billion in H1'23. The NPL ratio is at 3.8% with total coverage at 117.3%.

FBL's total assets continued to grow, reaching PKR 1.4 trillion, driven by strong deposit mobilization and increase in borrowings from financial institutions. The upward trend in Current Accounts seen over past few years continued, taking them to PKR 381 billion i.e., 16.8% growth over December 2023. Total deposits also increased by 5.5% over December 2023 and were at PKR 1.1 trillion. The Current Account (CA) mix improved to 35.5% from 32.1% in December 2023 and CASA mix improved to 78.7% from 75.0% in December 2023.

FBL's net financing marginally reduced due to the impact of IFRS9 implementation and stood at PKR 575 billion. However, gross financing increased by PKR 1.5 billion. Advance Deposit Ratio (ADR) reduced from 57.0% in December 2023 to 53.6% in June 2024. The liquidity generated was placed in investments which increased by 5.8% reaching PKR 624 billion.

The Bank remained committed in achieving the given targets and creating sustainable value for all stakeholders. With a strong foundation and a focus on growth, we are confident in our ability to In Sha Allah, scale new heights in future.

## Outlook

Looking forward, FBL is well-positioned with a good momentum envisaged in 2024. While we remain optimistic, we also recognize the potential impact of prevailing economic conditions and persistent inflation on both our operations and our customers. As part of our strategic vision, the Bank is committed to expanding its branch network to stimulate deposit growth. We are actively pursuing initiatives to enhance our customer service experience. Moreover, we are dedicated to staying at the forefront of technological advancements, investing in cutting-edge digital solutions to elevate our digital offerings and enrich the overall customer experience.

In line with our commitment to excellence, we will continue to invest in our workforce, fostering an environment that upholds our core values of Faith, Integrity, Teamwork, Innovation, and Care. By prioritizing these principles, we aim to strengthen our position in the market and better serve the evolving needs of our customers in the years ahead.

## Change in Directors

Mr. Abdulla Abdulaziz Ali Taleb resigned from the Board of Directors effective March 31, 2024. The Board acknowledges and appreciates his valuable contributions during his tenure.

## Board Committees

At its 163rd meeting held on April 25, 2024, the Board of Directors established the Board Sustainability & Development Committee (BSDC). This committee will assist the Board in overseeing Environmental, Social and Governance matters.

## 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+

PACRA has assigned a 'Stable' outlook, while VIS has upgraded the outlook to 'Positive'.



## **Dividend**

The Board of Directors, in their meeting held on August 28, 2024, declared an interim cash dividend of Rs. 2 per share (20%) for the half year ended June 30, 2024.

## **Acknowledgement**

On behalf of the Board and Management, we extend gratitude to our esteemed shareholders for their unwavering support. We are indebted to our customers who continued to trust us with their business. We would like to place on record our appreciation for the Government of Pakistan, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their continued support and guidance and for developing and strengthening the banking and financial services sector through continuous improvement in the regulatory and governance framework.

As always, we would also like to express sincere appreciation for the Shariah Board. We would also like to take this opportunity to recognize and commend the unwavering commitment and exceptional efforts extended by our employees in driving the growth of FBL. We extend our heartfelt thanks to them for their relentless dedication and hard work.

## **Approval**

In compliance with the requirement of the Companies Act, 2017, this Directors' Review, with the recommendations of the Board Audit and Corporate Governance Committee, has been approved by the Directors in their meeting held on August 28, 2024 and signed by the Chief Executive Officer and a director.

**President & CEO**

Karachi

Dated: August 28, 2024

**Chairman**

PACRA کی جانب سے درجہ بندیوں کو ”مستحکم“ آؤٹ لک دیا گیا ہے، جبکہ VIS نے ”مثبت“ آؤٹ لک دیا ہے۔

## ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 28 اگست 2024 کو منعقدہ اپنے اجلاس میں 30 جون 2024 کو اختتام شدہ ششماہی کے لیے فی حصص 2 روپے بحساب (20%) کے عبوری کیش ڈیویڈنڈ دینے کا اعلان کیا ہے۔

## اعتراف

بورڈ اور انتظامیہ کی جانب سے، ہم اس موقع پر شیئر ہولڈرز کا شکریہ ادا کرتے ہیں کہ انہوں نے ہم پر غیر متزلزل اعتماد کیا ہے۔ ہم اپنے صارفین کے تہہ دل سے مشکور ہیں، جنہوں نے اپنے کاروبار اور پختہ یقین کے ساتھ ہم پر اعتماد کو مسلسل جاری رکھا۔ ہم ریگولیٹری و گورننس فریم ورک میں مسلسل بہتری کے ذریعے بینکنگ اور فنانشل سروسز سیکٹر کی تیاری اور اس میں مضبوطی لانے کے لیے مسلسل تعاون اور رہنمائی پر اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بھی شکر گزار ہیں۔

ہمیشہ کی طرح، ہم شریعہ بورڈ کے لیے مخلصانہ تعریف کا اظہار کرتے ہیں اور FBL کی ترقی کے لیے اپنے ملازمین کی کوششوں کو تسلیم کرتے ہیں اور انکی انتھک محنت اور لگن کو دل سے سراہتے ہیں۔

## منظوری

کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق، بورڈ کی آؤٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ ڈائریکٹرز کی اس جائزہ کو ڈائریکٹرز نے 28 اگست 2024 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ڈائریکٹرز نے دستخط مثبت کیے ہیں۔

چیئر مین

صدر اور سی ای او

کراچی

تاریخ: 28 اگست 2024

بینک اپنے اہداف کو حاصل کرنے اور اپنے تمام اسٹیک ہولڈرز کے لیے پائیدار منافع کے تسلسل کو قائم رکھنے کے لیے کوشاں ہے اور انشاء اللہ یہ ترقی کا یہ سلسلہ جاری رہے گا اور مستقبل کی مستحکم ترقی کی بنیاد بنے گا۔

## نقطہ نظر (آؤٹ لُک)

مستقبل کے پیش نظر، FBL اچھی رفتار کے ساتھ بہترین پوزیشن سے 2024 میں نمایاں ہو گا۔ مزید اقتصادی غیر یقینی صورتحال اور افراط زر کی جاری صورتحال کے ممکنہ اثرات ہم پر اور ہمارے صارفین پر پڑنے سے ہم آگاہ ہیں مگر ہم اپنی صلاحیتوں سے واقف ہیں اور پُر اعتماد ہیں۔ حکمت عملی کے مطابق، بینک ڈپازٹ کی نمو کو بڑھانے کے لئے اپنے برانچ نیٹ ورک کی توسیع کے لئے پر عزم ہے اور کسٹمر سروس کے معیار کو مزید بہتر بنانے کے لیے کام جاری رکھے گا۔ بینک جدید ڈیجیٹل حل فراہم کرنے پر توجہ مرکوز رکھے گا اور ڈیجیٹل پیشکشوں اور کسٹمر کے تجربے کو بہتر بنانے کے لیے جدید ٹیکنالوجیز میں سرمایہ کاری جاری رکھے گا۔

اولین اور اہم ترین یہ کہ ہم اپنی افرادی قوت اور ثقافت کو فروغ دینے پر سرمایہ کاری کرتے رہیں گے جو ہماری بنیادی اقدار یعنی ایمان اور یقین، صداقت اور امانت، باہمی تعاون، جدت اور خدمت کی حوصلہ افزائی کرتی ہے۔ مذکورہ قواعد و ضوابط پر ترجیحی بنیادوں پر عمل کرنے سے ہم مارکیٹ میں اپنی پوزیشن مستحکم بنانا اور آنے والے برسوں میں اپنے کسٹمرز کی ضروریات کو مد نظر رکھتے ہوئے بہتر خدمات فراہم کرنا چاہتے ہیں۔

## ڈائریکٹرز میں تبدیلی

محترم عبداللہ عبدالعزیز علی طالب 31 مارچ، 2024 سے بورڈ آف ڈائریکٹرز کے عہدے سے مستعفی ہو گئے ہیں۔ بورڈ ان کے استعفیٰ کو منظور کرتا ہے اور ان کی قابل قدر خدمات کو سراہتا ہے۔

## بورڈ کمیٹیاں

بورڈ آف ڈائریکٹرز نے اپنے 25 اپریل، 2024 کو منعقدہ 163 ویں اجلاس میں بورڈ سسٹین بلٹی اینڈ ڈیولپمنٹ کمیٹی (BSDC) کے قیام کی منظوری دی ہے۔ یہ کمیٹی ماحولیاتی، سماجی اور انتظامی معاملات میں بورڈ کی معاونت کرے گی۔

## کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے درج ذیل اداراتی درجہ بندیوں کی دوبارہ تصدیق کی ہے:

AA	طویل المدتی
A1+	قلیل المدتی

مالی سال 24 کی پہلی ششماہی میں فیصل بینک لمیٹڈ نے کامیابی کا سلسلہ جاری رکھا اور بہترین کارکردگی کا مظاہرہ کیا، خراب مالیاتی صورت حال کی چیلنجز کے باوجود بینک نے واضح ترقی کی۔ انفرادی طور پر، بینک نے 71.5 فیصد اضافے سے 25.8 ارب روپے کے ریکارڈ قبل از ٹیکس منافع (PBT) کے ساتھ متاثر کن کارکردگی فراہم کی ہے۔ بعد از ٹیکس منافع (PAT) گزشتہ سال اسی عرصے کے 7.5 ارب روپے کے مقابلے میں 13.3 ارب روپے ہو کر 76.3 فیصد اضافے سے ہمکنار ہوا۔ فی حصص آمدن 8.74 روپے رہی جو کہ گزشتہ سال 4.96 روپے تھی۔

بینک نے اپنی ترقی کی رفتار کو جاری رکھا اور کل آمدنی میں H1'23 سے 33.0 فیصد زیادہ اضافہ کے ساتھ 47.1 ارب روپے ہو گئی۔ مضبوط بیلنس شیٹ کی توسیع اور مجموعی اسپریڈز میں بہتری کے سہارے سے نیٹ اسپریڈ آمدنی 24.4 فیصد کے سال بہ سال اضافے کے ساتھ، H1'24 میں 38.2 ارب روپے تک پہنچ گئی ہے۔ 52 ارب روپے (15.7%) YoY کے کرنٹ ڈپازٹ کی مضبوط متحرک کاری اور اوسط بیف مارک کی شرح میں اضافے نے مجموعی اسپریڈز کو بہتر کرنے میں مدد کی۔

نان فنڈ آمدنی میں گزشتہ سال کی اسی مدت سے 90% زیادہ اضافہ ہوا اور H1'24 میں 8.9 ارب روپے رہی۔ فیس آمدنی میں بھی 23.6 فیصد اضافہ دیکھا گیا جو کہ 5.1 ارب روپے تک جا پہنچی، بزنس ٹریڈ اور ترسیلات زر میں گزشتہ سال اسی عرصے کے مقابلے میں بہت زیادہ اضافہ دیکھا گیا۔ اسی طرح، فارن ایکسچینج کی آمدنی میں بھی شاندار اضافہ ہوا جو کہ 66.2 فیصد اضافے کے ساتھ 2.8 ارب روپے ریکارڈ کی گئی۔ بینک کو پاکستان اسٹاک ایکسچینج میں مثبت کاروباری سرگرمیوں کی وجہ سے بہترین منافع کی مد میں 2.3 ارب روپے سال بہ سال کی بنیاد پر آمدنی ہوئی۔

افراط زر میں شدید اضافے، امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی اور برانچز کے نیٹ ورک میں اضافے کی وجہ سے بینک کے اخراجات H1'23 کے مقابلے میں 22.5% زیادہ رہے۔ اس کے باوجود Cost of Income ratio H1'23 کے 50.9% کے مقابلے میں H1'24 میں 46.9% تک بہتری آئی۔ H1'24 میں 0.8 ارب روپے کا خالص پروویژن ریورسل ریکارڈ کیا گیا جبکہ H1'23 میں 2.3 ارب روپے کا چارج تھا۔ NPL کا تناسب 3.8% ہے اور مجموعی کوریج کا تناسب 117.3% رہا۔

مضبوط ڈپازٹ موبلائزیشن اور مالیاتی اداروں سے قرضوں میں اضافے سے FBL نے اثاثہ جات کو بڑھا کر 1.4 ٹریلین روپے تک پہنچا دیا۔ گزشتہ کئی چند برسوں سے کرنٹ اکاؤنٹس کی رفتار جاری رکھا اور وہ 381 بلین روپے تک پہنچ گئیں، جو دسمبر 23 سے 16.8% زیادہ کی عکاسی کرتی ہے۔ مجموعی ڈپازٹس دسمبر 2023 سے 5.5% زیادہ بڑھ گئے اور 1.1 ٹریلین روپے تک پہنچ گئے۔ کرنٹ اکاؤنٹ (CA) کا تناسب دسمبر 2023 میں 32.1% سے بڑھ کر 35.5% ہو گیا اور CASA کا تناسب دسمبر 2023 میں 75% سے بڑھ کر 78.7% ہو گیا۔

FBL کی نیٹ فنانسنگ IFSR9 کے لاگو ہونے کے اثرات کی وجہ سے 575 ارب روپے ہو گئی، البتہ مجموعی فنانسنگ میں دسمبر 2023 کے مقابلے میں 1.5 ارب روپے کا اضافہ ہوا۔ ADR دسمبر 2023 کے 57% کے مقابلے میں جون 2024 میں 53.6% ہو گیا۔ جو نقدی حاصل ہوئی اس کا استعمال سرمایہ کاری میں کیا گیا جس میں 5.8% اضافہ ہوا اور 1624 ارب روپے تک پہنچ گئی۔

## بینک کی کارکردگی

2023 میں بورڈ نے فیصل اسلامی کرنسی ایکسچینج کمپنی (پرائیویٹ) لمیٹڈ کے قیام کی منظوری دی ہے جو کہ مکمل طور پر فیصل بینک لمیٹڈ کا ذیلی ادارہ ہے۔ ایک سال کے دوران بینک نے ابتدائی طور پر ایک ارب روپے کا بنیادی سرمایہ ادا کر دیا ہے۔ 16 جنوری، 2024 کو کمپنی نے ایس ای سی پی سے ”سرٹیفکیٹ آف ان کارپوریشن“ حاصل کر کے 26 مارچ، 2024 کو اسٹیٹ بینک آف پاکستان سے آپریشنل لائسنس بھی حاصل کر لیا ہے۔

اس کے علاوہ، بینک نے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ 9 (IFRS) ”فنانشل اسٹو منٹس“ بھی حاصل کر لیا جو کہ یکم جنوری، 2024 سے لاگو ہے، اس کے اثرات کی تفصیلات مالی گوشواروں کے نوٹ 4.1 میں دی گئی ہے۔

## مالیاتی جھلکیاں

### بیلنس شیٹ

		(ملین روپے)		
نمو %	دسمبر ۲۰۲۳ء	جون ۲۰۲۴ء		
5.8	589,545	623,598		سرمایہ کاری
(0.9)	580,711	575,284		فنانسنگ
3.5	1,370,074	1,418,151		کل اثاثہ جات
5.5	1,018,276	1,074,089		ڈپازٹس

### (ملین روپے)

		جون ۲۰۲۳ء		جون ۲۰۲۴ء	نفع اور نقصان اکاؤنٹ
نمو %	جون ۲۰۲۳ء	جون ۲۰۲۴ء			
33	35,411	47,114		مجموعی آمدنی	
22.5	(18,030)	(22,089)		آپریٹنگ اور دیگر اخراجات	
44	17,381	25,025		منافع قبل از ٹیکس اور پروویژن	
134.5	(2,325)	801		نیٹ پروویژن	
71.5	15,056	25,826		منافع قبل از ٹیکس	
66.8	(7,531)	(12,560)		ٹیکسز	
76.3	7,525	13,266		منافع بعد از ٹیکس	
76.3	4.96	8.74		فی حصص آمدن (روپے)	

معاشی ترقی میں زرعی شعبے کا کردار اہم رہا ہے، گزشتہ سال 2.27 فیصد کے مقابلے میں مالی سال 2023-24 میں زرعی شعبے میں ترقی کی شرح شاندار اضافے کے ساتھ 6.25 فیصد ہے۔ اس شرح کے اضافے میں سازگار موسمی حالات کی وجہ سے فصلوں کی پیداوار میں خاطر خواہ بہتری دیکھی گئی۔ گندم، کپاس اور چاول کی پیداوار میں بہت زیادہ اضافہ ریکارڈ کیا گیا ہے۔

لارج اسکیل مینوفیکچرنگ (LSM) کے شعبے میں بھی بحالی کے آثار نظر آئے ہیں، مالی سال 2024 کے دوران جولائی۔ مئی تک اس شعبے میں 0.99 فیصد کی مثبت ترقی ریکارڈ کی گئی ہے۔ اس ترقی میں بیرونی طلب، تاجروں کے اعتبار میں اضافہ، اور درآمدات کی پابندیوں کا خاتمہ شامل ہے۔

مہنگائی کی شرح اب بھی بہت زیادہ ہے، لیکن مئی 2023 کے دوران 38 فیصد کی شرح کے مقابلے میں جون 2024 کے دوران صرف 12.6 فیصد رہ گئی ہے۔ مہنگائی کی شرح میں مذکورہ شاندار کمی کے محرکات میں مجموعی پالیسی کا کردار اہم رہا، جس میں مالی خسارے کی روک تھام، ایشیائی خورد و نوش کی فوری دستیابی، عالمی سطح پر اجناس کی بہتر قیمتیں، اور بنیادی اثرات شامل ہیں۔

اسٹیٹ بینک آف پاکستان نے نیٹری پالیسی میں نرمی کا آغاز کر دیا ہے، 29 جولائی 2024 کو منعقدہ نیٹری پالیسی کمیٹی (MPC) کے اجلاس میں شرح سود میں مزید 100 bps کمی کر کے 19.50% کر دی ہے۔ اس طرح 2024 میں شرح سود میں مجموعی طور پر 250 bps کمی کی گئی ہے جس سے معیشت کو مستحکم بنانے میں مدد ملی ہے۔ البتہ، مالیاتی پالیسی کے مطابق بڑھے ہوئے مالی خسارے کو محدود کرنے اور بھاری قرضوں کو کم کرنے کی کوششیں جاری ہیں، جس کے نتیجے میں اخراجات میں غیر معمولی کٹوتی اور آمدنی میں خاطر خواہ اضافہ ہو رہا ہے۔

اسٹاک مارکیٹ نے نمایاں ترقی دیکھی ہے اور جون 2024 کے اختتام تک KSE-100 انڈیکس 78,444 پوائنٹس تک پہنچ گیا ہے۔ اس بھروسے کے اضافے کا اظہار سرمایہ کاروں کے پاکستان اسٹاک ایکسچینج پر اعتماد کی عکاسی کرتا ہے، جس کی وجہ سے IMF کے SBA پروگرام کی کامیاب عملداری، بیرونی شعبے کی حوصلہ افزا کارکردگی اور سیاسی حکومت کی تشکیل کی بدولت ہے۔

بیرونی معاشی محرکات میں بھی بہتری کے آثار نظر آ رہے ہیں، کرنٹ اکاؤنٹ خسارے میں شاندار کمی آئی ہے جو کہ گزشتہ سال کے 3.7 ارب امریکی ڈالرز کے مقابلے میں 87.6 فیصد کمی کے ساتھ صرف 0.467 ارب امریکی ڈالر رہ گیا ہے۔ یہ کمی بنیادی طور پر برآمدات میں اضافے اور درآمدات میں مسلسل کمی کی مرہون منت ہے۔ ترسیلات زر میں بھی اضافہ ہوا ہے، جو کہ مالی سال 2024 میں جون۔ جولائی کے دوران 30.25 ارب امریکی ڈالر تک پہنچ چکے ہیں۔

معیشت کے استحکام کو یقینی بنانے کے لیے، حکومت کی جانب سے پالیسی اور اصلاحات کو برقرار رکھنا اہم ہے۔ بیرونی آمد قابو پانے اور معیشت کے استحکام کی بڑھتی ہوئی مالی ضروریات کو پورا کرنے کے لیے آئی ایم ایف سے ایکسٹنڈیڈ فنڈ فیسیلیٹی (EFF) کے تحت تقریباً 7 ارب امریکی ڈالرز کی نئی قسط حاصل کرنا بہت ضروری ہے۔

## ڈائریکٹرز کا جائزہ

ان کانسولٹیڈ ایڈ مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز کا جائزہ اور فیصلہ بینک لمیٹڈ ("FBL") یا "بینک" کی 30 جون 2024 پر ختم شدہ ششماہی کے لیے غیر آڈٹ شدہ منجمد عبوری مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### کمپنی پر وسائل

FBL کا قیام پاکستان میں 3 اکتوبر 1994 کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا اور اس کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ FBL صارفین کے تمام طبقات جیسے ریٹیل، چھوٹے اور متوسط درجے کے کاروباری ادارے، کمرشل، ایگری بیسڈ اور کارپوریٹ کو اسلامی بینکنگ خدمات کی ایک وسیع رینج پیش کرتا ہے۔ بینک نے 31 دسمبر 2022 کو اپنا کنونشنل بینکنگ لائسنس واپس کیا اور یکم جنوری 2023 کو اسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ اسلامی بینکاری لائسنس کے تحت آپریٹرز کا آغاز کیا۔ بینک کی ملک بھر کے 280 شہروں میں 731 شاخیں شرعی اصولوں کے عین مطابق خدمات فراہم کر رہی ہیں۔

### ہولڈنگ کمپنی

اتمار بینک B.S.C. (کلوزڈ)، ایک بینکنگ ادارہ ہے جو مرکزی بینک آف بحرین کے ذریعے ریگولیٹ کیا جاتا ہے، یہ مرکزی کمپنی ہے، جو فیصلہ بینک لمیٹڈ میں بالواسطہ یا بلاواسطہ 66.78% (2023: 66.78%) حصص کی حامل ہے۔ اتمار بینک B.S.C. (کلوزڈ) اتمار ہولڈنگز B.S.C. کا ملکی ذیلی ادارہ داراللمال الاسلامی ٹرسٹ (DMIT) اتمار ہولڈنگ B.S.C. کی ہولڈنگ کمپنی اور بنیادی طور پر بینک کی سرپرست ہے۔ DMIT کو معاہدے کے ذریعے دولت مشترکہ بہاماس کے قوانین کے تحت اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور کو سرانجام دینے کے مقصد سے تشکیل دیا گیا تھا۔

### تازہ ترین اقتصادی صورت حال

پاکستان کی معیشت مالی سال 2024 میں استحکام کے راستے پر رواں دواں ہے، اور مجموعی طور پر مختلف معاشی سیکٹرز میں ترقی کا سفر جاری ہے۔ حکومت کی جانب سے آئی ایم ایف کے ساتھ 2023 کی تکمیل تک Stand-By Arrangement (SBA) کے شرائط ملنا شروع ہو گئے ہیں اور معاشی استحکام کی بحالی، بیرونی دباؤ میں کمی اور GDP کی شرح میں معتدل بہتری سے یہ شرح 2.38 فیصد تک پہنچ چکی ہے۔

# Independent Auditor's Review Report

To the members of Faysal Bank Limited

On review of Condensed Interim Unconsolidated Financial Statements

## Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Faysal Bank Limited ("the Bank") as at 30 June 2024 and the related condensed interim unconsolidated statement of profit and loss account and condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated cash flow statement and notes to the condensed interim unconsolidated financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

## Other Matter

The figures for the quarter ended 30 June 2024 in the condensed interim unconsolidated statement of profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Zeeshan Rashid.

**KPMG Taseer Hadi & Co.**

Chartered Accountants

Karachi

Dated: 28 August 2024

UDIN: RR202410188uaAFEB3O1v



# Condensed Interim Unconsolidated Statement of Financial Position

As at June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	9	92,283,751	84,036,558
Balances with other banks	10	3,626,350	1,812,399
Due from financial institutions		-	-
Investments	11	623,598,135	589,544,591
Islamic financing and related assets	12	575,284,342	580,711,316
Property and equipment	13	33,685,230	29,555,304
Right-of-use assets	14	10,882,285	10,713,046
Intangible assets	15	2,344,315	2,331,775
Deferred tax assets	21	577,434	-
Other assets	16	75,869,393	71,368,561
		1,418,151,235	1,370,073,550
<b>LIABILITIES</b>			
Bills payable	17	17,753,467	16,550,469
Due to financial institutions	18	175,975,532	166,886,803
Deposits and other accounts	19	1,074,088,583	1,018,275,737
Lease liabilities	20	13,348,373	12,868,103
Subordinated sukuk		-	-
Deferred tax liabilities	21	-	4,907,208
Other liabilities	22	43,691,958	60,386,869
		1,324,857,913	1,279,875,189
<b>NET ASSETS</b>		<b>93,293,322</b>	<b>90,198,361</b>
<b>REPRESENTED BY</b>			
Share capital		15,176,965	15,176,965
Reserves		16,921,879	15,616,188
Surplus on revaluation of assets - net	23	12,359,693	15,151,071
Unappropriated profit		48,834,785	44,254,137
		93,293,322	90,198,361
<b>CONTINGENCIES AND COMMITMENTS</b>			
	24		

The annexed notes 1 to 42 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 half year ended June 30, 2024

Note	Quarter ended		Half year ended		
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	
	----- Rupees '000 -----				
Profit / return earned	26	59,380,347	47,266,560	118,833,693	82,103,911
Profit / return expensed	27	39,842,419	29,575,026	80,610,472	51,372,343
Net profit / return		19,537,928	17,691,534	38,223,221	30,731,568
<b>OTHER INCOME</b>					
Fee and commission income	28	2,567,262	2,053,450	5,141,782	4,159,333
Dividend income		189,837	148,465	260,409	207,249
Foreign exchange income		1,178,448	587,629	2,779,006	1,671,675
Income / (loss) from derivatives		12,008	23,244	(5,947)	116,342
Gain / (loss) on securities	29	332,824	(709,319)	667,927	(1,601,602)
Net gains / (loss) on derecognition of financial assets measured at amortised cost	16.1	(165,256)	-	(165,256)	-
Other income	30	112,278	60,226	212,935	126,801
Total other income		4,227,401	2,163,695	8,890,856	4,679,798
Total income		23,765,329	19,855,229	47,114,077	35,411,366
<b>OTHER EXPENSES</b>					
Operating expenses	31	10,948,501	9,896,161	21,525,001	17,691,864
Workers welfare fund		268,896	177,875	527,063	335,503
Other charges	32	32,442	2,243	36,897	2,560
Total other expenses		11,249,839	10,076,279	22,088,961	18,029,927
Profit before credit loss allowance		12,515,490	9,778,950	25,025,116	17,381,439
Credit loss allowance and write offs - net	33	(833,449)	960,203	(801,341)	2,325,104
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		13,348,939	8,818,747	25,826,457	15,056,335
Taxation	34	6,595,435	4,504,642	12,560,112	7,531,078
<b>PROFIT AFTER TAXATION</b>		6,753,504	4,314,105	13,266,345	7,525,257
	----- Rupees -----				
<b>Basic / diluted earnings per share</b>	35	4.45	2.84	8.74	4.96

The annexed notes 1 to 42 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 half year ended June 30, 2024

	Quarter ended		Half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	Rupees '000			
Profit after taxation for the period	6,753,504	4,314,105	13,266,345	7,525,257
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to the profit and loss account in subsequent periods:</b>				
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	(572,328)	-	(1,285,048)	-
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	1,278,989	-	(134,008)
	(572,328)	1,278,989	(1,285,048)	(134,008)
<b>Items that will not be reclassified to the profit and loss account in subsequent periods:</b>				
Movement in (deficit) / surplus on revaluation of equity investments - net of tax	(23,895)	-	201,352	-
Movement in surplus on revaluation of property and equipment - net of tax	-	(273,103)	-	(273,103)
Movement in surplus on revaluation of non-banking assets - net of tax	-	(275,651)	-	(275,651)
	(23,895)	(548,754)	201,352	(548,754)
<b>Total comprehensive income</b>	<b>6,157,281</b>	<b>5,044,340</b>	<b>12,182,649</b>	<b>6,842,495</b>

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

# Condensed Interim Unconsolidated Statement of Changes In Equity

For the half year ended June 30, 2024

Note	Share capital		Reserves				Surplus / (deficit) on revaluation of			Unappropriated profit	Total
			Capital reserves		Statutory reserve	Total	Investments	Property and equipment / non-banking assets	Total		
	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation	Share premium						Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation
	Rupees '000										
<b>Balance as at January 1, 2023 (Audited)</b>	15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,845,612)	12,494,426	10,648,814	32,581,664	70,083,411
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	-	-	-	-	-	7,525,257	7,525,257
<b>Other comprehensive income - net of tax</b>											
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	-	-	-	-	-	(134,008)	-	(134,008)	-	(134,008)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	(273,103)	(273,103)	-	(273,103)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(275,651)	(275,651)	-	(275,651)
Total other comprehensive income - net of tax	-	-	-	-	-	-	(134,008)	(548,754)	(682,762)	-	(682,762)
Transfer to statutory reserve	-	-	-	-	1,505,052	1,505,052	-	-	-	(1,505,052)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	(71,804)	(71,804)	71,804	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(48,024)	-	(48,024)	-	-	-	-	-	(48,024)
<b>Transaction with owners, recorded directly in equity</b>											
Final cash dividend declared on February 23, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)
<b>Balance as at June 30, 2023 (Un-audited)</b>	15,176,965	10,131	209,245	23,952	12,889,668	13,132,996	(1,979,620)	11,873,968	9,894,248	37,155,976	75,360,185
Profit after taxation for the period from July 1, 2023 to December 31, 2023	-	-	-	-	-	-	-	-	-	12,520,682	12,520,682
<b>Other comprehensive income - net of tax</b>											
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	-	-	-	-	-	5,328,649	-	5,328,649	-	5,328,649
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	45,183	45,183
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	115,991	115,991	-	115,991
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(115,991)	(115,991)	-	(115,991)
Total other comprehensive income - net of tax	-	-	-	-	-	-	5,328,649	-	5,328,649	45,183	5,373,832
Transfer to statutory reserve	-	-	-	-	2,504,136	2,504,136	-	-	-	(2,504,136)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	(71,826)	(71,826)	71,826	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(20,944)	-	(20,944)	-	-	-	-	-	(20,944)
<b>Transaction with owners, recorded directly in equity</b>											
1st Interim cash dividend declared on August 24, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)
2nd Interim cash dividend declared on October 26, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)
<b>Balance as at December 31, 2023 (Audited)</b>	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	3,349,029	11,802,042	15,151,071	44,254,137	90,198,361
Impact of adopting IFRS 9 as at January 1, 2024 - net of tax	-	-	-	-	-	-	(1,397,200)	-	(1,397,200)	(3,116,454)	(4,513,654)
<b>Restated balance as at January 1, 2024</b>	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	1,951,829	11,802,042	13,753,871	41,137,683	85,684,707
Profit after taxation for the quarter ended June 30, 2024	-	-	-	-	-	-	-	-	-	13,286,345	13,286,345
<b>Other comprehensive income - net of tax</b>											
Movement in surplus / (deficit) on revaluation of investments through FVOCI - net of tax	-	-	-	-	-	-	201,352	-	201,352	-	201,352
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	-	-	(1,285,048)	-	(1,285,048)	-	(1,285,048)
Total other comprehensive income - net of tax	-	-	-	-	-	-	(1,083,696)	-	(1,083,696)	-	(1,083,696)
Gain on sale of equity instruments classified as FVOCI - net of tax	-	-	-	-	-	-	(238,609)	-	(238,609)	238,609	-
Transfer to statutory reserve	-	-	-	-	1,326,634	1,326,634	-	-	-	(1,326,634)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	(71,873)	(71,873)	71,873	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(20,943)	-	(20,943)	-	-	-	-	-	(20,943)
<b>Transaction with owners, recorded directly in equity</b>											
Final cash dividend declared on February 7, 2024 at Rs 2 per share	-	-	-	-	-	-	-	-	-	(3,035,394)	(3,035,394)
First interim cash dividend declared on April 25, 2024 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)
<b>Balance as at June 30, 2024 (Un-audited)</b>	15,176,965	10,131	167,358	23,952	16,720,438	16,921,879	629,524	11,730,169	12,359,693	48,834,785	93,293,322

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

# Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the half year ended June 30, 2024

	Note	June 30, 2024	June 30, 2023
----- Rupees '000 -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		25,826,457	15,056,335
Less: dividend income		(260,409)	(207,249)
		25,566,048	14,849,086
<b>Adjustments:</b>			
Net profit / return income		(38,223,221)	(30,731,568)
Depreciation on owned property and equipment	31	1,425,280	975,173
Depreciation on right-of-use assets	31	996,712	948,966
Depreciation on non-banking assets	31	1,378	2,834
Amortisation of intangible assets	31	200,748	144,938
Workers welfare fund		527,063	335,503
Credit loss allowance against cash and balances with treasury banks	33	(346)	-
Credit loss allowance against Islamic financing and related assets	33	(774,346)	1,132,687
Credit loss allowance against investments	33	5,590	1,297,956
Credit loss allowance against other assets	33	(3,494)	2,326
Credit loss allowance against off balance sheet obligations	33	114,699	2,828
Unrealised gain - FVTPL	29	-	1,797
Gain on sale of property and equipment - net	30	(10,510)	(11,478)
Gain on termination of leases (IFRS 16)	30	(47,140)	-
Charge for defined benefit plan		176,694	132,450
Loss / (income) from derivative contracts		5,947	(116,342)
Bad debts written off directly	33	7,816	41,265
		(35,597,130)	(25,840,665)
		(10,031,082)	(10,991,579)
<b>Decrease / (increase) in operating assets</b>			
Due from financial institutions		-	(15,684,902)
Securities classified as FVTPL		2,852,232	(3,547,199)
Financing		(1,363,515)	(68,213,197)
Others assets (excluding advance taxation)		1,685,507	(13,124,539)
		3,174,224	(100,569,837)
<b>Increase / (decrease) in operating liabilities</b>			
Bills Payable		1,202,998	(606,579)
Due to financial institutions		9,088,729	11,553,435
Deposits		55,812,846	126,329,203
Other liabilities (excluding current taxation)		(7,917,859)	6,088,897
		58,186,714	143,364,956
Income tax paid		(15,927,679)	(7,107,822)
Profit / return received		113,252,077	70,953,481
Profit / return paid		(79,525,584)	(47,083,203)
Contribution to gratuity fund		(85,888)	(132,450)
<b>Net cash generated from operating activities</b>		69,042,782	48,433,546
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in amortized cost securities		(1,015,511)	(372,289)
Net investments in securities classified as FVOCI		(40,738,343)	(9,793,832)
Net investments in subsidiary		(1,000,000)	-
Net divestments / (investments) in associates		1,514,509	(218,338)
Dividends received		224,076	207,249
Investment in property and equipment		(5,556,422)	(2,096,644)
Investment in intangible assets		(254,353)	(279,339)
Disposal of property and equipment		11,726	12,592
<b>Net cash used in investing activities</b>		(46,814,318)	(12,540,601)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease obligations against right-of-use assets		(1,467,994)	(1,042,075)
Dividend paid		(11,191,378)	(1,493,075)
<b>Net cash used in financing activities</b>		(12,659,372)	(2,535,150)
<b>Increase in cash and cash equivalents during the period</b>			
Cash and cash equivalents at the beginning of the period		9,569,092	33,357,795
Expected credit loss allowance on cash and cash equivalents		83,595,581	58,887,334
Effect of exchange rate changes on cash and cash equivalents		(4,896)	-
		124,967	(1,633,926)
		83,715,652	57,253,408
<b>Cash and cash equivalents at the end of the period</b>		93,284,744	90,611,203

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### 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 engaged in Shariah compliant modern Corporate, Commercial and Consumer banking activities. The Bank is operating through 731 branches (December 31, 2023: 722 branches) including 2 sub-branches (December 31, 2023: 2 sub-branches).

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2023: 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** During the year, the Bank established a wholly owned subsidiary, Faysal Islami Currency Exchange Company (Private) Limited (FICEC). FICEC is a private limited company, incorporated in Pakistan with the objective of dealing in foreign exchange and facilitating remittances. The registered office of FICEC is at ST-02, Faysal House, Shahrah-e-Faisal, Karachi.
- 1.3** 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, 2023: 'AA') and the short term rating as 'A1+' (December 31, 2023: 'A1+') on June 24, 2024 and June 28, 2024 respectively.

### 2 BASIS OF PRESENTATION

- 2.1** The Bank provides financing mainly through Murabaha, Musawammah, Istisna and other Islamic modes as briefly explained in note 6.5 to the annual audited unconsolidated financial statements for the year ended December 31, 2023.

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 utilized and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Shariah Board of the Bank.

- 2.2** The Bank has controlling interest in Faysal Asset Management Limited (FAML) and Faysal Islami Currency Exchange Company (Private) Limited 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. The accounting and reporting standards applicable in Pakistan 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;

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

Provisions of, and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

**3.2** 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 June 30, 2024, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 20.943 million (period ended June 30, 2023: Rs. 48.024 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. 2 of 2023 dated February 9, 2023 and IAS 34 and should be read in conjunction with the annual unconsolidated financial statements for the financial year ended December 31, 2023.

### **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, 2024 but are considered not to be relevant or do not have any significant effect on the Bank's operations except for the implementation of IFRS 9: 'Financial Instruments' as detailed in note 4.1.

### **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:

<b>Standards, interpretations or amendments</b>	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IAS 21- Lack of Exchangeability	January 1, 2025

The above amendments are not expected to have any material impact on the condensed interim unconsolidated financial statements of the Bank.

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

**3.5.2** As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at June 30, 2024 are as follows:

	Note	--- Rupees in '000 ---
<b>Assets</b>		
Investments		1,075,689
Financing - net		829,678
<b>Liabilities</b>		
Deposits and other accounts		3,895,138
Other Liabilities	25.1	1,304,194

All efforts are being put in to convert or dispose-off the residual portfolio and appropriate monitoring mechanisms are in place. Quarterly progress report on the status of the residual portfolio is shared with the Bank's Board of Directors, the Shariah Board and the State Bank of Pakistan.

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in preparation of these condensed interim unconsolidated financial statements are the same as applied in the preparation of annual unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for the following:

### 4.1 IFRS 9 - Financial Instruments

During the period, as directed by the SBP vide its BPRD Circular No. 07 of 2023 dated April 13, 2023, IFRS 9: 'Financial Instruments' (the Standard) became applicable to the Bank. To ensure smooth and consistent implementation of the standard across banks, SBP had previously issued detailed instructions in BPRD Circular No. 03 of 2022 dated July 05, 2022.

The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at January 1, 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9. The accounting policies applicable to the 2023 presented information is consistent with the policies mentioned in the annual audited financial statements for the year ended December 31, 2023.

SBP vide its BPRD Circular Letter No. 16 of 2024 dated July 29, 2024 have made certain amendments and extended timelines of application instructions for certain areas where the banking industry has sought more time. These amendments and relaxations include modification accounting for financial assets and liabilities as per the standard and recording and treatment of staff financing and other financings given at reduced rates with effect from October 1, 2024. Further, the banks have been asked to use existing practices of recordings of profit/return income using effective yield rate and ensure full recognition from October 1, 2024, this in turn also effects the reduced rate financing and modified assets accounting. Moreover, SBP have allowed an extension to Banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date. In addition the banks have also been allowed to continue existing practice of valuing unquoted equity investment at their cost or breakup value, whichever is lower, till December 31, 2024 and perform fair valuation of these securities afterwards.



# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

The effect of this change in accounting policy is as follows:

Financial Assets / Liabilities	Previous classification	Classification under IFRS 9	Balances as of December 31, 2023 (Audited)	Impact due to				Total impact - gross of tax	Taxation	Total impact - net of tax	Balances as of January 01, 2024
				Change in classification	Remeasurements	Reversal of provisions held	Recognition of expected credit losses (ECL)				
Cash and balances with treasury banks	Loans and receivables	Amortised Cost	84,031,318	-	-	(5,240)	(5,240)	-	(5,240)	84,031,318	
Balances with other banks	Loans and receivables	Amortised Cost	1,812,399	-	-	(2)	(2)	-	(2)	1,812,397	
Due from financial institutions	Loans and receivables	Amortised Cost	-	-	-	-	-	-	-	-	
Investments *											
Held for trading	HFT	FVTPL	-	8,752,287	-	-	-	-	-	8,752,287	
Available for sale	AFS	FVOCI	579,769,668	(8,752,287)	-	(901,167)	(9,653,454)	(8,752,287)	(9,653,454)	570,076,160	
Held to maturity	HTM	Amortised Cost	6,765,570	-	-	(6)	(6)	-	(6)	6,765,564	
Associates and subsidiaries	Cost	Cost	3,009,553	-	-	-	-	-	-	3,009,553	
Islamic financing and related assets *	Loans and receivables	Amortised Cost	580,711,316	-	20,050,262	(27,897,279)	(7,847,017)	(7,847,017)	(7,847,017)	572,864,299	
Property and equipment	Outside the scope of IFRS 9		29,555,304	-	-	-	-	-	-	29,555,304	
Right-of-use assets	Outside the scope of IFRS 9		10,713,046	-	-	-	-	-	-	10,713,046	
Intangible assets	Outside the scope of IFRS 9		2,331,775	-	-	-	-	-	-	2,331,775	
Other assets											
Financial other assets	Loans and receivables	Amortised Cost	66,502,685	-	-	(3,657)	(3,657)	-	(3,657)	66,499,028	
Non financial other assets	Outside the scope of IFRS 9		4,315,644	-	-	-	-	-	-	4,315,644	
Forward foreign exchange contracts	Fair value	FVTPL	580,232	-	-	-	-	-	-	580,232	
			1,370,073,550	-	(39,854)	20,050,262	(8,796,943)	-	(8,796,943)	1,361,276,607	
Bills payable	Cost	Amortised Cost	16,550,469	-	-	-	-	-	-	16,550,469	
Due to financial institutions	Cost	Amortised Cost	166,896,803	-	-	-	-	-	-	166,896,803	
Deposits and other accounts	Cost	Amortised Cost	1,018,275,737	-	-	-	-	-	-	1,018,275,737	
Lease liabilities	Outside the scope of IFRS 9		12,888,103	-	-	-	-	-	-	12,888,103	
Deferred tax liabilities	Outside the scope of IFRS 9		4,907,208	-	-	-	-	(4,336,645)	(4,336,645)	570,563	
Other liabilities											
Financial other liabilities	Cost	Amortised Cost	54,424,325	-	-	53,356	53,356	-	53,356	54,477,681	
Non financial other liabilities	Outside the scope of IFRS 9		3,641,003	-	-	-	-	-	-	3,641,003	
Derivatives, forward foreign exchange	Fair value	FVTPL	2,321,541	-	-	-	-	-	-	2,321,541	
			1,279,675,189	-	-	53,356	53,356	(4,336,645)	(4,283,289)	1,275,591,900	
Net Assets			90,198,361	-	(39,854)	20,050,262	(8,850,299)	4,336,645	(4,513,654)	85,684,707	
REPRESENTED BY											
Share capital	Outside the scope of IFRS 9		15,176,965	-	-	-	-	-	-	15,176,965	
Reserves	Outside the scope of IFRS 9		15,616,188	-	-	-	-	-	-	15,616,188	
Surplus on revaluation of assets - net			15,151,071	(794,192)	(1,945,411)	-	(2,739,603)	1,342,403	(1,397,200)	13,753,871	
Unappropriated profit			44,254,137	794,192	1,905,557	20,050,262	(28,890,707)	2,894,242	(3,116,454)	41,137,893	
			90,198,361	-	(39,854)	20,050,262	(8,850,299)	4,336,645	(4,513,654)	85,684,707	

\* This includes management overlay of Rs. 3,607,344 million in Stage 2 ECL.

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### 4.1.1 Impact on regulatory capital

In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. The transitional arrangement applies only to provisions for stage 1 and stage 2 financial assets. The transitional arrangement must adjust CET1 capital.

Had IFRS 9 not been applied then CAR would have been higher by 12 bps from 18.85% to 18.97%.

The Bank has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then CAR would have been higher by 9 bps from 18.85% to 18.94%. In June 2024, ECL for Stage 1 and Stage 2 decreased due to which IFRS 9 transitional benefit has been compromised.

The Bank has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then Leverage Ratio would have been lower by 18 bps from 4.97% to 4.79%.

### 4.1.2 Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss regardless of the business model in which they are held.

#### Recognition / derecognition and initial measurement

Trade receivable and debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

The policy for derecognition of financial assets and liabilities are consistent with the annual unconsolidated financial statements of the Bank for the year ended December 31, 2023.

#### Classification of Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. A debt instrument is measured at FVOCI only if the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different basis. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.

#### Classification of Financial Liabilities

Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognized in profit and loss account. Financial liabilities classified at amortized cost are initially recorded at their fair value and subsequently measured using the effective yield rate method. Profit expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### 4.1.3 Business model assessment

A financial asset is classified as either Held to collect, Held to collect and sale and Others based on Business model assessment. The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, historical sales information etc.

### 4.1.4 Assessment of whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

The Bank assesses whether the contractual cash flows of a financial asset meet the Solely Payments of Principal and Interest (SPPI) criterion by examining the contractual terms. This includes checking for terms that could alter the amount and timings of cash flows, such as contingent events, leverage, or prepayment features, etc.

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

For fixed-rate financings with periodic profit rate resets, the Bank considers these SPPI-compliant as the revised rates reflect time value, credit risk, and other associated risks.

### 4.1.5 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Profit and impairment are recognised in profit or loss.
<b>Debt investments at FVOCI</b> <b>Financial assets at amortised cost</b>	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Profit income is calculated using the effective yield method and includes amortization of premiums and accretion of discount and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss account.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.

### 4.1.6 Modification

#### Financial assets

The Bank renegotiates or otherwise modifies the contractual cash flows of financing to its customers. If the cash flows are substantially different, the Bank derecognizes the original asset and recognizes a new financial asset at fair value, plus any eligible transaction costs.

If a financial asset measured at amortized cost or FVOCI is modified but not derecognized, the bank recalculates its gross carrying amount using the original effective yield rate, with the adjustment recognized as a modification gain or loss in profit or loss.

#### Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. If the new cash flows are significantly different, the bank derecognizes the old liability and recognizes a new one at fair value, with the difference between the old carrying amount and new fair value recorded in profit and loss.

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### 4.1.7 Impairment

The impairment requirements apply to financial assets measured at amortized cost and FVOCI (other than equity instruments), lease receivables, and certain financing commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets where 12-month ECL is recognized are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'. Under the SBP's instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency.

Based on the requirements of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment considering the following key elements:

PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage 1) or over the lifetime of the product (lifetime ECL, Stage 2).

EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.

LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

Under SBP's instructions, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level for Corporate / Commercial / SME financing and at a segment / product basis for retail portfolio.

### 4.1.8 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

A financial asset is transitioned to a backward stage in line with SBP instructions.

### 4.1.9 Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring multiple functions to effectively work together to ensure input from all business lines. The Risk Department defines the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department also take the ownership of the impact of ECL on bank's capital.

The Bank's Finance Division performs ECL calculation. As a result, the department then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios.

As per the Bank's policy, the Bank's Internal Audit function carries out periodic review of IFRS 9 methodology and impacts calculated by the Management.

### 4.2 Revised format of condensed interim financial statements

The State Bank of Pakistan (SBP) through its BPRD Circular No. 02 dated February 9, 2023 and BPRD Circular Letter No. 07 of 2023 dated April 13, 2023 has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly and half yearly financial statements on the revised format effective from accounting year starting from January 1, 2024. Accordingly, the Bank has prepared these condensed interim unconsolidated financial statements on the new format prescribed by the SBP.

The adoption of revised format has resulted in following significant changes:

Right-of-use-assets (note 14) amounting to Rs 10,882.285 million (December 31, 2023: Rs 10,713.046 million) which were previously shown as part of fixed assets are now shown separately on the unconsolidated statement of financial position.

Lease liabilities (note 20) amounting to Rs 13,348.373 million (December 31, 2023: Rs 12,868.103 million) which were previously shown as part of other liabilities (note 22) are now shown separately on the unconsolidated statement of financial position.

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### 5 BASIS OF MEASUREMENT

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except for certain property and equipment 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 costs) and depreciated over the respective lease terms.

### 6 FUNCTIONAL AND PRESENTATION CURRENCY

6.1 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.

6.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

### 7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for measurement of the expected credit loss allowance.

### 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, 2023.

### 9 CASH AND BALANCES WITH TREASURY BANKS

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
In hand			
local currency		23,509,365	18,287,506
foreign currencies		2,087,196	1,716,544
		25,596,561	20,004,050
With State Bank of Pakistan in			
local currency current accounts		50,212,491	47,120,181
foreign currency current accounts		2,484,195	2,684,723
foreign currency deposit accounts		4,062,779	4,323,955
		56,759,465	54,128,859
With National Bank of Pakistan in			
local currency current accounts		9,932,611	9,902,199
Prize bonds	9.1	8	1,450
Less: Credit loss allowance		(4,894)	-
Cash and balances with treasury banks - net of credit loss allowance		<u>92,283,751</u>	<u>84,036,558</u>

9.1 These represent the notional prize bonds received from customers for onward surrendering to SBP. The Bank as in the matter of Shariah principle, does not deal in prize bonds.

### 10 BALANCES WITH OTHER BANKS

	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
In Pakistan		
in current accounts	326,724	10,239
Outside Pakistan		
in current accounts	3,299,628	1,802,160
Less: Credit loss allowance	(2)	-
Balances with other banks - net of credit loss allowance	<u>3,626,350</u>	<u>1,812,399</u>

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 11 INVESTMENTS

### 11.1 Investments by type:

Note	Un-audited June 30, 2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	Rupees '000			
<b>FVTPL</b>				
Federal Government securities	2,850,804	-	-	2,850,804
	2,850,804	-	-	2,850,804
<b>FVOCI</b>				
Federal Government securities	560,713,756	-	(585,023)	560,128,733
Shares	2,378,212	-	(567,545)	1,810,667
Non Government debt securities	47,570,932	(1,416,898)	2,386,928	48,540,962
	610,662,900	(1,416,898)	1,234,360	610,480,362
<b>Amortised Cost</b>				
Non Government debt securities	9,190,475	(1,418,550)	-	7,771,925
	9,190,475	(1,418,550)	-	7,771,925
<b>Associates *</b>				
Faysal Islamic Savings Growth Fund	205,151	-	-	205,151
Faysal Halal Amdani Fund	150,000	-	-	150,000
	355,151	-	-	355,151
<b>Subsidiaries *</b>				
Faysal Asset Management Limited	1,139,893	-	-	1,139,893
Faysal Islami Currency Exchange Company (Private) Limited	1,000,000	-	-	1,000,000
	2,139,893	-	-	2,139,893
<b>Total Investments</b>	<b>625,199,223</b>	<b>(2,835,448)</b>	<b>1,234,360</b>	<b>623,598,135</b>
* related parties				
	<b>Audited</b>			
	<b>December 31, 2023</b>			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees '000			
<b>Available-for-sale securities</b>				
Federal Government securities	522,195,325	-	1,949,879	524,145,204
Shares	5,514,441	(1,905,557)	2,245,115	5,853,999
Non Government debt securities	47,917,827	(519,291)	2,371,729	49,770,265
	575,627,593	(2,424,848)	6,566,723	579,769,468
<b>Held-to-maturity securities</b>				
Non Government debt securities	8,174,964	(1,409,394)	-	6,765,570
	8,174,964	(1,409,394)	-	6,765,570
<b>Associates *</b>				
Faysal Islamic Savings Growth Fund	205,151	-	-	205,151
Faysal Islamic Stock Fund	114,509	-	-	114,509
Faysal Halal Amdani Fund	1,550,000	-	-	1,550,000
	1,869,660	-	-	1,869,660
<b>Subsidiary *</b>				
Faysal Asset Management Limited	1,139,893	-	-	1,139,893
<b>Total Investments</b>	<b>586,812,110</b>	<b>(3,834,242)</b>	<b>6,566,723</b>	<b>589,544,591</b>
* related parties				

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
<b>11.2 Investments given as collateral - at market value</b>		
<b>Federal Government Securities</b>		
Ijarah Sukuk	52,454,600	73,587,500
<b>11.3 Credit loss allowance for diminution in value of investments</b>		
Opening balance	3,834,242	3,284,350
Impact of adopting IFRS 9 as at January 1, 2024	(1,004,384)	-
Restated balance as at January 1, 2024	2,829,858	3,284,350
Charge / reversals		
Charge for the period / year	7,511	1,811,871
Reversals for the period / year	(1,921)	(58,113)
Reversal on disposals	-	(1,203,866)
	5,590	549,892
Transfers - net	-	-
Amounts written off	-	-
Closing balance	2,835,448	3,834,242

**11.4 Particulars of credit loss allowance against debt securities**

		Un-audited June 30, 2024		Audited December 31, 2023	
		Outstanding amount	Credit loss allowance	Non- performing investments	Provision
----- Rupees '000 -----					
<b>Domestic</b>					
Performing	Stage 1	614,333,294	28,793	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		1,215,105	879,891	-	-
Doubtful		-	-	-	-
Loss		1,926,764	1,926,764	1,928,685	1,928,685
		3,141,869	2,806,655	1,928,685	1,928,685
Total		617,475,163	2,835,448	1,928,685	1,928,685

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 11.5 Investment in subsidiaries and associates

Note	As at June 30, 2024(Un-audited)				For the half year ended June 30, 2024 (Un-audited)			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit after tax	Total comprehensive income	
		%	----- Rupees '000					
<b>Associates</b>								
Faysal Islamic Savings Growth Fund	Pakistan	17.17	1,266,333	68,850	195,281	170,621	170,621	
Faysal Halal Amdani Fund	Pakistan	0.20	75,124,636	1,445,453	6,218,496	5,807,046	5,807,046	
<b>Subsidiaries</b>								
Faysal Asset Management Limited	11.5.1	Pakistan	99.99	2,661,140	571,185	940,224	309,355	309,355
Faysal Islami Currency Exchange Company (Private) Limited	11.5.2	Pakistan	100.00	1,035,506	10,938	54,281	24,567	24,567
	As at December 31, 2023 (Audited)				For the half year ended June 30, 2023 (Un-audited)			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income / (loss)	
		%	----- Rupees '000					
<b>Associates</b>								
Faysal Islamic Savings Growth Fund	Pakistan	9.1	2,468,411	19,922	163,996	149,843	149,843	
Faysal Islamic Stock Fund	Pakistan	28.6	494,748	57,173	(4,324)	(14,981)	(14,981)	
Faysal Halal Amdani Fund	Pakistan	3.7	42,865,974	215,288	3,462,712	3,289,411	3,289,411	
<b>Subsidiary</b>								
Faysal Asset Management Limited	Pakistan	99.99	2,308,798	528,198	455,544	174,048	174,048	

**11.5.1** Faysal Asset Management Limited (the 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 Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained license to carry out asset management and investment advisory services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**11.5.2** Faysal Islami Currency Exchange Company (Private) Limited was incorporated in Pakistan on January 16, 2024 under the Companies Act, 2017 ('the Act'). The registered office of the Company is situated at ST-02, Faysal House, Shahrah-e-Faisal, Karachi. The principal activities of the Company are to buy and sell foreign exchange. The Company has received operational license from State Bank of Pakistan on March 26, 2024. As at June 30, 2024, the Company has 10 branches all over Pakistan.



# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 12 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non-performing		Total	
	Un-audited June 30, 2024	Audited December 31, 2023	Un-audited June 30, 2024	Audited December 31, 2023	Un-audited June 30, 2024	Audited December 31, 2023
	Rupees '000					
<b>Murabaha financing and related assets</b>						
Murabaha financing	41,709,357	38,284,881	88,175	166,424	41,797,532	38,451,305
Advance against Murabaha financing	5,099,785	3,219,979	5,000	5,000	5,104,785	3,224,979
Inventory related to Murabaha	1,591,408	2,174,051	-	-	1,591,408	2,174,051
	48,400,550	43,678,911	93,175	171,424	48,493,725	43,850,335
<b>Running Musharaka financing</b>						
Running Musharaka	182,026,208	195,753,370	-	545,166	182,026,208	196,298,536
	182,026,208	195,753,370	-	545,166	182,026,208	196,298,536
<b>Istisna financing and related assets</b>						
Istisna	41,549,529	36,501,975	1,348,278	551,792	42,897,807	37,053,767
Advance against Istisna	21,236,021	30,317,852	162,566	172,166	21,398,587	30,490,018
Inventory related to Istisna	16,959,266	7,382,419	25,600	-	16,984,866	7,382,419
	79,744,816	74,202,246	1,536,444	723,958	81,281,260	74,926,204
<b>Tijarah financing and related assets</b>						
Tijarah	2,739,778	2,455,035	320,222	316,722	3,060,000	2,771,757
Advance against Tijarah	1,047,050	766,202	-	-	1,047,050	766,202
Inventory related to Tijarah	1,165,564	4,136,549	-	3,500	1,165,564	4,140,049
	4,952,392	7,357,786	320,222	320,222	5,272,614	7,678,008
<b>Musawamah financing and related assets</b>						
Musawamah	3,366,109	2,788,837	134,168	100,516	3,500,277	2,889,353
Advance against Musawamah	1,317	4,190	-	-	1,317	4,190
Inventory related to Musawamah	-	7,408	-	-	-	7,408
	3,367,426	2,800,435	134,168	100,516	3,501,594	2,900,951
<b>Salam financing and related assets</b>						
Salam	100,000	100,000	1,200	1,200	101,200	101,200
Advance against Salam	11,505,000	9,850,771	-	-	11,505,000	9,850,771
	11,605,000	9,950,771	1,200	1,200	11,606,200	9,951,971
<b>Diminishing Musharaka financing and related assets</b>						
Diminishing Musharaka	215,443,710	210,560,169	6,801,992	5,624,139	222,245,702	216,184,308
Advanced against Diminishing Musharaka	10,544,538	10,225,549	35,000	97,500	10,579,538	10,323,049
	225,988,248	220,785,718	6,836,992	5,721,639	232,825,240	226,507,357
<b>Wakala Istithmar financing and related assets</b>						
Wakala Istithmar	6,302,669	6,302,669	-	-	6,302,669	6,302,669
	6,302,669	6,302,669	-	-	6,302,669	6,302,669
<b>Tawwaruq</b>						
Advance against Islamic export refinance	15,773,442	13,673,003	108,410	98,423	15,881,852	13,771,426
	-	2,414,376	-	-	-	2,414,376
<b>Musharaka</b>	12,919	27,534	1,207	722	14,126	28,256
<b>Bai salam</b>	148,070	277,076	-	-	148,070	277,076
<b>Islamic financing and related assets - Gross</b>	578,321,740	577,223,895	9,031,818	7,683,270	587,353,558	584,907,165
Other financing	952,139	478,042	13,985,714	15,376,371	14,937,853	15,854,413
Gross Financing	579,273,879	577,701,937	23,017,532	23,059,641	602,291,411	600,761,578
Credit loss allowance against financing						
Stage 1	(1,992,098)	-	-	-	(1,992,098)	-
Stage 2	(4,075,801)	-	-	-	(4,075,801)	-
Stage 3	-	-	(20,939,170)	-	(20,939,170)	-
Specific provision	-	-	-	(19,172,592)	-	(19,172,592)
General provision	-	(877,670)	-	-	-	(877,670)
	(6,067,899)	(877,670)	(20,939,170)	(19,172,592)	(27,007,069)	(20,050,262)
Financing - net of credit loss allowance	573,205,980	576,824,267	2,078,362	3,887,049	575,284,342	580,711,316

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

	Note	Un-audited	Audited
		June 30, 2024	December 31, 2023
----- Rupees '000 -----			
<b>12.1</b>	Murabaha receivable - gross	12.1.2 43,044,734	39,623,889
	Less: Deferred murabaha income	12.1.3 (285,491)	(29,223)
	Profit receivable shown in other assets	(961,711)	(1,143,361)
	Murabaha financings	12.1.1 41,797,532	38,451,305
<b>12.1.1</b>	The movement in Murabaha financing during the period / year is as follows:		
	Opening balance	38,451,305	10,837,970
	Sales during the period / year	92,300,274	218,668,554
	Adjusted during the period / year	(88,954,047)	(191,055,219)
	Closing balance	41,797,532	38,451,305
<b>12.1.2</b>	Murabaha sale price	43,044,734	39,623,889
	Murabaha purchase price	(41,797,532)	(38,451,305)
		1,247,202	1,172,584
<b>12.1.3</b>	Deferred murabaha income		
	Opening balance	29,223	350,063
	Arising during the period / year	3,102,828	4,874,300
	Less: recognised during the period / year	(2,846,560)	(5,195,140)
	Closing balance	285,491	29,223
<b>12.2</b>	<b>Particulars of Islamic financing and related assets (gross)</b>		
	in local currency	599,917,283	599,815,539
	in foreign currencies	2,374,128	946,039
		602,291,411	600,761,578
<b>12.3</b>	Islamic financing and related assets include Rs. 23,017.532 million (December 31, 2023: Rs. 23,059.641 million) which have been placed under non-performing / Stage 3 status as detailed below:		

Category of classification	Un-audited		Audited	
	June 30, 2024		December 31, 2023	
	Non-performing financing	Credit loss allowance	Non-performing financing	Provision held
----- Rupees '000 -----				
<b>Domestic</b>				
other assets especially mentioned	208,971	7,119	204,748	448
substandard	861,747	412,664	883,657	104,142
doubtful	654,504	370,181	670,909	170,824
loss	21,292,310	20,149,206	21,300,327	18,897,178
Total	23,017,532	20,939,170	23,059,641	19,172,592

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 12.4 Particulars of credit loss allowance against Islamic financing and related assets

	Un-audited						Audited		
	June 30, 2024						December 31, 2023		
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
	Rupees '000								
Opening balance	-	-	-	19,172,592	877,670	20,050,262	18,557,417	771,609	19,329,026
Impact of adopting IFRS 9 as at January 1, 2024	1,962,501	4,928,994	21,005,784	(19,172,592)	(877,670)	7,847,017	-	-	-
Restated balance as at January 1, 2024	1,962,501	4,928,994	21,005,784	-	-	27,897,279	18,557,417	771,609	19,329,026
Exchange adjustment	-	-	(9,362)	-	-	(9,362)	132,838	-	132,838
Charge for the period / year	29,597	-	1,140,550	-	-	1,170,147	1,960,357	106,061	2,066,418
Reversals during the period / year	-	(853,193)	(1,091,300)	-	-	(1,944,493)	(1,338,179)	-	(1,338,179)
	29,597	(853,193)	49,250	-	-	(774,346)	622,178	106,061	728,239
Amounts written off	-	-	(106,502)	-	-	(106,502)	(139,841)	-	(139,841)
Closing balance	1,992,098	4,075,801	20,939,170	-	-	27,007,069	19,172,592	877,670	20,050,262

**12.4.1** Credit loss allowance for Stage 1 and Stage 2 represents credit loss allowance maintained against performing portfolio as required under IFRS 9.

**12.4.2** As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,425.880 million (December 31, 2023: Rs 2,457.777 million) relating to financing while determining the provisioning requirement against non-performing financing as at June 30, 2024. The additional profit arising from availing the FSV benefit (net of tax) as at June 30, 2024 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,237.199 million (December 31, 2023: Rs 1,253.466 million).

**12.4.3** During the period, non performing financing and credit loss allowance were reduced by Rs 52.000 million (December 31, 2023: Rs 114.000 million) due to debt property swap transactions.

**12.4.4** A management overlay of Rs. 2,091.012 million has been made in Stage 2 ECL for specific borrowers within certain sectors arising from specific macroeconomic variables, such as energy, depressed demand and escalating financial stress, which have significantly affected those sectors. These factors are not fully captured in the modelled outcomes. The bank will continuously assess the appropriateness of this overlay in light of the evolving situation.

## 12.5 Islamic financing and related assets

### - Particulars of credit loss allowance

	Un-audited		
	June 30, 2024		
	Stage 1	Stage 2	Stage 3
	Rupees '000		
Opening balance	-	-	-
Impact of adopting IFRS 9 as at January 1, 2024	1,962,501	4,928,994	21,005,784
Restated balance as at January 1, 2024	1,962,501	4,928,994	21,005,784
New Financing / Increase	345,946	255,290	467,682
Financing derecognised or repaid	(201,661)	(215,997)	(1,091,300)
Transfer to stage 1	-	-	-
Transfer to stage 2	(104,702)	105,532	(830)
Transfer to stage 3	(14,425)	(659,273)	673,698
	25,158	(514,448)	49,250
Amounts written off / charged off	-	-	(106,502)
Changes in risk parameters	4,439	(338,745)	-
Exchange adjustment	-	-	(9,362)
Closing balance	1,992,098	4,075,801	20,939,170

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

12.6 Islamic financing and related assets - Category of classification

		Un-audited		Audited	
		June 30, 2024		December 31, 2023	
		Outstanding amount	Credit loss allowance	Outstanding amount	Provision
----- Rupees '000 -----					
<b>Domestic</b>					
Performing	Stage 1	431,722,980	1,992,098	577,701,937	877,670
Underperforming	Stage 2	147,550,899	4,075,801	-	-
Non-Performing					
Other assets especially mentioned	Stage 3	208,971	7,119	204,748	448
Substandard	Stage 3	861,747	412,664	883,657	104,142
Doubtful	Stage 3	654,504	370,181	670,909	170,824
Loss	Stage 3	21,292,310	20,149,206	21,300,327	18,897,178
Total		<u>602,291,411</u>	<u>27,007,069</u>	<u>600,761,578</u>	<u>20,050,262</u>

	Note	Un-audited	Audited
		June 30, 2024	December 31, 2023
----- Rupees '000 -----			
<b>13 PROPERTY AND EQUIPMENT</b>			
Capital work-in-progress	13.1	4,204,955	4,115,708
Property and equipment		29,480,275	25,439,596
		<u>33,685,230</u>	<u>29,555,304</u>
<b>13.1 Capital work-in-progress</b>			
Civil works		781,922	266,236
Equipment		2,380,301	2,968,971
Furniture and fixture		497,546	299,479
Vehicles		14,103	16,824
Building		531,083	564,198
		<u>4,204,955</u>	<u>4,115,708</u>

		Un-audited	
		For the half year ended	
		June 30, 2024	June 30, 2023
----- Rupees '000 -----			

13.2 Additions to property and equipment

The following additions have been made to property and equipment during the period:

<b>Capital work-in-progress - net</b>	89,247	2,096,643
<b>Property and equipment</b>		
Freehold land	171,559	-
Leasehold land	402,000	27,500
Building on freehold land	60,356	-
Building on leasehold land	271,376	138,824
Furniture and fixture	161,299	293,772
Electrical, office and computer equipment	3,647,288	998,852
Vehicles	70,955	31,382
Leasehold improvements	682,342	764,010
	<u>5,467,175</u>	<u>2,254,340</u>
Total	<u>5,556,422</u>	<u>4,350,983</u>

13.3 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

Furniture and fixture	-	12
Electrical, office and computer equipment	532	903
Vehicles	574	-
Leasehold improvements	110	199
Total	<u>1,216</u>	<u>1,114</u>

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
<b>14 RIGHT-OF-USE ASSETS</b>		----- Rupees '000 -----	
		<b>Buildings</b>	<b>Buildings</b>
Opening balance			
Cost		18,669,210	16,341,616
Accumulated depreciation		7,956,164	6,032,837
Net carrying amount		<u>10,713,046</u>	<u>10,308,779</u>
Additions during the period / year		1,328,399	2,435,802
Modifications during the period / year		16,887	21,292
Deletions during the period / year		(179,335)	(129,500)
Depreciation charge for the period / year		(996,712)	(1,923,327)
Net carrying amount		<u>10,882,285</u>	<u>10,713,046</u>
<b>15 INTANGIBLE ASSETS</b>			
Capital work-in-progress	15.1	566,040	798,462
Computer software		1,450,125	1,164,099
Customer relationship		328,150	369,214
		<u>1,778,275</u>	<u>1,533,313</u>
Total		<u>2,344,315</u>	<u>2,331,775</u>
<b>15.1 Capital work-in-progress</b>			
Computer software		566,040	798,462
		<u>566,040</u>	<u>798,462</u>
		<b>Un-audited</b>	
		<b>For the half year ended</b>	
		<b>June 30,</b>	<b>June 30,</b>
		<b>2024</b>	<b>2023</b>
<b>15.2 Additions to intangible assets</b>		----- Rupees '000 -----	
The following additions have been made to intangible assets during the period:			
Computer software - directly purchased		486,775	220,991
		<u>486,775</u>	<u>220,991</u>
<b>16 OTHER ASSETS</b>		----- Rupees '000 -----	
Profit / return accrued in local currency		49,743,413	44,142,282
Profit / return accrued in foreign currencies		62,764	82,278
Advances, deposits, advance rent and other prepayments		2,296,515	1,650,813
Non-banking assets acquired in satisfaction of claims		944,522	929,659
Mark to market gain on forward foreign exchange contracts		15,883	550,232
Acceptances	22	8,414,759	13,152,356
Credit cards and other products fee receivable		1,822,676	1,235,999
Receivable from brokers against sale of shares		-	89,252
Dividend receivable		111,681	75,348
Receivable from 1Link (Private) Limited		3,448,568	4,407,978
Deferred fair value loss	16.1	3,139,855	-
Rebate receivable - net		313,476	280,127
Receivable from defined benefit plan asset		-	90,806
Others		4,148,919	3,273,839
		<u>74,463,031</u>	<u>69,960,969</u>
Less: credit loss allowance held against other assets	16.2	(327,743)	(327,580)
Other assets - net of credit loss allowance		74,135,288	69,633,389
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,734,105	1,735,172
Other assets - total		<u>75,869,393</u>	<u>71,368,561</u>

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

**16.1** This amount represents deferred fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its circular BPRD/BRD/PIAHCL/733688-2024 dated August 01, 2024 has allowed staggering of such fair value impact over a period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6, accordingly, the Bank has amortized 5% in the current year.

	<b>Un-audited June 30, 2024</b>	<b>Audited December 31, 2023</b>
----- Rupees '000 -----		
<b>16.2 Credit loss allowance held against other assets</b>		
Dividend receivable	74,342	75,348
Receivable from customers	51,172	52,799
Security deposits	22,994	22,994
Acceptances	2,796	-
Others	176,439	176,439
	<u>327,743</u>	<u>327,580</u>
<b>16.2.1 Movement in credit loss allowance held against other assets</b>		
Opening balance	327,580	325,254
Impact of adopting IFRS 9 as at January 1, 2024	3,657	-
Restated balance as at January 1, 2024	<u>331,237</u>	<u>325,254</u>
Charge for the period / year	-	2,731
Reversals during the period / year	(3,494)	(405)
	(3,494)	2,326
Closing balance	<u>327,743</u>	<u>327,580</u>
<b>17 BILLS PAYABLE</b>		
In Pakistan	<u>17,753,467</u>	<u>16,550,469</u>
<b>18 DUE TO FINANCIAL INSTITUTIONS</b>		
<b>Secured</b>		
To the State Bank of Pakistan (SBP) under:		
Long term financing facility	327	-
Long term financing facility for Renewable Power Energy (RPE)	-	230
Islamic export refinance scheme - part I and II	23,893,324	30,665,904
Islamic financing for renewable energy	6,525,197	6,641,671
Islamic long term financing facility	10,262,220	11,126,779
Islamic temporary economic refinance scheme	29,246,266	31,034,309
Islamic refinance facility for combating COVID-19	132,777	166,111
Islamic refinance facility for storage of agricultural produce	576,673	513,439
Scheme of Islamic Rupee-based discounting facility under EFS / IERS	654,743	708,777
	71,291,527	80,857,220
Due to SBP under Shariah Compliant Open Market Operations (OMO) and Mudarabah based Financing Facility (MFF)	52,326,694	73,594,497
Due to other financial institutions	3,381,954	3,402,344
Total secured	<u>127,000,175</u>	<u>157,854,061</u>
<b>Unsecured</b>		
Overdrawn nostro accounts	2,625,357	2,128,409
Musharaka acceptances	46,350,000	6,904,333
Total unsecured	48,975,357	9,032,742
	<u>175,975,532</u>	<u>166,886,803</u>

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 19 DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	June 30, 2024			December 31, 2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
<b>Customers</b>						
Current deposits	312,636,454	33,206,468	345,842,922	271,673,365	30,468,754	302,142,119
Savings deposits	303,424,040	20,719,352	324,143,392	246,343,937	21,489,149	267,833,086
Term deposits	217,655,034	1,641,379	219,296,413	244,250,942	1,484,842	245,735,784
Margin deposits	14,684,875	80,634	14,765,509	12,175,267	48,071	12,223,338
	848,400,403	55,647,833	904,048,236	774,443,511	53,490,816	827,934,327
<b>Financial institutions</b>						
Current deposits	20,322,858	288,037	20,610,895	11,726,778	275,306	12,002,084
Savings deposits	139,546,463	10,489	139,556,952	169,738,779	-	169,738,779
Term deposits	9,872,500	-	9,872,500	8,600,547	-	8,600,547
	169,741,821	298,526	170,040,347	190,066,104	275,306	190,341,410
	1,018,142,224	55,946,359	1,074,088,583	964,509,615	53,766,122	1,018,275,737

## 20 LEASE LIABILITIES

	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
Outstanding amount at the start of the period / year	12,868,103	11,827,762
Additions during the period / year	1,328,399	1,232,013
Lease payments including profit	(1,467,994)	(1,672,349)
Profit expense for the period / year	820,136	1,528,718
Modifications during the period / year	16,887	-
Termination / deletion during the period / year	(217,158)	(48,041)
Outstanding amount at the end of the period / year	13,348,373	12,868,103

### 20.1 Liabilities Outstanding

Not later than one year	146,818	218,318
Later than one year and upto five years	3,080,718	2,896,857
Over five years	10,120,837	9,752,928
Total at the period / year end	13,348,373	12,868,103

20.2 This carries average effective charge rate of 12.97% per annum (December 31, 2023: 12.7%).

## 21 DEFERRED TAX ASSET / (LIABILITIES)

### Taxable temporary differences on

surplus on revaluation of property and equipment	(2,025,377)	(2,093,908)
surplus on revaluation of non-banking assets	(15,678)	(16,201)
surplus on revaluation of investments	(604,836)	(3,217,694)
fair value adjustment relating to net assets acquired upon amalgamation	(160,794)	(180,916)
accelerated tax depreciation	(665,378)	(350,473)
	(3,472,063)	(5,859,192)

### Deductible temporary differences on

credit loss allowance against investments	188,057	847,159
credit loss allowance against financing, off balance sheet etc.	3,735,801	(20,472)
credit loss allowance against other assets	125,639	125,297
	4,049,497	951,984
	577,434	(4,907,208)

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
<b>22 OTHER LIABILITIES</b>			
Profit / return payable in local currency		14,313,453	13,233,050
Profit / return payable in foreign currencies		14,213	9,728
Unearned commission and income on bills discounted		1,563,075	1,496,869
Accrued expenses		5,226,779	6,392,588
Acceptances	16	8,414,759	13,152,356
Dividend payable including unclaimed dividends		440,392	7,078,679
Mark to market loss on forward foreign exchange contracts		549,652	664,315
Current taxation (provision less payments)		465,854	3,219,685
Credit loss allowance against off-balance sheet obligations	22.1	259,352	91,297
Charity fund balance		-	93,385
Withholding tax payable		303,775	261,322
Federal excise duty payable		47,702	159,996
Payable to brokers against purchase of shares		4,129	91,311
Fair value of derivative contracts		1,304,194	1,657,226
Payable related to credit cards and other products		1,458,508	540,153
Funds held as security		338,736	321,357
Payable to 1Link (Private) Limited		604,499	595,002
Takaful payable		57,202	59,974
Clearing and settlement accounts		7,807,292	10,836,330
Others		518,392	432,246
		<u>43,691,958</u>	<u>60,386,869</u>
<b>22.1 Credit loss allowance against off-balance sheet obligations</b>			
Opening balance		91,297	87,700
Impact of adopting IFRS 9 as at January 1, 2024		53,356	-
Restated balance as at January 1, 2024		144,653	87,700
Charge for the period / year		114,699	3,597
Reversals during the period / year		-	-
		114,699	3,597
Closing balance		<u>259,352</u>	<u>91,297</u>
<b>23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus on revaluation of:			
Securities measured at FVOCI - Debt		1,801,905	4,321,608
Securities measured at FVOCI - Equity		(567,545)	2,245,115
Property and equipment		12,037,120	12,176,979
Non-banking assets acquired in satisfaction of claims		1,734,104	1,735,172
		15,005,584	20,478,874
Deferred tax on surplus on revaluation of:			
Securities measured at FVOCI - Debt		(882,933)	(2,117,588)
Securities measured at FVOCI - Equity		278,097	(1,100,106)
Property and equipment		(2,025,377)	(2,093,908)
Non-banking assets acquired in satisfaction of claims		(15,678)	(16,201)
		(2,645,891)	(5,327,803)
		<u>12,359,693</u>	<u>15,151,071</u>



# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
<b>24 CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	24.1	43,207,729	39,050,948
Commitments	24.2	220,989,133	225,759,797
Other contingent liabilities	24.3	4,122,244	4,122,244
		<u>268,319,106</u>	<u>268,932,989</u>
<b>24.1 Guarantees</b>			
Financial guarantees		4,244,063	4,523,565
Performance guarantees		10,695,244	9,201,571
Other guarantees		28,268,422	25,325,812
		<u>43,207,729</u>	<u>39,050,948</u>
<b>24.2 Commitments</b>			
Documentary credits and short-term trade-related transactions letters of credit		111,310,177	80,258,955
Commitments in respect of:			
forward foreign exchange contracts	24.2.1	51,756,574	65,125,446
forward government securities transactions	24.2.2	52,504,600	73,777,500
derivatives - cross currency swaps (notional principal)	24.2.3	1,301,141	1,678,515
extending credit (irrevocable)	24.5	3,485,949	3,429,739
Commitments for acquisition of:			
property and equipment		503,852	1,180,860
intangible assets		126,840	308,782
		<u>220,989,133</u>	<u>225,759,797</u>
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		50,044,607	55,514,935
Sale		1,711,967	9,610,511
		<u>51,756,574</u>	<u>65,125,446</u>
<b>24.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		52,504,600	73,777,500
<b>24.2.3 Commitments in respect of derivatives</b>			
<b>Cross currency swaps</b>			
Sale	25.1	1,301,141	1,678,515

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

Note	Un-audited June 30, 2024	Audited December 31, 2023
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----- Rupees '000 -----

### 24.3 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	1,154,701	1,154,701
24.3.1	4,122,244	4,122,244

**24.3.1** Income tax assessments of the Bank have been finalised upto the tax year 2023 (accounting year ended December 31, 2022). Income tax return for tax year 2024 (accounting year ended December 31, 2023) will be filed by the Bank within stipulated timeline.

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, 2023: 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 passed an order and maintained the decision of the CIR(A) in favour of the Bank that gain on bargain purchase is not taxable. Subsequently, the department has challenged the order in Honorable High Court of Sindh. However, the management of the Bank is confident that 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.

**24.4** There are certain claims against the Bank not acknowledged as debt amounting to Rs 33,625.155 million (December 31, 2023: Rs 29,647.217 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 25,299.030 million (December 31, 2023: Rs 25,299.030 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

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

### 24.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 3,485.949 million (December 2023: Rs. 3,429.739 million) which are irrevocable in nature.

Un-audited June 30, 2024	Audited December 31, 2023
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----- Rupees '000 -----

## 25 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)	1,301,141	1,678,515
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Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

25.1 Product analysis

Counterparties	June 30, 2024 (Un-audited)	
	Cross currency swaps	
	Notional principal	Mark to market loss
	----- Rupees '000 -----	
<b>With banks for</b>		
Hedging	-	-
Market making	139,203	(170,886)
<b>With other entities for</b>		
Hedging	-	-
Market making	1,161,938	(1,133,308)
<b>Total</b>		
Hedging	-	-
Market making	1,301,141	(1,304,194)

Counterparties	December 31, 2023 (Audited)	
	Cross currency swaps	
	Notional principal	Mark to market loss
	----- Rupees '000 -----	
<b>With banks for</b>		
Hedging	-	-
Market making	101,866	(139,900)
<b>With other entities for</b>		
Hedging	-	-
Market making	1,576,649	(1,517,326)
<b>Total</b>		
Hedging	-	-
Market making	1,678,515	(1,657,226)

Un-audited	
For the half year ended	
June 30, 2024	June 30, 2023
----- Rupees '000 -----	

26 PROFIT / RETURN EARNED

On:		
Financing	54,759,468	41,162,733
Investments	63,790,870	40,100,520
Due from financial institutions	281,869	835,073
Balances with banks	1,486	5,585
	<u>118,833,693</u>	<u>82,103,911</u>

27 PROFIT / RETURN EXPENSED

On:		
Deposits	59,014,265	33,813,382
Due to financial institutions	17,472,042	15,142,270
Lease liability against right-of-use assets	820,136	733,872
Cost of foreign currency swaps against foreign currency deposits / Due to Fls	3,304,029	1,682,819
	<u>80,610,472</u>	<u>51,372,343</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

Note	Un-audited	
	For the half year ended	
	June 30, 2024	June 30, 2023
	----- Rupees '000 -----	
<b>28 FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	625,346	531,586
Consumer finance related fees	297,940	305,038
Card related fees	2,216,906	1,974,149
Credit related fees	32,833	18,196
Investment banking fees	143,792	182,179
Commission on trade	691,988	271,332
Commission on guarantees	75,443	103,054
Commission on cash management	79,197	61,815
Commission on remittances including home remittances	625,640	446,166
Commission on bancatakaful	49,627	67,266
Commission on sale of funds units	262,196	123,745
Others	40,874	74,807
	<u>5,141,782</u>	<u>4,159,333</u>
<b>29 GAIN / (LOSS) ON SECURITIES</b>		
Realised	29.1 667,927	(1,599,805)
Unrealised - Measured at FVTPL	-	(1,797)
	<u>667,927</u>	<u>(1,601,602)</u>
<b>29.1 Realised Gain / (loss) on:</b>		
Federal Government securities	92,335	(330,088)
Shares	546,897	(1,267,849)
Associates	28,695	(16,541)
Open end mutual funds	-	14,673
	<u>667,927</u>	<u>(1,599,805)</u>
<b>29.2 Net gain / (loss) on financial assets / liabilities</b>		
Net gain / (loss) on financial assets / liabilities measured at FVTPL:		
Designated upon initial recognition	-	-
Mandatorily measured at FVTPL	530,902	-
	530,902	-
Net gain / (loss) on financial assets / liabilities measured at amortised cost	-	-
Net gain / (loss) on financial assets measured at FVOCI	108,330	-
	108,330	-
Net gain / (loss) on investments in associates	28,695	-
	<u>667,927</u>	<u>-</u>
<b>30 OTHER INCOME</b>		
Rent on property	141,770	113,069
Gain on disposal of property and equipment- net	10,510	11,478
Gain on termination of leases (IFRS 16)	47,140	-
Notice pay recovered	3,535	1,955
Scrap income	8,271	-
Others	1,709	299
	<u>212,935</u>	<u>126,801</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

Note	Un-audited	
	For the half year ended	
	June 30, 2024	June 30, 2023
	----- Rupees '000 -----	
<b>31 OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	8,861,392	7,050,694
<b>Property expense</b>		
Rent and taxes	116,401	114,203
Takaful	13,059	12,095
Utilities cost	759,372	708,775
Security (including guards)	598,001	446,780
Repair and maintenance (including janitorial charges)	453,064	352,894
Depreciation on owned property and equipment	473,258	407,838
Depreciation on non-banking assets	1,378	2,834
Depreciation on right-of-use assets	996,712	948,966
Others	138,888	112,235
	3,550,133	3,106,620
<b>Information technology expenses</b>		
Software maintenance	1,056,250	787,229
Hardware maintenance	236,868	218,310
Depreciation	465,950	240,615
Amortisation	200,748	144,938
Network charges	161,198	155,335
	2,121,014	1,546,427
<b>Other operating expenses</b>		
Directors' fees and allowances	72,960	66,400
Legal and professional charges	255,068	196,377
Outsourced services costs - staff	442,720	379,590
Travelling and conveyance	199,393	117,960
NIFT clearing charges	43,682	38,810
Depreciation	486,072	326,720
Training and development	76,881	33,004
Postage and courier charges	119,415	134,006
Communication	573,341	397,260
Marketing, advertisement and publicity	1,068,841	929,304
Donations	-	113,215
Auditors' remuneration	25,210	12,901
Takaful	418,353	418,480
Stationery and printing	506,416	271,472
Bank fees and charges	1,463,160	1,167,615
Brokerage and commission	30,830	18,948
Deposit protection premium	420,440	359,792
Repair and maintenance	198,551	159,625
Subscriptions and publications	80,086	65,467
Cash handling charges	307,262	252,877
Others	203,781	528,300
	6,992,462	5,988,123
	21,525,001	17,691,864
<b>32 OTHER CHARGES</b>		
Penalties imposed by the State Bank of Pakistan	36,897	2,560
<b>33 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET</b>		
Credit loss allowance against cash and balances with treasury banks		(346)
Credit loss allowance against investments	11.3	5,590
Credit loss allowance against Islamic financing and related assets	12.4	(774,346)
Credit loss allowance against other assets	16.2.1	(3,494)
Credit loss allowance against off balance sheet obligations	22.1	114,699
Bad debts written off directly		7,816
Recoveries of written off / charged off bad debts		(151,260)
Impairment charged for non-banking assets		-
		(801,341)
		2,325,104

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

	Un-audited	
	For the half year ended	
	June 30, 2024	June 30, 2023
	----- Rupees '000 -----	
<b>34 TAXATION</b>		
Current	12,218,379	8,055,432
Prior years	(190,000)	110,000
Deferred	531,733	(634,354)
	<u>12,560,112</u>	<u>7,531,078</u>

	For the quarter ended		For the half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		----- Rupees '000 -----		
<b>35 BASIC EARNINGS PER SHARE</b>				
Profit after tax for the period	<u>6,753,504</u>	<u>4,314,105</u>	<u>13,266,345</u>	<u>7,525,257</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>4.45</u>	<u>2.84</u>	<u>8.74</u>	<u>4.96</u>

**35.1** Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at June 30, 2024 and June 30, 2023 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 under held to collect model, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortized 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 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.

**36.1 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).

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

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:

	<b>June 30, 2024 (Un-audited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees `000 -----				
<b>On-balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	86,478,000	476,501,537	-	562,979,537
Shares	1,742,981	67,686	-	1,810,667
Non-Government debt securities		48,540,962	-	48,540,962
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Non-Government debt securities	-	7,786,926	-	7,786,926
<b>Non-financial assets - measured at fair value</b>				
Property and equipment (land and buildings)	-	-	18,576,621	18,576,621
Non-banking assets acquired in satisfaction of claims	-	-	2,678,627	2,678,627
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	49,521,243	-	49,521,243
Forward sale of foreign exchange	-	1,722,371	-	1,722,371
Derivatives sales	-	1,301,141	-	1,301,141
<b>December 31, 2023 (Audited)</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees `000 -----				
<b>On-balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	-	524,145,204	-	524,145,204
Shares	5,746,460	107,539	-	5,853,999
Non-Government debt securities	-	49,770,265	-	49,770,265
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Non-Government debt securities	-	6,779,489	-	6,779,489
<b>Non-financial assets - measured at fair value</b>				
Property and equipment (land and buildings)	-	-	17,855,189	17,855,189
Non-banking assets acquired in satisfaction of claims	-	-	2,667,419	2,667,419
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	55,514,935	-	55,514,935
Forward sale of foreign exchange	-	9,610,511	-	9,610,511
Derivatives sales	-	1,678,515	-	1,678,515

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.

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
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 is determined on the basis of the NAV of the company using the latest available financial statements.
Sukuk Certificates	Sukuk certificates are determined using the MUFAP or PSX rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivative instruments	The Bank enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly 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 valuation of financial instruments within level 3

Item	Valuation approach and input used
Property and equipment (land and buildings)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2022.
Non-banking assets acquired in satisfaction of claims (NBAs)	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2023.

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.



37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

	2024						Total
	Retail	CIBG	Treasury	SAM	Others	Total	
	Rupees '000						
<b>Profit and loss account for the half year ended June 30, 2024 (Un-audited)</b>							
Net return / profit	(44,416,068)	38,416,567	45,705,371	82,490	(1,565,139)	38,223,221	
Inter segment revenue - net	82,861,708	(35,446,148)	(45,736,020)	65,285	(1,744,825)	-	
Other income	4,693,991	1,809,073	3,804,247	12,883	(1,429,338)	8,890,856	
Total income	43,139,631	4,779,492	3,773,598	160,658	(4,739,302)	47,114,077	
Segment direct expenses	13,792,787	798,030	279,467	159,025	7,059,652	22,088,961	
Inter segment expense allocation	6,105,339	696,213	139,640	118,640	(7,059,652)	-	
Total expenses	19,898,126	1,494,243	418,927	277,665	-	22,088,961	
Credit loss allowance	81,590	530,159	-	(768,639)	(644,451)	(801,341)	
Profit before tax	23,159,915	2,755,090	3,354,671	651,632	(4,094,851)	25,826,457	
<b>Statement of financial position as at June 30, 2024 (Un-audited)</b>							
Cash and bank balances	36,238,799	-	59,671,302	-	-	95,910,101	
Due from financial institutions	-	9,826,121	612,196,971	1,915,447	2,345,044	626,433,583	
Investments	150,000	(891,393)	(28,608)	(1,915,447)	-	(2,835,448)	
Investment - credit loss allowance	-	-	-	-	(848,101,171)	-	
Net inter segment lending	848,101,171	438,633,693	-	-	13,520,094	579,273,879	
Financing- performing	127,120,092	4,807,834	-	-	206,034	23,017,532	
Financing- non-performing	(3,804,024)	(9,285,419)	-	(13,266,788)	(650,838)	(27,007,069)	
Financing- credit loss allowance	31,679,134	18,150,811	21,529,778	250,844	51,748,090	129,358,657	
Others	1,044,145,906	461,241,647	693,369,443	326,986	(780,932,747)	1,418,151,235	
<b>Total assets</b>							
Due to financial institutions	10,165,347	68,653,119	97,157,066	-	-	175,975,532	
Subordinated sukuk	-	-	-	489,330	-	-	
Deposits and other accounts	987,971,838	85,627,415	594,040,017	(163,198)	(899,861,000)	1,074,088,583	
Net inter segment borrowing	-	305,984,181	594,040,017	854	26,279,930	-	
Others	46,008,721	976,932	1,527,361	326,986	(873,581,070)	74,793,798	
<b>Total liabilities</b>	1,044,145,906	461,241,647	692,724,444	326,986	(873,581,070)	1,324,857,913	
Equity	-	-	644,999	-	92,648,323	93,293,322	
<b>Total equity and liabilities</b>	1,044,145,906	461,241,647	693,369,443	326,986	(780,932,747)	1,418,151,235	
<b>Contingencies and commitments</b>	65,204,408	92,940,912	105,562,315	1,703,222	2,908,249	268,319,106	

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

	2023					Total
	Retail	CIBG	Treasury	SAM	Others	
Rupees '000						
<b>Profit and loss account for the half year ended June 30, 2023 (Un-audited)</b>						
Net return / profit	(20,770,543)	28,056,255	25,867,302	92,574	(2,516,020)	30,773,1568
Inter segment revenue - net	45,731,447	(26,864,831)	(24,165,929)	(105,162)	5,404,475	-
Other income	3,417,652	733,816	1,367,003	(225,167)	(613,506)	4,679,798
Total income	28,378,556	1,927,240	3,068,376	(237,755)	2,274,949	35,411,366
Segment direct expenses	10,820,298	521,316	146,751	139,504	6,402,058	18,029,927
Inter segment expense allocation	5,715,951	486,582	105,007	94,518	(6,402,058)	-
Total expenses	16,536,249	1,007,898	251,758	234,022	-	18,029,927
Credit loss allowance	(36,632)	171,661	1,330,160	(225,507)	1,085,422	2,325,104
Profit before tax	11,878,939	747,681	1,486,458	(246,270)	1,189,527	15,056,335
<b>Statement of financial position as at December 31, 2023 (Audited)</b>						
Cash and bank balances	30,486,904	-	55,362,053	-	-	85,848,957
Due from financial institutions	150,000	9,166,074	580,117,122	2,805,744	1,139,893	593,378,833
Investments	-	-	(1,028,498)	(2,805,744)	-	(3,834,242)
Investment provision	846,815,880	-	-	-	(846,815,880)	-
Net inter segment lending	126,927,551	442,189,965	-	-	8,584,421	577,701,937
Financing - performing	5,137,297	6,013,184	-	11,721,277	187,883	23,059,641
Financing - non-performing	(3,554,912)	(4,720,383)	-	(11,644,505)	(130,462)	(20,050,262)
Financing- provisions	21,892,608	12,862,528	35,499,058	227,367	43,487,125	113,968,686
Others	1,027,855,328	465,511,368	669,949,735	304,139	(793,547,020)	1,370,073,550
<b>Total assets</b>	11,110,677	75,277,296	80,498,830	-	-	166,886,803
Due to financial institutions	947,772,275	70,100,426	-	403,036	-	1,018,275,737
Subordinated sukuk	-	319,258,252	584,231,018	(99,779)	-	-
Deposits and other accounts	68,972,376	875,394	1,870,858	882	(903,389,491)	-
Net inter segment borrowing	1,027,855,328	465,511,368	666,600,706	304,139	(880,396,352)	1,279,675,189
Others	1,027,855,328	465,511,368	669,949,735	304,139	(793,547,020)	1,370,073,550
<b>Total liabilities</b>	45,666,205	78,801,025	140,581,461	1,797,031	2,087,267	268,932,989
<b>Contingencies and commitments</b>						

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## RELATED PARTY TRANSACTIONS

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

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

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

	June 30, 2024 (Un-audited)					December 31, 2023 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
<b>Investments</b>												
Opening balance	-	-	-	1,139,893	1,869,660	2,309,998	-	-	-	1,139,893	1,751,322	3,371,053
Investment made during the period / year	-	-	-	1,000,000	5,600,000	-	-	-	-	-	18,601,771	-
Investment redeemed / sold during the period / year	-	-	-	-	(7,114,509)	-	-	-	-	-	(18,488,433)	(1,259,427)
Other movements	-	-	-	-	-	55,167	-	-	-	-	-	198,372
Closing balance	-	-	-	2,139,893	355,151	2,365,165	-	-	-	1,139,893	1,869,660	2,309,998
Credit loss allowance for diminution in value of investments	-	-	-	-	-	1,396,156	-	-	-	-	-	1,951,094
<b>Islamic financing and related assets - net</b>												
Opening balance	-	54	652,579	-	-	6,684,998	-	7	523,065	-	-	1,392,371
Addition during the period / year	-	1,383	136,269	-	-	2,091,738	-	49	602,609	-	-	16,956,966
Repaid during the period / year	-	(1,152)	(104,816)	-	-	(1,084,518)	-	(2)	(473,095)	-	-	(11,666,339)
Transfer in / (out) - net	-	-	-	-	-	(126)	-	-	-	-	-	-
Closing balance	-	285	684,032	-	-	7,692,092	-	54	652,579	-	-	6,684,998
Credit loss allowance held against Islamic financing and related assets	-	-	-	-	-	407,688	-	-	-	-	-	407,688
<b>Right-of-use assets</b>												
Opening balance	-	-	-	-	-	-	-	-	-	16,138	-	-
Disposals during the period / year	-	-	-	-	-	-	-	-	-	(13,015)	-	-
Depreciation for the period / year	-	-	-	-	-	-	-	-	-	(3,123)	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

	June 30, 2024 (Un-audited)					December 31, 2023 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
<b>Other assets</b>												
Profit / return accrued	-	-	18,642	-	-	169,140	-	-	9,829	-	-	152,624
Commission income receivable	-	-	-	36,500	-	-	-	-	-	-	-	-
Receivable from defined benefit plan	-	-	-	-	-	-	-	-	-	-	-	90,806
Maintenance and other receivables	-	-	-	-	-	-	-	-	-	11,773	-	-
Acceptances	-	-	-	-	-	3,056	-	-	-	-	-	-
Receivable from 1Link (Private) Limited	-	-	-	-	-	3,448,568	-	-	-	-	-	2,320,075
<b>Deposits and other accounts</b>												
Opening balance	182	103,947	78,116	11,203	38,354,155	2,344,926	182	58,656	105,177	20,087	57,393	26,038,101
Received during the period / year	-	113,851	1,648,960	17,178,900	779,466,996	35,479,033	-	232,883	1,623,827	27,819,887	983,701,499	49,904,615
Withdrawn during the period / year	-	(117,562)	(1,643,337)	(16,970,687)	(790,880,359)	(34,957,078)	-	(187,602)	(1,650,888)	(27,828,771)	(945,404,737)	(73,597,790)
Transfer in / (out) - net	-	-	-	-	-	(11,635)	-	-	-	-	-	-
Closing balance	182	100,236	83,739	219,416	26,940,792	2,855,246	182	103,947	78,116	11,203	38,354,155	2,344,926
<b>Other liabilities</b>												
Profit / return payable	-	1,081	335	3,678	471,289	24,360	-	931	326	109	664,274	24,669
Dividend payable	-	-	-	-	-	-	-	-	-	-	-	1,811,176
Payable to 1Link (Private) Limited	-	-	-	-	-	604,499	-	4,923,232	-	-	-	595,002
Other payable	-	-	-	3,139	-	-	-	-	-	-	-	-
<b>Contingencies and commitments</b>												
Trade related commitments	-	-	-	-	-	662,879	-	-	-	-	-	330,829

Rupees '000

**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.

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

RELATED PARTY TRANSACTIONS

	June 30, 2024 (Un-audited)					June 30, 2023 (Un-audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
<b>Income</b>												
Profit / return earned	-	-	11,563	-	-	283,231	-	-	17,525	-	-	55,949
Fee and commission income	-	52	53	262,231	1,306	4,097	-	123	118	123,827	23	8,612
Dividend income	-	-	-	-	37,339	100,000	-	-	-	-	12,315	49,661
Net gain / (loss) on sale of securities	-	-	142	8,950	28,695	12,663	-	-	52	-	54,760	26,662
Maintenance income	-	-	-	4,913	-	-	-	-	-	3,405	-	-
Rent on property	-	-	-	18,132	-	-	-	-	-	12,569	-	-
Other income	-	-	46	2,692	-	-	-	-	-	1,654	-	-
<b>Expense</b>												
Profit / return expensed	-	5,745	2,175	43,788	3,825,500	151,069	-	2,702	2,343	1,899	796,038	68,976
Charges on lease liability	-	-	-	-	-	-	-	-	-	885	-	-
Director's fee and allowances	-	72,960	-	-	-	-	-	66,400	-	-	-	1,884
Compensation expense	-	-	748,240	-	-	2,914	-	-	477,469	-	-	2,493
Fee and subscription	-	-	-	-	-	1,132	-	-	-	-	-	-
Commission expense	-	-	-	6,278	-	-	-	-	-	16,667	-	-
Charge for defined benefit plan	-	-	-	-	-	176,694	-	-	-	-	-	132,450
Contribution to defined contribution plan	-	-	-	-	-	228,279	-	-	-	-	-	180,344
Donations made during the period	-	-	-	-	-	-	-	-	-	-	-	113,215
(Reversal) / Provision against investment	-	-	-	-	-	-	-	-	-	-	-	(27,324)
<b>Others</b>												
Shares / units purchased during the period	-	-	-	10,000	47,983	-	-	-	-	-	81,201	-
Shares / units sold during the period	-	-	-	-	61,420	-	-	-	-	-	74,893	9,906
Government securities purchased during the period	-	-	137,116	-	-	113,231	-	-	9,900	-	-	-
Government securities sold during the period	-	-	178,036	751,133	-	1,771,944	-	-	28,052	-	-	1,927,166
Acquisition of property and equipment	-	-	-	-	-	-	-	-	-	85,339	-	-

Rupees '000 - - - - -

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

	Un-audited June 30, 2024	Audited December 31, 2023
	----- Rupees '000 -----	
<b>39 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS</b>		
<b>Minimum capital requirement (MCR):</b>		
Paid-up capital (net of losses)	15,176,965	15,176,965
<b>Capital adequacy ratio (CAR):</b>		
Eligible common equity tier 1 (CET 1) capital	81,546,866	72,868,421
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	81,546,866	72,868,421
Eligible tier 2 capital	11,263,135	14,309,769
Total eligible capital (tier 1 + tier 2)	92,810,001	87,178,190
<b>Risk weighted assets (RWAs):</b>		
Credit risk	336,809,046	338,652,592
Market risk	49,922,407	55,101,145
Operational risk	105,584,800	105,584,800
Total	492,316,253	499,338,537
<b>Common equity tier 1 capital adequacy ratio (in %)</b>	16.56%	14.59%
<b>Tier 1 Capital adequacy ratio (in %)</b>	16.56%	14.59%
<b>Total Capital adequacy ratio (in %)</b>	18.85%	17.46%
<b>Leverage ratio (LR):</b>		
Eligible tier-1 capital	81,546,866	72,868,421
Total exposures	1,641,695,838	1,593,114,720
Leverage ratio (in %)	4.97%	4.57%
<b>Liquidity coverage ratio (LCR):</b>		
Total high quality liquid assets	663,708,397	517,873,833
Total net cash outflow	420,900,698	339,165,609
Liquidity coverage ratio (Ratio)	1.577	1.527
<b>Net stable funding ratio (NSFR):</b>		
Total available stable funding	884,761,590	837,268,976
Total required stable funding	479,033,259	481,779,578
Net stable funding ratio (in %)	184.70%	173.79%

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### 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 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 28, 2024 has proposed a interim cash dividend of Rs. 2 per share (June 30, 2023: Re. 1 per share). These interim condensed unconsolidated financial statements for the half year ended June 30, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the half year end. The Board had earlier declared and paid an interim cash dividend of Re. 1 per share.

### 42 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on August 28, 2024 by the Board of Directors of the Bank.

# Directors' Review

## Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Review of Faysal Bank Limited Group, along with unaudited condensed interim consolidated financial statements for the half year ended June 30, 2024.

### Group Profile

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

Faysal Islami Currency Exchange Company (Private) Limited (FICECL) operates as a wholly owned subsidiary of FBL. It was incorporated in Pakistan on Jan 16, 2024 under the Companies Act, 2017. The company received its "Certificate of Incorporation" from SECP on January 16, 2024 and obtained an operational license from SBP on March 26, 2024. The principal activities of the Company are dealing in foreign exchange and facilitating remittances.

FBL Group structure is as follows:

Holding Company	: Faysal Bank Limited
Subsidiary	: Faysal Asset Management Limited
Subsidiary	: Faysal Islami Currency Exchange Company (Private) Limited

Furthermore, FBL also has significant influence in the following open-ended mutual funds managed by FAML.

### Associates

Faysal Financial Sector Opportunity Fund  
Faysal Halal Amdani Fund  
Faysal Income Growth Fund  
Faysal Islamic Pension Fund - Debt  
Faysal Islamic Pension Fund - Equity  
Faysal Islamic Pension Fund - Money Market  
Faysal Islamic Savings Growth Fund  
Faysal Islamic Special Income Fund  
Faysal Islamic Stock Fund  
Faysal Islamic Cash Fund  
Faysal Islamic Financial Growth Fund  
Faysal MTS Fund  
Faysal Islamic Sovereign Fund  
Faysal Islamic Sovereign Plan - II  
Faysal Pension Fund - Debt  
Faysal Pension Fund - Equity  
Faysal Islamic KPK Government Pension Fund - Money Market Sub Fund  
Faysal Islamic KPK Government Pension Fund - Equity Sub Fund  
Faysal Islamic KPK Government Pension Fund - Debt Sub Fund  
Faysal Islamic KPK Government Pension Fund - Equity Index Sub Fund  
Faysal Special Savings Fund - I



Faysal Special Savings Fund - II  
 Faysal Special Savings Fund - III  
 Faysal Pension Fund - Money Market  
 Faysal Islamic Savings Growth Fund  
 Faysal Stock Fund  
 Faysal Islamic Mehdood Muddat Plan - I

## Financial Highlights:

### Key Balance Sheet Numbers

	Rs. in million		
	June '24	December '23	Growth %
Investment	624,170	589,955	5.8
Financing	575,284	580,711	(0.9)
Total Assets	1,419,400	1,371,285	3.5
Deposits	1,073,861	1,018,265	5.5

### Profit & Loss Account

	Rs. in million		
	June '24	June '23	Growth %
Total Revenue	47,965	35,818	33.9
Total Expenses	22,607	18,207	24.2
Profit before tax and provisions	25,358	17,611	44.4
Net Provisions	(798)	2,325	(134.3)
Share of profit / (loss) on associates	182	(32)	(442.5)
Profit before tax	26,338	15,253	72.7
Tax	12,777	7,594	68.3
Profit after tax	13,561	7,660	77.0
Earnings per share (Rupees)	8.94	5.05	77.0

In the first half of 2024, FBL maintained its growth trajectory, achieving remarkable financial performance despite challenges posed by the prevailing economic conditions. On a consolidated basis, Profit Before Tax (PBT) increased by 72.7% to PKR 26.3 billion. FBL achieved a Profit After Tax (PAT) of PKR 13.6 billion, 77.0% higher than PKR 7.7 billion in the corresponding period last year, with Earnings Per Share climbing from PKR 5.05 to PKR 8.94.

FAML continued to show improvement in performance and Assets Under Management (AUMs) as of June 30, 2024, were PKR 168 billion (June 2023: PKR 102 billion). FAML made Profit After Tax of PKR 309 million during the half year under review, registering a 77.7% growth over the same period last year. The commendable financial performance of FAML underscores its resilience and effectiveness in navigating current economic conditions.

FICECL successfully commenced operations in 2024 and operates with 10 branches. Looking ahead, FICECL plans to expand further by opening an additional 30 branches across the country by the end of 2024.

## 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+

PACRA has assigned a 'Stable' outlook, while VIS has upgraded the outlook to 'Positive'.

VIS has assigned Management Quality rating of AM2++ to FAML in June 2024. The rating signifies asset manager exhibiting very good management characteristics.

## 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% (2023: 66.78%) of the Bank's shares. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. Dar Al-Maal Al-Islami Trust (DMIT) is the holding entity of Ithmaar Holding B.S.C. and the ultimate parent Company 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 traditions.

## Dividend

The Board of Directors, in their meeting held on August 28, 2024 declared an interim cash dividend of Rs. 2 per share (20%) for the half year ended June 30, 2024.

## Heartfelt Thanks: Acknowledging Our Pillars of Strength

On behalf of the Board and Management, we extend gratitude to our esteemed shareholders for their unwavering support. We are indebted to our customers, who continued to trust us with their business. We would like to place on record our appreciation for the Government of Pakistan, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their continued support and guidance and for developing and strengthening the banking and financial services sector through continuous improvement in the regulatory and governance framework.

As always, we would also like to express sincere appreciation for the Shariah Board. We would also like to take this opportunity to recognize and commend the unwavering commitment and exceptional efforts exhibited by our employees in driving the growth of Group and extend our heartfelt thanks to them for their relentless dedication and hard work.

## Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Review, with the recommendation of the Board Audit and Corporate Governance Committee, has been approved by the Directors in their meeting held on August 28, 2024 and signed by the Chief Executive Officer and a director.

## President & CEO

Karachi

Dated: August 28, 2024

## Chairman

## اعتراف اور دلی اظہارِ تشکر

بورڈ اور انتظامیہ کی جانب سے، ہم اس موقع پر شیئرز ہولڈرز کا شکریہ ادا کرتے ہیں کہ انہوں نے ہم پر غیر متزلزل اعتماد کیا ہے۔ ہم اپنے صارفین کے تہہ دل سے مشکور ہیں، جنہوں نے اپنے کاروبار اور پختہ یقین کے ساتھ ہم پر اعتماد کو مسلسل جاری رکھا۔ ہم ریگولیٹری اور گورننس فریم ورک میں مسلسل بہتری کے ذریعے بینکنگ اور فنانشل سروسز سیکٹر کے فروغ کے لیے اُن کے مسلسل تعاون اور رہنمائی پر اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بھی شکر گزار ہیں۔

ہمیشہ کی طرح، ہم شریعہ بورڈ کے مشکور ہیں اور گروپ کی ترقی کے لیے اپنے ملازمین کی کوششوں کو تسلیم کرتے ہیں اور ان کی انتھک لگن اور محنت کو دل سے سراہتے ہیں۔

## منظوری

کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق، بورڈ کی آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ ڈائریکٹرز کی اس رپورٹ کو ڈائریکٹرز نے 28 اگست 2024 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ڈائریکٹر نے دستخط ثبت کیے ہیں۔

چیئرمین

صدر اور سی ای او

کراچی

تاریخ: 28 اگست 2024

FICECL نے 2024 میں کامیابی کے ساتھ کام شروع کیا اور 10 شاخوں کے ساتھ کام کرتا ہے۔ آگے دیکھتے ہوئے، 2024 کے آخر تک FICECL ملک بھر میں مزید 30 شاخیں کھول کر مزید توسیع کرنے کا ارادہ رکھتا ہے۔

## کریڈٹ ریٹنگ:

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے فیصل بینک لمیٹڈ کے لیے درج ذیل درجہ بندیوں کی دوبارہ تصدیق کی ہے:

طویل المدتی AA

قلیل المدتی A1+

PACRA کی جانب سے درجہ بندیوں کو ”مستحکم“ آؤٹ لک دیا گیا ہے، جبکہ VIS نے ”مثبت“ آؤٹ لک دیا ہے۔

VIS نے FAML کی مینجمنٹ کوالٹی ریٹنگ کو ++AM2 میں ترقی دی ہے۔ یہ درجہ بندی نشاندہی کرتی ہے کہ اثاثہ منبج بہت اچھی انتظامی خصوصیات کا مظاہرہ کر رہا ہے۔

## ہولڈنگ کمپنی

اتمار بینک B.S.C. (کلوزڈ)، ایک بینکنگ ادارہ ہے جو مرکزی بینک آف بحرین کے ذریعے ریگولیٹ کیا جاتا ہے، یہ مرکزی کمپنی ہے، جو فیصل بینک لمیٹڈ میں بالواسطہ یا بلاواسطہ 66.78% (2023: 66.78%) حصص کی حامل ہے۔ اتمار بینک B.S.C. (کلوزڈ) اتمار ہولڈنگز B.S.C. کا ملکیتی ذیلی ادارہ دارالعمال الاسلامی ٹرسٹ (DMIT) اتمار ہولڈنگ B.S.C. کی ہولڈنگ کمپنی اور بنیادی طور پر بینک کی سرپرست ہے۔ DMIT کو معاہدے کے ذریعے دولت مشترکہ بہاماس کے قوانین کے تحت اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور کو سرانجام دینے کے مقصد سے تشکیل دیا گیا تھا۔

## ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 28 اگست 2024 کو منعقدہ اپنے اجلاس میں 30 جون 2024 کو اختتام شدہ ششماہی کے لیے فی حصص 2 روپے بحساب (20%) کے عبوری کیش ڈیویڈنڈ دینے کا اعلان کیا ہے۔

## مالیاتی جھلکیاں

### بیلنس شیٹ

(ملین روپے)		
نمو %	دسمبر ۲۰۲۳ء	جون ۲۰۲۴ء
5.8	589,955	624,170
(0.9)	580,711	575,284
3.5	1,371,285	1,419,400
5.5	1,018,265	1,073,861

سرمایہ کاری  
فنانسنگ  
کل اثاثہ جات  
ڈپازٹس

### (ملین روپے)

نفع اور نقصان اکاؤنٹ		
نمو %	جون ۲۰۲۳ء	جون ۲۰۲۴ء
33.9	35,818	47,965
24.2	18,207	22,607
44.4	17,611	25,358
(134.3)	2,325	(798)
(442.5)	(32)	182
72.7	15,253	26,338
68.3	7,594	12,777
77	7,660	13,561
77	5.05	8.94

مجموعی آمدنی  
آپریٹنگ اور دیگر اخراجات  
منافع قبل از ٹیکس اور پروویژن  
نیٹ پروویژن  
ایسوسی ایٹس کے منافع کا حصہ  
منافع قبل از ٹیکس  
ٹیکسز  
منافع بعد از ٹیکس  
فی حصص آمدن (روپے)

2024 کی پہلی ششماہی میں، FBL نے اپنی ترقی کی رفتار کو برقرار رکھا، موجودہ معاشی حالات سے درپیش چیلنجز کے باوجود شاندار مالی کارکردگی حاصل کی۔ کنسولیدیشنڈ مالیاتی گوشواروں کے مطابق قبل از ٹیکس منافع 72.7 فیصد بڑھ کر 26.3 بلین روپے ہو گیا۔ FBL نے 13.6 بلین روپے کا بعد از ٹیکس منافع (PAT) حاصل کیا، جو پچھلے سال کی اسی مدت میں 7.7 بلین روپے سے 77 فیصد زیادہ ہے، جس میں فی شیئر آمدنی 5.05 روپے سے بڑھ کر 8.94 ہو گئی۔

FAML نے 30 جون 2024 تک کارکردگی میں بہتری کا مظاہرہ کیا اور اس کے زیر انتظام اثاثے (AUMs) 168 ارب روپے (جون 2023: 102 ارب روپے) تک جا پہنچے۔ FAML نے بعد از ٹیکس 309 بلین روپے پہلی ششماہی میں کمائے جو پچھلے سال کی اسی مدت کے مقابلے میں 77.7% اضافی ہیں۔ FAML کی قابل ستائش مالی کارکردگی موجودہ معاشی حالات کو نیویگیٹ کرنے میں اس کی چلک اور تاثیر کو واضح کرتی ہے۔

- فیصل اسلامک پنشن فنڈ- ڈیٹ
- فیصل اسلامک پنشن فنڈ- ایکویٹی
- فیصل اسلامک پنشن فنڈ- منی مارکیٹ
- فیصل اسلامک سیونگز گروتھ فنڈ
- فیصل اسلامک سپیشل انکم فنڈ
- فیصل اسلامک اسٹاک فنڈ
- فیصل اسلامک کیش فنڈ
- فیصل اسلامک فنانشل گروتھ فنڈ
- فیصل MTS فنڈ
- فیصل اسلامک ساورن فنڈ
- فیصل اسلامک ساورن پلان-II
- فیصل پنشن فنڈ- ڈیٹ
- فیصل پنشن فنڈ- ایکویٹی
- فیصل اسلامک KPK گورنمنٹ پنشن فنڈ- منی مارکیٹ سب فنڈ
- فیصل اسلامک KPK گورنمنٹ پنشن فنڈ- ایکویٹی سب فنڈ
- فیصل اسلامک KPK گورنمنٹ پنشن فنڈ- ڈیٹ سب فنڈ
- فیصل اسلامک KPK گورنمنٹ پنشن فنڈ- ایکویٹی انڈیکس سب فنڈ
- فیصل اسپیشل سیونگز فنڈ-I
- فیصل اسپیشل سیونگز فنڈ-II
- فیصل اسپیشل سیونگز فنڈ-III
- فیصل پنشن فنڈ- منی مارکیٹ
- فیصل اسلامک سیونگز گروتھ فنڈ
- فیصل اسٹاک فنڈ
- فیصل اسلامک محدود مدت پلان-I

## ڈائریکٹرز کا جائزہ کنسولٹیوٹیوڈ مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز کا جائزہ اور فیصل بینک لمیٹڈ ("FBL") یا "بینک" کی 30 جون 2024 پر ختم شدہ ششماہی کے لیے غیر آڈٹ شدہ منجمد عبوری مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### گروپ پروفائل

فیصل بینک لمیٹڈ (FBL) فیصل ایسٹ مینجمنٹ لمیٹڈ (FAML) میں 99.9% حصص کا شراکت دار ہے۔ FAML ایک ان لسٹڈ پبلک لمیٹڈ کمپنی ہے جو ایک نان بینکنگ فنانس کمپنی (NBFC) کے طور پر رجسٹرڈ ہے، جسے نان بینکنگ فنانس کمپنیز (اسٹبلشمنٹ اینڈ ریگولیشن) رولز، 2003 اور نان بینکنگ فنانس کمپنیز اور نوٹیفائیڈ انٹرنیشنل ریگولیشنز 2008 کے تحت اثاثہ کے انتظام اور سرمایہ کاری کی مشاورتی خدمات سرانجام دینے کا لائسنس دیا گیا ہے۔

فیصل اسلامی کرنسی ایکسچینج کمپنی (پرائیویٹ) لمیٹڈ (FBL) (FICECL) کی مکمل ملکیتی ذیلی کمپنی کے طور پر کام کرتی ہے۔ اسے پاکستان میں کمپنیز ایکٹ 2017 کے تحت 16 جنوری 2024 کو شامل کیا گیا۔ کمپنی نے 16 جنوری 2024 کو SECP سے اپنا "انکارپوریشن سرٹیفکیٹ" حاصل کیا اور 26 مارچ 2024 کو اسٹیٹ بینک آف پاکستان سے آپریشنل لائسنس بھی حاصل کیا۔ کمپنی فارن ایکسچینج (غیر ملکی کرنسی کا کاروبار) کر رہی ہے اور ریمنٹنس (ترسیلات زر) کی سہولت فراہم کر رہی ہے۔

FBL گروپ درج ذیل پر مشتمل ہے:

ہولڈنگ کمپنی	:	فیصل بینک لمیٹڈ
ذیلی ادارہ	:	فیصل ایسٹ مینجمنٹ لمیٹڈ
ذیلی ادارہ	:	فیصل اسلامی کرنسی ایکسچینج کمپنی (پرائیویٹ) لمیٹڈ

FBL کو FAML کے زیر انتظام مندرجہ ذیل "اوپن اینڈیوڈ میوچل فنڈز" میں ہولڈنگ کی بنیاد پر نمایاں اثر و رسوخ کا حامل ہے۔

### ایسوسی ایٹس

فیصل فنانشل سیکٹرز پر چوٹی فنڈ  
فیصل حلال آمدنی فنڈ  
فیصل انکم گروتھ فنڈ

# Condensed Interim Consolidated Statement of Financial Position

As at June 30, 2024

	Un-audited June 30, 2024	Audited December 31, 2023
	----- Rupees '000 -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	10 92,338,490	84,036,564
Balances with other banks	11 3,626,447	1,812,507
Due from financial institutions	-	-
Investments	12 624,170,276	589,954,839
Islamic financing and related assets	13 575,284,342	580,711,316
Property and equipment	14 33,737,869	29,625,380
Right-of-use assets	15 10,930,907	10,771,515
Intangible assets	16 2,472,439	2,452,387
Deferred tax assets	22 518,935	-
Other assets	17 76,320,159	71,920,406
	1,419,399,864	1,371,284,914
<b>LIABILITIES</b>		
Bills payable	18 17,753,467	16,550,469
Due to financial institutions	19 175,975,532	166,886,803
Deposits and other accounts	20 1,073,861,272	1,018,264,979
Lease liabilities	21 13,390,454	12,865,125
Subordinated sukuk	-	-
Deferred tax liabilities	22 -	4,940,115
Other liabilities	23 44,104,091	60,852,160
	1,325,084,816	1,280,359,651
<b>NET ASSETS</b>	<b>94,315,048</b>	<b>90,925,263</b>
<b>REPRESENTED BY</b>		
Share capital	15,176,965	15,176,965
Reserves	16,921,879	15,616,188
Surplus on revaluation of assets - net	24 12,379,439	15,170,817
Unappropriated profit	49,836,480	44,961,035
Total equity attributable to the equity holders of the Bank	94,314,763	90,925,005
Non-controlling interest	285	258
	<b>94,315,048</b>	<b>90,925,263</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	25	

The annexed notes 1 to 43 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR



# Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the quarter and half year ended June 30, 2024

Note	Quarter ended		Half year ended		
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	
----- Rupees '000 -----					
Profit / return earned	27	59,403,390	47,267,963	118,857,998	82,106,487
Profit / return expensed	28	39,833,402	29,571,589	80,577,464	51,368,652
Net profit / return		19,569,988	17,696,374	38,280,534	30,737,835
<b>OTHER INCOME</b>					
Fee and commission income	29	3,011,852	2,204,645	6,012,688	4,513,416
Dividend income		152,498	149,466	223,070	209,983
Foreign exchange income		1,178,901	587,629	2,779,459	1,671,675
Income / (loss) from derivatives		12,008	23,244	(5,947)	116,342
Gain / (loss) on securities	30	411,994	(647,564)	639,232	(1,535,484)
Net gains/(loss) on derecognition of financial assets measured at amortised cost	17.1	(165,256)	-	(165,256)	-
Other income	31	106,862	39,097	201,437	103,988
Total other income		4,708,859	2,356,517	9,684,683	5,079,920
Total income		24,278,847	20,052,891	47,965,217	35,817,755
<b>OTHER EXPENSES</b>					
Operating expenses	32	11,263,980	9,995,439	22,033,682	17,869,048
Workers welfare fund		272,340	177,875	536,618	335,503
Other charges	33	32,442	2,243	36,897	2,560
Total other expenses		11,568,762	10,175,557	22,607,197	18,207,111
Share of profit / (loss) of associates	12.5	80,161	(32,249)	182,117	(32,065)
Profit before credit loss allowance		12,790,246	9,845,085	25,540,137	17,578,579
Credit loss allowance and write offs - net	34	(833,858)	960,203	(797,779)	2,325,104
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		13,624,104	8,884,882	26,337,916	15,253,475
Taxation	35	6,672,247	4,531,949	12,776,747	7,593,834
<b>PROFIT AFTER TAXATION</b>		6,951,857	4,352,933	13,561,169	7,659,641
<b>Attributable to:</b>					
Equity holders of the Bank		6,951,840	4,352,808	13,561,142	7,659,507
Non-controlling interest		17	125	27	134
		6,951,857	4,352,933	13,561,169	7,659,641
----- Rupees -----					
<b>Basic / diluted earnings per share</b>	36	4.58	2.87	8.94	5.05

The annexed notes 1 to 43 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 half year ended June 30, 2024

	Quarter ended		Half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- Rupees '000 -----			
Profit after taxation for the period	6,951,857	4,352,933	13,561,169	7,659,641
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to the profit and loss account in subsequent periods:</b>				
Movement in surplus on revaluation of debt investments through FVOCI net of tax	(572,328)	-	(1,285,048)	-
Movement in (deficit) / surplus on revaluation of investments net of tax	-	1,278,987	-	(134,010)
	(572,328)	1,278,987	(1,285,048)	(134,010)
<b>Items that will not be reclassified to the profit and loss account in subsequent periods:</b>				
Movement in (deficit) / surplus on revaluation of equity investments net of tax	(23,895)	-	201,352	-
Movement in surplus on revaluation of property and equipment net of tax	-	(253,356)	-	(253,356)
Movement in surplus on revaluation of non-banking assets net of tax	-	(275,651)	-	(275,651)
	(23,895)	(529,007)	201,352	(529,007)
<b>Total comprehensive income</b>	<b>6,355,634</b>	<b>5,102,913</b>	<b>12,477,473</b>	<b>6,996,624</b>
<b>Attributable to:</b>				
Equity holders of the Bank	6,355,617	5,102,788	12,477,446	6,996,490
Non-controlling interest	17	125	27	134
	<b>6,355,634</b>	<b>5,102,913</b>	<b>12,477,473</b>	<b>6,996,624</b>

The annexed notes 1 to 43 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

# Condensed Interim Consolidated Statement of Changes In Equity

For the half year ended June 30, 2024

Note	Share capital	Reserves				Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total	
		Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation	Statutory reserve	Total	Investments	Property and equipment / non-banking assets				Total
	Rupees '000											
<b>Balance as at January 1, 2023 (Audited)</b>	15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,824,784)	12,494,426	10,669,662	33,091,551	57	70,614,203
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	-	-	-	-	-	7,659,507	134	7,659,641
<b>Other comprehensive income - net of tax</b>												
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	-	-	-	-	-	(134,010)	-	(134,010)	-	-	(134,010)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	(253,356)	(253,356)	-	-	(253,356)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(275,651)	(275,651)	-	-	(275,651)
Total other comprehensive income - net of tax	-	-	-	-	-	-	(134,010)	(529,007)	(663,017)	-	-	(663,017)
Transfer to statutory reserve	-	-	-	-	1,505,052	1,505,052	-	-	-	(1,505,052)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(71,804)	(71,804)	71,804	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(48,024)	-	-	(48,024)	-	-	-	-	-	(48,024)
<b>Transaction with owners, recorded directly in equity</b>												
Final cash dividend declared on February 23, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
<b>Balance as at June 30, 2023 (Un-audited)</b>	15,176,965	10,131	209,245	23,952	12,889,668	13,132,996	(1,958,774)	11,893,615	9,934,841	37,800,113	191	76,045,106
Profit after taxation for the period from July 1, 2023 to December 31, 2023	-	-	-	-	-	-	-	-	-	12,586,966	67	12,587,033
<b>Other comprehensive income - net of tax</b>												
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	-	-	-	-	-	5,307,803	-	5,307,803	-	-	5,307,803
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	41,660	-	41,660
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	115,990	115,990	-	-	115,990
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(115,991)	(115,991)	-	-	(115,991)
Total other comprehensive income - net of tax	-	-	-	-	-	-	5,307,803	(1)	5,307,802	41,660	-	5,349,462
Transfer to statutory reserve	-	-	-	-	2,504,136	2,504,136	-	-	-	(2,504,136)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(71,826)	(71,826)	71,826	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(20,944)	-	-	(20,944)	-	-	-	-	-	(20,944)
<b>Transaction with owners recorded directly in equity</b>												
1st Interim cash dividend declared on August 24, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
2nd Interim cash dividend declared on October 26, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
<b>Balance as at December 31, 2023 (Audited)</b>	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	3,349,029	11,821,788	15,170,817	44,961,035	258	90,925,263
Impact of adopting IFRS 9 as at January 1, 2024 - net of tax	-	-	-	-	-	-	(1,397,200)	-	(1,397,200)	(3,116,454)	-	(4,513,654)
<b>Restated balance as at January 1, 2024</b>	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	1,951,829	11,821,788	13,773,617	41,844,581	258	86,411,609
Profit after taxation for the half year ended June 30, 2024	-	-	-	-	-	-	-	-	-	13,561,142	27	13,561,169
<b>Other comprehensive income - net of tax</b>												
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI - net of tax	-	-	-	-	-	-	201,352	-	201,352	-	-	201,352
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	-	-	(1,285,048)	-	(1,285,048)	-	-	(1,285,048)
Total other comprehensive income - net of tax	-	-	-	-	-	-	(1,083,696)	-	(1,083,696)	-	-	(1,083,696)
Gain on sale of equity instruments classified as FVOCI - net of tax	-	-	-	-	-	-	(238,609)	-	(238,609)	238,609	-	-
Transfer to statutory reserve	-	-	-	-	1,326,634	1,326,634	-	-	-	(1,326,634)	-	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	(71,873)	(71,873)	71,873	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(20,943)	-	-	(20,943)	-	-	-	-	-	(20,943)
<b>Transaction with owners, recorded directly in equity</b>												
Final cash dividend declared on February 23, 2024 at Rs 2 per share	-	-	-	-	-	-	-	-	-	(3,035,394)	-	(3,035,394)
First interim cash dividend declared on April 25, 2024 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
<b>Balance as at June 30, 2024 (Un-audited)</b>	15,176,965	10,131	167,358	23,952	16,720,438	16,921,879	629,824	11,749,915	12,379,439	49,836,480	285	94,315,048

The annexed notes 1 to 43 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

# Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the half year ended June 30, 2024

	Note	June 30, 2024	June 30, 2023
----- Rupees '000 -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		26,337,916	15,253,475
Less: dividend income		(223,070)	(209,983)
Less: share of profit of associates		(182,117)	32,065
		<u>25,932,729</u>	<u>15,075,557</u>
<b>Adjustments:</b>			
Net profit / return income		(38,280,534)	(30,737,835)
Depreciation on owned property and equipment	32	1,431,867	978,874
Depreciation on right-of-use assets	32	996,712	948,966
Depreciation on non-banking assets	32	1,378	2,834
Amortisation of intangible assets	32	201,732	145,295
Workers welfare fund		536,618	335,503
Credit loss allowance against cash and balances with treasury banks	34	(346)	-
Credit loss allowance against Islamic financing and related assets	34	(774,346)	1,132,687
Credit loss allowance against investments	34	5,590	1,297,956
Credit loss allowance against other assets	34	(3,494)	2,326
Credit loss allowance against off balance sheet obligations	34	118,261	2,828
Unrealised gain - FVTPL		-	1,797
Gain on sale of property and equipment - net	31	(15,256)	(11,666)
Gain on termination of leases (IFRS 16)	31	(47,140)	-
Charge for defined benefit plan		176,694	(143,001)
(Income) / loss from derivative contracts		5,947	(116,342)
Bad debts written off directly	34	7,816	41,265
		<u>(35,638,501)</u>	<u>(26,118,513)</u>
		<u>(9,705,772)</u>	<u>(11,042,956)</u>
<b>Decrease / (increase) in operating assets</b>			
Due from financial institutions		-	(15,684,902)
Securities classified as FVTPL		(2,850,801)	(3,312,724)
Financing		(1,363,515)	(68,213,197)
Others assets (excluding advance taxation)		<u>1,860,583</u>	<u>(13,219,060)</u>
		<u>(2,353,733)</u>	<u>(100,429,883)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills Payable		1,202,998	(606,579)
Due to financial institutions		9,088,729	11,553,435
Deposits		55,596,293	126,337,302
Other liabilities (excluding current taxation)		<u>(7,877,475)</u>	<u>6,224,851</u>
		<u>58,010,545</u>	<u>143,509,009</u>
Income tax paid		(16,176,941)	(7,133,259)
Profit / return received		113,263,561	70,956,057
Profit / return paid		(79,489,378)	(47,079,511)
Contribution to gratuity fund		(176,694)	(180,344)
		<u>63,371,588</u>	<u>48,599,113</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in amortized cost securities		(1,165,511)	(372,289)
Net investments in securities classified as FVOCI		(35,634,847)	(9,747,157)
Net divestments / (investments) in associates		1,284,270	(660,515)
Dividends received		186,737	209,983
Investment in property and equipment		(5,566,229)	(2,104,635)
Investment in intangible assets		(254,353)	(281,409)
Disposal of property and equipment		16,472	12,780
		<u>(41,133,461)</u>	<u>(12,943,242)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets		(1,422,935)	(805,011)
Dividend paid		(11,191,378)	(1,493,075)
		<u>(12,614,313)</u>	<u>(2,298,086)</u>
<b>Net cash used in financing activities</b>			
		<u>(12,614,313)</u>	<u>(2,298,086)</u>
<b>Increase in cash and cash equivalents during the period</b>			
Cash and cash equivalents at the beginning of the period		9,623,814	33,357,785
Expected credit loss allowance on cash and cash equivalents		83,595,695	58,887,461
Effect of exchange rate changes on cash and cash equivalents		(4,896)	-
		<u>124,967</u>	<u>(1,633,926)</u>
		<u>83,715,766</u>	<u>57,253,535</u>
<b>Cash and cash equivalents at the end of the period</b>			
		<u><u>93,339,580</u></u>	<u><u>90,611,320</u></u>

The annexed notes 1 to 43 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### 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
- (iii) Faysal Islami Currency Exchange Company (Private) 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 Group is engaged in Shariah compliant modern Corporate, Commercial and Consumer banking activities. The Group is operating through 731 branches (December 31, 2023: 722 branches) including 2 sub-branches (December 31, 2023: 2 sub-branches).

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2023: 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, 2023: 'AA') and the short term rating as 'A1+' (December 31, 2023: 'A1+') on June 24, 2024 and June 28, 2024 respectively.

#### 1.1.2 Subsidiary Company - Faysal Islami Currency Exchange Company (Private) Limited

During the year, the Bank established a wholly owned subsidiary, Faysal Islami Currency Exchange Company (Private) Limited (FICEC). FICEC is a private limited company, incorporated in Pakistan with the objective of buying and selling foreign exchange. The registered office of FICEC is at ST-02, Faysal House, Shahrah-e-Faisal, Karachi.

#### 1.1.3 Subsidiary Company - Faysal Asset Management Limited

	Percentage of holding	
	June 30, 2024	December 31, 2023
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, Shahrah-e-Faisal, Karachi.

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

VIS Credit Rating Company Limited has assigned Asset Management rating of AM2++ to the Subsidiary Company.

### 2 BASIS OF PRESENTATION

2.1 The Group provides financing mainly through Murabaha, Musawammah, Istisna and other Islamic modes as briefly explained in note 6.5 to in the annual audited consolidated financial statements for the year ended December 31, 2023.

The purchases and sales arising under these arrangements are not reflected in these condensed consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Shariah Board of the Group.

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### 3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Bank and the financial statements of the Subsidiary Companies from the date from which control of the Subsidiary Companies by the Group commences until the date on which control ceases. The financial statements of the Subsidiary Companies 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 Companies in the consolidated financial statements.

The financial statements of the Subsidiary Companies 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. The accounting and reporting standards applicable in Pakistan 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 IFRS 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 Group 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 June 30, 2024, the Group has adjusted amortisation of intangible assets net of tax amounting to Rs. 20.943 million (period ended June 30, 2023: Rs. 48.024 million) from the NCR.
- 4.3 These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual audited consolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 2 of 2023 dated February 9, 2023 and IAS 34 and should be read in conjunction with the annual consolidated financial statements for the financial year ended December 31, 2023.
- 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 new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on January 1, 2024 but are considered not to be relevant or do not have any significant effect on the Group's operations except for the implementation of IFRS 9 Financial Instruments as detailed in note 5.1.
- 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:

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### Effective date (annual periods beginning on or after)

Amendments to IAS 21- Lack of Exchangeability

January 1, 2025

The above amendments are not expected to have any material impact on the condensed interim consolidated financial statements of the Group.

- 4.5.2** As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at June 30, 2024 are as follows:

<b>Assets</b>	<b>Note</b>	--- Rupees in '000 ---
Investments		1,075,689
Financing - net		829,678
<b>Liabilities</b>		
Deposits and other accounts		3,895,138
Other Liabilities	26.1	1,304,194

All efforts are being put in to convert or dispose-off the residual portfolio and appropriate monitoring mechanisms are in place. Quarterly progress report on the status of the residual portfolio is shared with the Bank's Board of Directors, the Shariah Board and the State Bank of Pakistan.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in preparation of these condensed interim consolidated financial statements are the same as applied in the preparation of annual consolidated financial statements of the Group for the year ended December 31, 2023 except for the following:

### 5.1 IFRS 9 - Financial Instruments

During the period, as directed by the SBP vide its BPRD Circular No. 07 of 2023 dated April 13, 2023, IFRS 9: 'Financial Instruments' (the Standard) became applicable to the Bank. To ensure smooth and consistent implementation of the standard across banks, SBP had previously issued detailed instructions in BPRD Circular No. 03 of 2022 dated July 05, 2022.

The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at January 1, 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9. The accounting policies applicable to the 2023 presented information is consistent with the policies mentioned in the annual audited financial statements for the year ended December 31, 2023.

SBP vide its BPRD Circular Letter No. 16 of 2024 dated July 29, 2024 have made certain amendments and extended timelines of application instructions for certain areas where the banking industry has sought more time. These amendments and relaxations include modification accounting for financial assets and liabilities as per the standard and recording and treatment of staff financing and other financings given at reduced rates with effect from October 1, 2024. Further, the banks have been asked to use existing practices of recordings of profit/return income using effective yield rate and ensure full recognition from October 1, 2024, this in turn also effects the reduced rate financing and modified assets accounting. Moreover, SBP have allowed an extension to Banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date. In addition the banks have also been allowed to continue existing practice of valuing unquoted equity investment at their cost or breakup value, whichever is lower, till December 31, 2024 and perform fair valuation of these securities afterwards.

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

The effect of this change in accounting policy is as follows:

Financial Assets / Liabilities	Previous classification	Classification under IFRS 9	Balances as of December 31, 2023 (Audited)	Impact due to				Balances as of January 01, 2024			
				Change in classification	Remeasurements	Reversal of provisions held	Recognition of expected credit losses (ECL)		Total impact - gross of tax	Taxation	Total impact - net of tax
Cash and balances with treasury banks	Loans and receivables	Amortised Cost	84,036,564	-	-	(5,240)	(5,240)	84,031,324	-	(5,240)	1,812,595
Balances with other banks	Loans and receivables	Amortised Cost	1,812,597	-	-	(2)	(2)	-	-	-	-
Due from financial institutions	Loans and receivables	Amortised Cost	-	-	-	-	-	-	-	-	-
Investments *											
Held for trading	HFT	FVTPL	3	8,752,287	-	-	8,752,287	-	-	-	8,752,280
Available for sale	AFS	FVOCI	579,769,724	(6,752,287)	(39,854)	(901,167)	(6,993,308)	570,076,426	(9,693,308)	(6)	570,076,426
Held to maturity	HTM	Amortised Cost	6,765,570	-	-	(6)	(6)	6,765,564	-	-	6,765,564
Associates and subsidiaries	Cost	Cost	3,419,532	-	-	-	-	3,419,532	-	-	3,419,532
Islamic financing and related assets *	Loans and receivables	Amortised Cost	960,711,316	-	20,050,262	(27,897,279)	(7,847,017)	572,864,299	-	(7,847,017)	572,864,299
Property and equipment	Outside the scope of IFRS 9		29,625,390	-	-	-	-	29,625,390	-	-	29,625,390
Right-of-use assets	Outside the scope of IFRS 9		10,771,515	-	-	-	-	10,771,515	-	-	10,771,515
Intangible assets	Outside the scope of IFRS 9		2,452,387	-	-	-	-	2,452,387	-	-	2,452,387
Other assets											
Financial other assets	Loans and receivables	Amortised Cost	66,890,840	-	-	(3,657)	(3,657)	66,887,183	-	(3,657)	66,887,183
Non financial other assets	Outside the scope of IFRS 9		4,479,334	-	-	-	-	4,479,334	-	-	4,479,334
Forward foreign exchange contracts	Fair value	FVTPL	550,232	-	-	-	-	550,232	-	-	550,232
			1,371,284,914	-	(39,854)	(28,807,351)	(8,796,943)	1,362,467,971	-	(8,796,943)	1,362,467,971
Bills payable	Cost	Amortised Cost	16,550,469	-	-	-	-	16,550,469	-	-	16,550,469
Due to financial institutions	Cost	Amortised Cost	166,896,803	-	-	-	-	166,896,803	-	-	166,896,803
Deposits and other accounts	Cost	Amortised Cost	1,018,264,979	-	-	-	-	1,018,264,979	-	-	1,018,264,979
Lease liabilities	Outside the scope of IFRS 9		12,865,125	-	-	-	-	12,865,125	-	-	12,865,125
Deferred tax liabilities	Outside the scope of IFRS 9		4,940,115	-	-	-	-	4,940,115	(4,336,645)	-	603,470
Other liabilities											
Financial other liabilities	Cost	Amortised Cost	54,656,059	-	-	53,356	53,356	54,709,414	-	53,356	54,709,414
Non financial other liabilities	Outside the scope of IFRS 9		3,874,561	-	-	-	-	3,874,561	-	-	3,874,561
Derivatives, forward foreign exchange	Fair value	FVTPL	2,321,541	-	-	-	-	2,321,541	-	-	2,321,541
			1,280,359,651	-	-	53,356	53,356	1,280,713,007	(4,336,645)	(4,283,289)	1,276,076,362
Net/Assets			90,925,263	-	(39,854)	(28,860,707)	(8,850,299)	86,411,609	4,336,645	(4,513,654)	86,411,609
REPRESENTED BY											
Share capital	Outside the scope of IFRS 9		15,176,965	-	-	-	-	15,176,965	-	-	15,176,965
Reserves	Outside the scope of IFRS 9		15,616,188	-	-	-	-	15,616,188	-	-	15,616,188
Surplus on revaluation of assets - net			15,170,817	(794,192)	(1,945,411)	-	(2,739,603)	13,779,617	1,342,403	(1,397,200)	13,779,617
Unappropriated profit			44,961,035	794,192	1,905,557	(28,860,707)	(6,110,896)	41,844,581	2,394,242	(3,116,454)	41,844,581
Non-controlling interest			258	-	-	-	-	258	-	-	258
			90,925,263	-	(39,854)	(28,860,707)	(8,850,299)	86,411,609	4,336,645	(4,513,654)	86,411,609

\* This includes management overlay of Rs. 3,607,544 million in Stage 2 ECL.



# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### 5.1.1 Impact on regulatory capital

In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. The transitional arrangement applies only to provisions for stage 1 and stage 2 financial assets. The transitional arrangement must adjust CET1 capital.

Had IFRS 9 not been applied then CAR would have been higher by 12 bps from 19.06% to 19.18%.

The Group has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then CAR would have been higher by 8 bps from 19.06% to 19.14%. In June 2024, ECL for Stage 1 and Stage 2 decreased due to which IFRS 9 transitional benefit has been compromised.

The Group has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then Leverage Ratio would have been lower by 17 bps from 4.96% to 4.79%.

### 5.1.2 Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss regardless of the business model in which they are held.

#### Recognition / derecognition and initial measurement

Trade receivable and debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

The policy for derecognition of financial assets and liabilities are consistent with the annual consolidated financial statements of the Group for the year ended December 31, 2023.

#### Classification of Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. A debt instrument is measured at FVOCI only if the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different basis. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.

#### Classification of Financial Liabilities

Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognized in profit and loss account. Financial liabilities classified at amortized cost are initially recorded at their fair value and subsequently measured using the effective yield rate method. Profit expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

derecognition is also recognised in profit and loss.

### 5.1.3 Business model assessment

A financial asset is classified as either Held to collect, Held to collect and sale and Others based on Business model assessment. The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, historical sales information etc.

### 5.1.4 Assessment of whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

The Bank assesses whether the contractual cash flows of a financial asset meet the Solely Payments of Principal and Interest (SPPI) criterion by examining the contractual terms. This includes checking for terms that could alter the amount and timings of cash flows, such as contingent events, leverage, or prepayment features, etc.

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

For fixed-rate financings with periodic profit rate resets, the Bank considers these SPPI-compliant as the revised rates reflect time value, credit risk, and other associated risks.

### 5.1.5 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Profit and impairment are recognised in profit or loss.
<b>Debt investments at FVOCI Financial assets at amortised cost</b>	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Profit income is calculated using the effective yield method and includes amortization of premiums and accretion of discount and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss account.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.

### 5.1.6 Modification

#### Financial assets

The Bank renegotiates or otherwise modifies the contractual cash flows of financing to its customers. If the cash flows are substantially different, the Bank derecognizes the original asset and recognizes a new financial asset at fair value, plus any eligible transaction costs.

If a financial asset measured at amortized cost or FVOCI is modified but not derecognized, the bank recalculates its gross carrying amount using the original effective yield rate, with the adjustment recognized as a modification gain or loss in profit or loss.

#### Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. If the new cash flows are significantly different, the bank derecognizes the old liability and recognizes a new one at fair value, with the difference between the old carrying amount and new fair value recorded in profit and loss.

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 5.1.7 Impairment

The impairment requirements apply to financial assets measured at amortized cost and FVOCI (other than equity instruments), lease receivables, and certain financing commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets where 12-month ECL is recognized are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'. Under the SBP's instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency.

Based on the requirements of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment considering the following key elements:

PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).

EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.

LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

Under SBP's instructions, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level for Corporate / Commercial / SME financing and at a segment / product basis for retail portfolio.

## 5.1.8 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

A financial asset is transitioned to a backward stage in line with SBP instructions.

## 5.1.9 Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring multiple functions to effectively work together to ensure input from all business lines. The Risk Department defines the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department also take the ownership of the impact of ECL on bank's capital.

The Bank's Finance Division performs ECL calculation. As a result, the department then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios.

As per the Bank's policy, the Bank's Internal Audit function carries out periodic review of IFRS 9 methodology and impacts calculated by the Management.

## 5.2 Revised format of condensed interim financial statements

The State Bank of Pakistan (SBP) through its BPRD Circular No. 02 dated February 9, 2023 and BPRD Circular Letter No. 07 of 2023 dated April 13, 2023 has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly and half yearly financial statements on the revised format effective from accounting year starting from January 1, 2024. Accordingly, the Bank has prepared these condensed interim consolidated financial statements on the new format prescribed by the SBP.

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

The adoption of revised format has resulted in following significant changes:

Right-of-use-assets (note 15) amounting to Rs 10,930.907 million (December 31, 2023: Rs 10,771.515 million) which were previously shown as part of fixed assets are now shown separately on the consolidated statement of financial position.

Lease liabilities (note 21) amounting to Rs 13,390.454 million (December 31, 2023: Rs 12,865.125 million) which were previously shown as part of other liabilities (note 23) are now shown separately on the consolidated statement of financial position.

### 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 costs) and depreciated over the respective lease terms.

### 7 FUNCTIONAL AND PRESENTATION CURRENCY

7.1 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.

7.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

### 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 Group for the year ended December 31, 2023 except for measurement of the expected credit loss allowance.

### 9 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2023.

### 10 CASH AND BALANCES WITH TREASURY BANKS

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
In hand			
local currency		23,522,038	18,287,512
foreign currencies		2,129,262	1,716,544
		25,651,300	20,004,056
With State Bank of Pakistan in			
local currency current accounts		50,212,491	47,120,181
foreign currency current accounts		2,484,195	2,684,723
foreign currency deposit accounts		4,062,779	4,323,955
		56,759,465	54,128,859
With National Bank of Pakistan in			
local currency current accounts		9,932,611	9,902,199
Prize bonds	10.1	8	1,450
Less: Credit loss allowance		(4,894)	-
Cash and balances with treasury banks - net of credit loss allowance		<u>92,338,490</u>	<u>84,036,564</u>

10.1 These represent the notional prize bonds received from customers for onward surrendering to SBP. The Group as in the matter of Shariah principle, does not deal in prize bonds.

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

11 BALANCES WITH OTHER BANKS	Un-audited June 30, 2024	Audited December 31, 2023
	----- Rupees '000 -----	
In Pakistan		
in current accounts	326,735	10,251
in saving accounts	86	96
Outside Pakistan		
in current account	3,299,628	1,802,160
Less: Credit loss allowance	(2)	-
Balances with other banks - net of credit loss allowance	<u>3,626,447</u>	<u>1,812,507</u>

12 INVESTMENTS	Note	Un-audited June 30, 2024			
12.1 Investments by type:		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
		----- Rupees '000 -----			
<b>FVTPL</b>					
Federal Government securities		2,850,804	-	-	2,850,804
		2,850,804	-	-	2,850,804
<b>FVOCI</b>					
Federal Government securities		561,313,297	-	(585,023)	560,728,274
Shares		2,378,477	-	(567,545)	1,810,932
Non Government debt securities		47,570,932	(1,416,898)	2,386,928	48,540,962
		611,262,706	(1,416,898)	1,234,360	611,080,168
<b>Amortised Cost</b>					
Federal Government securities		150,000	-	-	150,000
Non Government debt securities		9,190,475	(1,418,550)	-	7,771,925
		9,340,475	(1,418,550)	-	7,921,925
<b>Associates *</b>	12.5	2,317,379	-	-	2,317,379
<b>Total Investments</b>		<u>625,771,364</u>	<u>(2,835,448)</u>	<u>1,234,360</u>	<u>624,170,276</u>
		----- Rupees '000 -----			
		Audited December 31, 2023			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		----- Rupees '000 -----			
<b>Held-for-trading securities</b>					
Shares		3	-	-	3
		3	-	-	3
<b>Available-for-sale securities</b>					
Federal Government securities		522,195,325	-	1,949,879	524,145,204
Shares		5,514,707	(1,905,557)	2,245,115	5,854,265
Non Government debt securities		47,917,827	(519,291)	2,371,729	49,770,265
		575,627,859	(2,424,848)	6,566,723	579,769,734
<b>Held-to-maturity securities</b>					
Non Government debt securities		8,174,964	(1,409,394)	-	6,765,570
<b>Associates *</b>	12.5	3,419,532	-	-	3,419,532
<b>Total Investments</b>		<u>587,222,358</u>	<u>(3,834,242)</u>	<u>6,566,723</u>	<u>589,954,839</u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
<b>12.2 Investments given as collateral - at market value</b>		
<b>Federal Government Securities</b>		
Ijarah Sukuk	52,454,600	73,587,500
<b>12.3 Credit loss allowance for diminution in value of investments</b>		
Opening balance	3,834,242	3,284,350
Impact of adopting IFRS 9 as at January 1, 2024	(1,004,384)	-
Restated balance as at January 1, 2024	2,829,858	3,284,350
Charge / reversals		
Charge for the year	7,511	1,811,871
Reversals for the year	(1,921)	(58,113)
Reversals on disposals	-	(1,203,866)
	5,590	549,892
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	2,835,448	3,834,242

**12.4 Particulars of credit loss allowance against debt securities**

		Un-audited June 30, 2024		Audited December 31, 2023	
		Outstanding amount	Credit loss allowance	Non- performing investments	Provision
----- Rupees '000 -----					
<b>Domestic</b>					
Performing	Stage 1	615,082,835	28,793	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		1,215,105	879,891	-	-
Doubtful		-	-	-	-
Loss		1,926,764	1,926,764	(1,928,685)	(1,928,685)
		3,141,869	2,806,655	(1,928,685)	(1,928,685)
Total		618,224,704	2,835,448	(1,928,685)	(1,928,685)

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 12.5 Movement of investment in associates

As at June 30, 2024 - Un-audited						
Country of incorporation	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit / (loss)	Dividend received	Investment at the end of the year
		Rupees '000				
%						
<b>Associates</b>						
Faysal Islamic Pension Fund - Debt	Pakistan	61.20	40,178	-	3,682	43,860
Faysal Islamic Pension Fund - Equity	Pakistan	89.93	43,254	-	8,787	52,041
Faysal Halal Amdani Fund	Pakistan	0.20	1,560,101	(946,967)	4,278	613,175
Faysal Islamic Sovereign Fund - FISF - I	Pakistan	14.03	3,046	743,429	46,431	749,938
Faysal Islamic Pension Fund - Money Market	Pakistan	17.50	40,893	-	3,773	44,666
Faysal Islamic Savings Growth Fund	Pakistan	17.17	-	574,145	(1,815)	556,874
Faysal Islamic Special Income Fund - FISIP - I	Pakistan	60.37	1,702	74,444	5,931	75,895
Faysal Islamic Stock Fund	Pakistan	17.17	125,253	(145,695)	20,442	-
Faysal Pension Fund - Debt	Pakistan	87.72	39,562	-	3,433	42,995
Faysal Pension Fund - Equity	Pakistan	89.89	42,204	-	9,721	51,925
Faysal Pension Fund - Money Market	Pakistan	74.59	39,972	-	3,907	43,879
Faysal Special Savings Fund - FSSP - I	Pakistan	83.67	13,170	(12,800)	642	954
Faysal Islamic Financial Growth Fund - FIFGP - I	Pakistan	0.04	114,230	(115,665)	8,485	2,987
Faysal Islamic KPK Government Pension Fund - Money Market Sub Fund	Pakistan	99.05	30,201	-	2,765	32,966
Faysal Islamic KPK Government Pension Fund - Equity Sub Fund	Pakistan	100.00	503	-	47	550
Faysal Islamic KPK Government Pension Fund - Debt Sub Fund	Pakistan	100.00	503	-	48	551
Faysal Islamic KPK Government Pension Fund - Equity Index Sub Fund	Pakistan	100.00	503	-	49	552
Faysal Special Savings Fund - FSSP - II	Pakistan	-	12,672	(12,240)	808	-
Faysal Special Savings Fund - FSSP - III	Pakistan	-	15,739	(16,754)	1,015	-
Faysal Stock Fund	Pakistan	-	6,845	(7,317)	472	-
Faysal Financial Sector Opportunity Fund	Pakistan	0.00	-	1	-	1
Faysal Islamic Cash Fund	Pakistan	-	-	-	116	(116)
Faysal MTS Fund	Pakistan	0.00	-	-	-	-
Faysal Islamic Sovereign Plan - II	Pakistan	0.01	-	(3,683)	4,171	486
Faysal Islamic Savings Growth Fund	Pakistan	-	1,289,001	(1,306,493)	54,831	37,339
Faysal Islamic Mehdood Muddat Plan - I	Pakistan	0.10	-	3,081	98	3,084
			<u>3,419,532</u>	<u>(1,172,514)</u>	<u>182,117</u>	<u>(111,756)</u>
						<u>2,317,379</u>

As at December 31, 2023 - Audited						
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 year
		Rupees '000				
%						
<b>Associates</b>						
Faysal Government Securities Fund	Pakistan	-	97,449	(97,449)	-	-
Faysal Islamic Pension Fund - Debt	Pakistan	69.89	33,633	-	6,545	40,178
Faysal Islamic Pension Fund - Equity	Pakistan	92.23	28,439	-	14,815	43,254
Faysal Halal Amdani Fund	Pakistan	3.66	-	1,550,000	13,092	1,560,101
Faysal Islamic Sovereign Fund - FISF - I	Pakistan	0.01	-	2,987	14,717	3,046
Faysal Islamic Pension Fund - Money Market	Pakistan	28.81	33,639	-	7,254	40,893
Faysal Islamic Savings Growth Fund	Pakistan	52.64	844,471	400,555	56,290	1,289,001
Faysal Islamic Special Income Fund - FISIP - I	Pakistan	5.02	107,601	(105,972)	82	1,702
Faysal Islamic Stock Fund	Pakistan	28.62	96,437	18,072	10,744	125,253
Faysal Pension Fund - Debt	Pakistan	87.02	33,215	-	6,347	39,562
Faysal Pension Fund - Equity	Pakistan	89.89	27,905	-	14,299	42,204
Faysal Pension Fund - Money Market	Pakistan	71.21	33,791	-	6,181	39,972
Faysal Savings Growth Fund	Pakistan	-	720,379	(720,379)	-	-
Faysal Special Savings Fund - FSSP - I	Pakistan	98.72	-	12,083	1,087	13,170
Faysal Islamic Financial Growth Fund - FIFGP - I	Pakistan	28.72	-	106,350	9,486	114,230
Faysal Islamic KPK Government Pension Fund - Money Market Sub Fund	Pakistan	100.00	-	30,000	201	30,201
Faysal Islamic KPK Government Pension Fund - Equity Sub Fund	Pakistan	100.00	-	500	3	503
Faysal Islamic KPK Government Pension Fund - Debt Sub Fund	Pakistan	99.96	-	500	3	503
Faysal Islamic KPK Government Pension Fund - Equity Index Sub Fund	Pakistan	100.00	-	500	3	503
Faysal Special Savings Fund - FSSP - II	Pakistan	0.31	-	11,499	1,173	12,672
Faysal Special Savings Fund - FSSP - III	Pakistan	75.27	108,161	(93,792)	1,370	15,739
Faysal Stock Fund	Pakistan	11.16	264,353	(255,102)	(2,406)	6,845
			<u>2,429,473</u>	<u>860,352</u>	<u>161,286</u>	<u>(31,579)</u>
						<u>3,419,532</u>

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 13 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non performing		Total	
	Un-audited June 30, 2024	Audited December 31, 2023	Un-audited June 30, 2024	Audited December 31, 2023	Un-audited June 30, 2024	Audited December 31, 2023
	Rupees '000					
<b>Murabaha financing and related assets</b>						
Murabaha financing	41,709,357	38,284,881	88,175	166,424	41,797,532	38,451,305
Advance against Murabaha financing	5,099,785	3,219,979	5,000	5,000	5,104,785	3,224,979
Inventory related to Murabaha	1,591,408	2,174,051	-	-	1,591,408	2,174,051
	48,400,550	43,678,911	93,175	171,424	48,493,725	43,850,335
<b>Running Musharaka financing</b>						
Running Musharaka	182,026,208	195,753,370	-	545,166	182,026,208	196,298,536
<b>Istisna financing and related assets</b>						
Istisna	41,549,529	36,501,975	1,348,278	551,792	42,897,807	37,053,767
Advance against Istisna	21,236,021	30,317,852	162,566	172,166	21,398,587	30,490,018
Inventory related to Istisna	16,959,266	7,382,419	25,600	-	16,984,866	7,382,419
	79,744,816	74,202,246	1,536,444	723,958	81,281,260	74,926,204
<b>Tijarah financing and related assets</b>						
Tijarah	2,739,778	2,455,035	320,222	316,722	3,060,000	2,771,757
Advance against Tijarah	1,047,050	766,202	-	-	1,047,050	766,202
Inventory related to Tijarah	1,165,564	4,136,549	-	3,500	1,165,564	4,140,049
	4,952,392	7,357,786	320,222	320,222	5,272,614	7,678,008
<b>Musawamah financing and related assets</b>						
Musawamah	3,366,109	2,788,837	134,168	100,516	3,500,277	2,889,353
Advance against Musawamah	1,317	4,190	-	-	1,317	4,190
Inventory related to Musawamah	-	7,408	-	-	-	7,408
	3,367,426	2,800,435	134,168	100,516	3,501,594	2,900,951
<b>Salam financing and related assets</b>						
Salam	100,000	100,000	1,200	1,200	101,200	101,200
Advance against Salam	11,505,000	9,850,771	-	-	11,505,000	9,850,771
	11,605,000	9,950,771	1,200	1,200	11,606,200	9,951,971
<b>Diminishing Musharaka financing and related assets</b>						
Diminishing Musharaka	215,443,710	210,560,169	6,801,992	5,624,139	222,245,702	216,184,308
Advanced against Diminishing Musharaka	10,544,538	10,225,549	35,000	97,500	10,579,538	10,323,049
	225,988,248	220,785,718	6,836,992	5,721,639	232,825,240	226,507,357
<b>Wakala Istithmar financing and related assets</b>						
Wakala Istithmar	6,302,669	6,302,669	-	-	6,302,669	6,302,669
	6,302,669	6,302,669	-	-	6,302,669	6,302,669
<b>Tawwaruq</b>						
Advance against Islamic export refinance	15,773,442	13,673,003	108,410	98,423	15,881,852	13,771,426
	-	2,414,376	-	-	-	2,414,376
<b>Musharaka</b>	12,919	27,534	1,207	722	14,126	28,256
<b>Bai salam</b>	148,070	277,076	-	-	148,070	277,076
<b>Islamic financing and related assets - Gross</b>	578,321,740	577,223,895	9,031,818	7,683,270	587,353,558	584,907,165
Other financing	952,139	478,042	13,985,714	15,376,371	14,937,853	15,854,413
Gross Financing	579,273,879	577,701,937	23,017,532	23,059,641	602,291,411	600,761,578
<b>Credit loss allowance against financing</b>						
Stage 1	(1,992,098)	-	-	-	(1,992,098)	-
Stage 2	(4,075,801)	-	-	-	(4,075,801)	-
Stage 3	-	-	(20,939,170)	-	(20,939,170)	-
Specific provision	-	-	-	(19,172,592)	-	(19,172,592)
General provision	-	(877,670)	-	-	-	(877,670)
	(6,067,899)	(877,670)	(20,939,170)	(19,172,592)	(27,007,069)	(20,050,262)
Financing - net of credit loss allowance	573,205,980	576,824,267	2,078,362	3,887,049	575,284,342	580,711,316



Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
<b>13.1</b>	Murabaha receivable - gross	13.1.2 43,044,734	39,623,889
	Less: Deferred murabaha income	13.1.3 (285,491)	(29,223)
	Profit receivable shown in other assets	(961,711)	(1,143,361)
	Murabaha financings	13.1.1 41,797,532	38,451,305
<b>13.1.1</b>	The movement in Murabaha financing during the period / year is as follows:		
	Opening balance	38,451,305	10,837,970
	Sales during the period / year	92,300,274	218,668,554
	Adjusted during the period / year	(88,954,047)	(191,055,219)
	Closing balance	41,797,532	38,451,305
<b>13.1.2</b>	Murabaha sale price	43,044,734	39,623,889
	Murabaha purchase price	(41,797,532)	(38,451,305)
		1,247,202	1,172,584
<b>13.1.3</b>	Deferred murabaha income		
	Opening balance	29,223	350,063
	Arising during the period / year	3,102,828	4,874,300
	Less: recognised during the period / year	(2,846,560)	(5,195,140)
	Closing balance	285,491	29,223
<b>13.2</b>	<b>Particulars of Islamic financing and related assets (gross)</b>		
	in local currency	599,917,283	599,815,539
	in foreign currencies	2,374,128	946,039
		602,291,411	600,761,578
<b>13.3</b>	Islamic financing and related assets include Rs. 23,017.532 million (December 31, 2023: Rs. 23,059.641 million) which have been placed under non-performing / Stage 3 status as detailed below:		

Category of classification	Un-audited June 30, 2024		Audited December 31, 2023	
	Non-performing financing	Credit loss allowance	Non-performing financing	Provision held
----- Rupees '000 -----				
<b>Domestic</b>				
other assets especially mentioned	208,971	7,119	204,748	448
substandard	861,747	412,664	883,657	104,142
doubtful	654,504	370,181	670,909	170,824
loss	21,292,310	20,149,206	21,300,327	18,897,178
Total	23,017,532	20,939,170	23,059,641	19,172,592

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 13.4 Particulars of credit loss allowance against Islamic financing and related assets

	Un-audited						Audited		
	June 30, 2024						December 31, 2023		
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
	Rupees '000								
Opening balance	-	-	-	19,172,592	877,670	20,050,262	18,557,417	771,609	19,329,026
Impact of adopting IFRS 9 as at January 1, 2024	1,962,501	4,928,994	21,005,784	(19,172,592)	(877,670)	7,847,017	-	-	-
Restated balance as at January 1, 2024	1,962,501	4,928,994	21,005,784	-	-	27,897,279	18,557,417	771,609	19,329,026
Exchange adjustment	-	-	(9,362)	-	-	(9,362)	132,838	-	132,838
Charge for the period / year	29,597	-	1,140,550	-	-	1,170,147	1,960,357	106,061	2,066,418
Reversals during the period / year	-	(853,193)	(1,091,300)	-	-	(1,944,493)	(1,338,179)	-	(1,338,179)
	29,597	(853,193)	49,250	-	-	(774,346)	622,178	106,061	728,239
Amounts written off	-	-	(106,502)	-	-	(106,502)	(139,841)	-	(139,841)
Closing balance	1,992,098	4,075,801	20,939,170	-	-	27,007,069	19,172,592	877,670	20,050,262

**13.4.1** Credit loss allowance for Stage 1 and Stage 2 represents credit loss allowance maintained against performing portfolio as required under IFRS 9.

**13.4.2** As allowed by the SBP, the Group has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,425.880 million (December 31, 2023: Rs 2,457.777 million) relating to financing while determining the provisioning requirement against non-performing financing as at June 30, 2024. The additional profit arising from availing the FSV benefit (net of tax) as at June 30, 2024 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,237.199 million (December 31, 2023: Rs 1,253.466 million).

**13.4.3** During the period, non performing financing and credit loss allowance were reduced by Rs 52.000 million (December 31, 2023: Rs 114.000 million) due to debt property swap transactions.

**13.4.4** A management overlay of Rs. 2,091.012 million has been made in Stage 2 ECL for specific borrowers within certain sectors arising from specific macroeconomic variables, such as energy, depressed demand and escalating financial stress, which have significantly affected those sectors. These factors are not fully captured in the modelled outcomes. The Holding Company will continuously assess the appropriateness of this overlay in light of the evolving situation.

## 13.5 Islamic financing and related assets - Particulars of credit loss allowance

	Un-audited		
	June 30, 2024		
	Stage 1	Stage 2	Stage 3
	Rupees '000		
Opening balance	-	-	21,005,784
Impact of adopting IFRS 9 as at January 1, 2024	1,962,501	4,928,994	-
Restated balance as at January 1, 2024	1,962,501	4,928,994	21,005,784
New Financing / Increase	346,776	255,290	467,682
Financing derecognised or repaid	(201,661)	(215,997)	(1,091,300)
Transfer to stage 1	-	-	-
Transfer to stage 2	(105,532)	105,532	(830)
Transfer to stage 3	(14,425)	(659,273)	673,698
	25,158	(514,448)	49,250
Amounts written off / charged off	-	-	(106,502)
Change in risk parameters	4,439	(338,745)	-
Exchange adjustment	-	-	(9,362)
Closing balance	1,992,098	4,075,801	20,939,170

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

13.6 Islamic financing and related assets - Category of classification

		Un-audited		Audited	
		June 30, 2024		December 31, 2023	
		Outstanding amount	Credit loss allowance	Outstanding amount	Provision
----- Rupees '000 -----					
<b>Domestic</b>					
Performing	Stage 1	431,722,980	1,992,098	577,701,937	877,670
Underperforming	Stage 2	147,550,899	4,075,801	-	-
Non-Performing					
Other assets especially mentioned	Stage 3	208,971	7,119	204,748	448
Substandard	Stage 3	861,747	412,664	883,657	104,142
Doubtful	Stage 3	654,504	370,181	670,909	170,824
Loss	Stage 3	21,292,310	20,149,206	21,300,327	18,897,178
Total		<u>602,291,411</u>	<u>27,007,069</u>	<u>600,761,578</u>	<u>20,050,262</u>

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			

14 PROPERTY AND EQUIPMENT

Capital work-in-progress	14.1	4,204,955	4,115,708
Property and equipment		29,532,914	25,509,672
		<u>33,737,869</u>	<u>29,625,380</u>

14.1 Capital work-in-progress

Civil works	781,922	266,236
Equipment	2,380,301	2,968,971
Furniture and fixture	497,546	299,479
Vehicles	14,103	16,824
Building	531,083	564,198
	<u>4,204,955</u>	<u>4,115,708</u>

	Un-audited For the half year ended June 30, 2024	June 30, 2023
----- Rupees '000 -----		

14.2 Additions to property and equipment

The following additions have been made to property and equipment during the period:

<b>Capital work-in-progress - net</b>	89,247	2,096,643
<b>Property and equipment</b>		
Freehold land	171,559	-
Leasehold land	402,000	27,500
Building on freehold land	60,356	-
Building on leasehold land	271,376	139,135
Furniture and fixture	161,583	294,551
Electrical, office and computer equipment	3,656,811	1,005,532
Vehicles	70,955	31,602
Leasehold improvements	682,342	764,010
	<u>5,476,982</u>	<u>2,262,330</u>
Total	<u>5,566,229</u>	<u>4,358,973</u>

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 14.3 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

	Un-audited For the half year ended	
	June 30, 2024	June 30, 2023
	----- Rupees '000 -----	
Furniture and fixture	-	12
Electrical, office and computer equipment	532	1,428
Vehicles	574	-
Leasehold improvements	110	199
Total	<u>1,216</u>	<u>1,639</u>

Note	Un-audited June 30, 2024	Audited December 31, 2023
	----- Rupees '000 -----	

## 15 RIGHT-OF-USE ASSETS

	Buildings	Buildings
Opening balance		
Cost	18,790,212	16,462,619
Accumulated depreciation	8,018,697	6,056,045
Net carrying amount	<u>10,771,515</u>	<u>10,406,574</u>
Additions during the period / year	1,328,399	2,435,801
Modifications during the period / year	16,887	21,292
Deletions during the period / year	(189,182)	(129,500)
Depreciation charge for the period / year	(996,712)	(1,962,652)
Net carrying amount	<u>10,930,907</u>	<u>10,771,515</u>

## 16 INTANGIBLE ASSETS

Capital work-in-progress	567,507	799,929
Computer softwares	1,462,182	-
Customer relationship	328,150	-
Management rights	114,600	-
	<u>1,904,932</u>	<u>1,652,458</u>
Total	<u>2,472,439</u>	<u>2,452,387</u>

### 16.1 Capital work-in-progress

Computer software	567,507	799,929
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	Un-audited For the half year ended	
	June 30, 2024	June 30, 2023
	----- Rupees '000 -----	

### 16.2 Additions to intangible assets

The following additions have been made to intangible assets during the period:

Computer software - directly purchased	486,775	223,061
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# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
<b>17 OTHER ASSETS</b>			
Profit / return accrued in local currency		49,748,512	44,142,282
Profit / return accrued in foreign currencies		62,764	82,278
Advances, deposits, advance rent and other prepayments		2,489,874	1,814,503
Non-banking assets acquired in satisfaction of claims		944,522	929,659
Mark to market gain on forward foreign exchange contracts		15,883	550,232
Acceptances	23	8,414,759	13,152,356
Credit cards and other products fee receivable		1,822,676	1,235,999
Receivable from brokers against sale of shares		-	89,252
Dividend receivable		111,681	75,348
Receivable from 1Link (Private) Limited		3,448,568	4,407,978
Deferred fair value loss	17.1	3,139,855	-
Rebate receivable - net		313,476	280,127
Receivable from defined benefit plan asset		-	89,545
Others		4,402,610	3,664,638
		<u>74,915,180</u>	<u>70,514,197</u>
Less: Credit loss allowance held against other assets	17.2	<u>(329,126)</u>	<u>(328,963)</u>
Other assets - net of credit loss allowance		74,586,054	70,185,234
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,734,105	1,735,172
Other assets - total		<u><u>76,320,159</u></u>	<u><u>71,920,406</u></u>

**17.1** This amount represents deferred fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its circular BPRD/BRD/PIAHCL/733688-2024 dated August 01, 2024 has allowed staggering of such fair value impact over a period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6, accordingly, the Bank has amortized 5% in the current year.

	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
<b>17.2 Credit loss allowance held against other assets</b>		
Dividend receivable	74,342	75,348
Receivable from customers	51,172	50,473
Security deposits	22,994	22,994
Acceptances	2,796	-
Others	177,822	180,148
	<u>329,126</u>	<u>328,963</u>

## 17.2.1 Movement in credit loss allowance held against other assets

Opening balance	328,963	326,637
Impact of adopting IFRS 9 as at January 1, 2024	3,657	-
Restated balance as at January 1, 2024	332,620	326,637
Charge for the period / year	<u>-</u>	<u>2,731</u>
Reversals during the period / year	<u>(3,494)</u>	<u>(405)</u>
	<u>(3,494)</u>	<u>2,326</u>
Closing balance	<u><u>329,126</u></u>	<u><u>328,963</u></u>
<b>18 BILLS PAYABLE</b>		
In Pakistan	<u><u>17,753,467</u></u>	<u><u>16,550,469</u></u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
<b>19 DUE TO FINANCIAL INSTITUTIONS</b>		
<b>Secured</b>		
To the State Bank of Pakistan (SBP) under:		
Long term financing facility	327	-
Long term financing facility for Renewable Power Energy (RPE)	-	230
Islamic export refinance scheme - part I and II	23,893,324	30,665,904
Islamic financing for renewable energy	6,525,197	6,641,671
Islamic long term financing facility	10,262,220	11,126,779
Islamic temporary economic refinance scheme	29,246,266	31,034,309
Islamic refinance facility for combating COVID-19	132,777	166,111
Islamic refinance facility for storage of agricultural produce	576,673	513,439
Scheme of Islamic Rupee-based discounting facility under EFS / IERS	654,743	708,777
	71,291,527	80,857,220
Due to SBP under Shariah compliant Open Market Operations (OMO) and Modarabah based Financing Facility (MFF)	52,326,694	73,594,497
Due to other financial institutions	3,381,954	3,402,344
Total secured	127,000,175	157,854,061
<b>Unsecured</b>		
Overdrawn nostro accounts	2,625,357	2,128,409
Musharaka acceptances	46,350,000	6,904,333
Total unsecured	48,975,357	9,032,742
	175,975,532	166,886,803

**20 DEPOSITS AND OTHER ACCOUNTS**

	Un-audited June 30, 2024			Audited December 31, 2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
<b>Customers</b>						
Current deposits	312,636,454	33,206,468	345,842,922	271,673,365	30,468,754	302,142,119
Savings deposits	303,424,040	20,719,352	324,143,392	246,343,937	21,489,149	267,833,086
Term deposits	217,655,034	1,641,379	219,296,413	244,250,942	1,484,842	245,735,784
Margin deposits	14,684,875	80,634	14,765,509	12,175,267	48,071	12,223,338
	848,400,403	55,647,833	904,048,236	774,443,511	53,490,816	827,934,327
<b>Financial institutions</b>						
Current deposits	20,322,858	288,037	20,610,895	11,726,778	275,306	12,002,084
Savings deposits	139,319,152	10,489	139,329,641	169,728,021	-	169,728,021
Term deposits	9,872,500	-	9,872,500	8,600,547	-	8,600,547
	169,514,510	298,526	169,813,036	190,055,346	275,306	190,330,652
	1,017,914,913	55,946,359	1,073,861,272	964,498,857	53,766,122	1,018,264,979

	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
<b>21 LEASE LIABILITIES</b>		
Outstanding amount at the start of the period / year	12,865,125	11,824,784
Additions during the period / year	1,328,399	1,962,697
Lease payments including profit	(1,422,935)	(1,672,349)
Profit expense for the period / year	820,136	798,034
Modifications during the period / year	16,887	-
Termination / deletion during the period / year	(217,158)	(48,041)
Outstanding amount at the end of the period / year	13,390,454	12,865,125

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
<b>21.1 Liabilities Outstanding</b>		
Not later than one year	146,818	218,318
Later than one year and upto five years	3,080,718	2,896,857
Over five years	10,162,918	9,749,950
Total at the period / year end	13,390,454	12,865,125

**21.2** This carries average effective charge rate of 12.97% per annum (December 31, 2023: 12.7%).

	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
<b>22 DEFERRED TAX ASSETS / (LIABILITIES)</b>		
<b>Taxable temporary differences on</b>		
surplus on revaluation of property and equipment	(2,025,377)	(2,093,908)
surplus on revaluation of non-banking assets	(15,678)	(16,201)
surplus on revaluation of investments	(642,339)	(3,203,408)
fair value adjustment relating to net assets acquired upon amalgamation	(181,790)	(180,916)
fair value adjustment relating to net assets acquired upon business combination	-	(52,496)
accelerated tax depreciation	(665,378)	(349,641)
fair valuation of previously held equity interest in the Subsidiary Company	-	(13,118)
	(3,530,562)	(5,909,687)
<b>Deductible temporary differences on</b>		
credit loss allowance against investments	188,057	847,584
credit loss allowance against financing, off balance sheet etc.	3,735,801	16,248
credit loss allowance against other assets	125,639	105,740
	4,049,497	969,572
	518,935	(4,940,115)

## 23 OTHER LIABILITIES

Profit / return payable in local currency	14,303,204	13,233,050
Profit / return payable in foreign currencies	14,213	9,728
Unearned commission and income on bills discounted	1,559,223	1,493,017
Accrued expenses	5,351,288	6,498,018
Acceptances	17 8,414,759	13,152,356
Dividend payable including unclaimed dividends	440,392	7,078,679
Mark to market loss on forward foreign exchange contracts	549,652	664,315
Current taxation (provision less payments)	475,888	3,256,604
Charity fund balance	-	126,297
Credit loss allowance against off-balance sheet obligations	23.1 262,914	-
Withholding tax payable	345,513	341,182
Federal excise duty payable	47,702	159,996
Payable to brokers against purchase of shares	4,129	91,311
Fair value of derivative contracts	1,304,194	1,657,226
Payable related to credit cards and other products	1,463,663	545,308
Funds held as security	338,736	321,357
Payable to 1Link (Private) Limited	604,499	595,002
Takaful payable	57,202	59,974
Clearing and settlement accounts	7,788,459	10,836,330
Others	778,461	732,410
	44,104,091	60,852,160

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
<b>23.1 Credit loss allowance against off-balance sheet obligations</b>			
Opening balance		91,297	87,700
Impact of adopting IFRS 9 as at January 1, 2024		53,356	-
Restated balance as at January 1, 2024		144,653	87,700
Charge for the period / year		118,261	3,597
Reversals during the period / year		-	-
		118,261	3,597
Closing balance		262,914	91,297
<b>24 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus on revaluation of			
Securities measured at FVOCI - Debt		1,801,905	4,321,608
Securities measured at FVOCI - Equity		(567,545)	2,245,115
Property and equipment		12,056,866	12,196,725
non-banking assets acquired in satisfaction of claims		1,734,104	1,735,172
		15,025,330	20,498,620
Deferred tax on surplus on revaluation of:			
Securities measured at FVOCI - Debt		(882,933)	(2,117,588)
Securities measured at FVOCI - Equity		278,097	(1,100,106)
Property and equipment		(2,025,377)	(2,093,908)
non-banking assets acquired in satisfaction of claims		(15,678)	(16,201)
		(2,645,891)	(5,327,803)
		12,379,439	15,170,817
<b>25 CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	25.1	43,207,729	39,050,948
Commitments	25.2	220,989,133	225,759,797
Other contingent liabilities	25.3	4,122,244	4,122,244
		268,319,106	268,932,989
<b>25.1 Guarantees:</b>			
Financial guarantees		4,244,063	4,523,565
Performance guarantees		10,695,244	9,201,571
Other guarantees		28,268,422	25,325,812
		43,207,729	39,050,948
<b>25.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions letters of credit		111,310,177	80,258,955
Commitments in respect of:			
forward foreign exchange contracts	25.2.1	51,756,574	65,125,446
forward government securities transactions	25.2.2	52,504,600	73,777,500
derivatives - cross currency swaps (notional principal)	25.2.3	1,301,141	1,678,515
extending credit (irrevocable)	25.4	3,485,949	3,429,739
Commitments for acquisition of:			
property and equipment		503,852	1,180,860
intangible assets		126,840	308,782
		220,989,133	225,759,797



# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
<b>25.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		50,044,607	55,514,935
Sale		1,711,967	9,610,511
		<u>51,756,574</u>	<u>65,125,446</u>
<b>25.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		<u>52,504,600</u>	<u>73,777,500</u>
<b>25.2.3 Commitments in respect of derivatives</b>			
<b>Cross currency swaps</b>			
Sale	26.1	<u>1,301,141</u>	<u>1,678,515</u>
<b>25.3 Other contingent liabilities</b>			
<b>25.3.1 Holding Company</b>			
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
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 (i)		<u>1,154,701</u>	<u>1,154,701</u>
		<u>4,122,244</u>	<u>4,122,244</u>

- (i) Income tax assessments of the Holding Company have been finalised upto the tax year 2023 (accounting year ended December 31, 2022). Income tax return for tax year 2024 (accounting year ended December 31, 2023) will be filed by the Holding Company within stipulated timeline.

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, 2023: 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 passed an order and maintained the decision of the CIR(A) in favour of the Holding Company that gain on bargain purchase is not taxable. Subsequently, the department has challenged the order in Honorable High Court of Sindh. However, the management of the Holding Company is confident that the matter will be decided in the Holding Company's 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 Holding Company not acknowledged as debt amounting to Rs 33,625.155 million (December 31, 2023: Rs 29,647.217 million). These mainly represent counter claims filed by the borrowers for restricting the Group from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Group 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 Group for damages sustained by them consequent to the termination from the Holding Company'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 25,299.030 million (December 31, 2023: Rs 25,299.030 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

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

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### 25.3.2 Subsidiary Company - Faysal Asset Management Limited

- (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	Show cause 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

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

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.

## 25.4 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 facilities are unilaterally withdrawn except for Rs. 3,485.949 million (December 2023: Rs. 3,429.739 million) which are irrevocable in nature.

	<b>Un-audited June 30, 2024</b>	<b>Audited December 31, 2023</b>
	----- Rupees '000 -----	
<b>26 DERIVATIVE INSTRUMENTS</b>		
Cross currency swaps (notional principal)	1,301,141	1,678,515

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

26.1 Product analysis

Counterparties	June 30, 2024 (Un-audited)	
	Cross currency swaps	
	Notional principal	Mark to market loss
	Rupees '000	
<b>With banks for</b>		
Hedging	-	-
Market making	139,203	(170,886)
<b>With other entities for</b>		
Hedging	-	-
Market making	1,161,938	(1,133,308)
<b>Total</b>		
Hedging	-	-
Market making	1,301,141	(1,304,194)

Counterparties	December 31, 2023 (Audited)	
	Cross currency swaps	
	Notional principal	Mark to market loss
	Rupees '000	
<b>With banks for</b>		
Hedging	-	-
Market making	101,866	(139,900)
<b>With other entities for</b>		
Hedging	-	-
Market making	1,576,649	(1,517,326)
<b>Total</b>		
Hedging	-	-
Market making	1,678,515	(1,657,226)

Un-audited	
For the half year ended	
June 30, 2024	June 30, 2023
Rupees '000	

27 PROFIT / RETURN EARNED

On:		
Financing	54,770,016	41,165,305
Investments	63,804,626	40,100,520
Due from financial institutions	281,870	835,074
Balances with banks	1,486	5,588
	<u>118,857,998</u>	<u>82,106,487</u>

28 PROFIT / RETURN EXPENSED

On:		
Deposits	58,981,257	33,812,911
Due to financial institutions	17,472,042	15,142,270
Lease liability against right-of-use assets	820,136	730,653
Cost of foreign currency swaps against foreign currency deposits / Due to Fls	3,304,029	1,682,818
	<u>80,577,464</u>	<u>51,368,652</u>

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

Note	Un-audited	
	For the half year ended	
	June 30, 2024	June 30, 2023
	----- Rupees '000 -----	
<b>29 FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	625,346	531,586
Consumer finance related fees	297,940	305,038
Card related fees	2,216,906	1,974,149
Credit related fees	32,833	18,196
Investment banking fees	143,792	182,179
Commission on trade	691,988	271,332
Commission on guarantees	75,443	103,054
Commission on cash management	79,197	61,815
Commission on remittances including home remittances	625,640	446,166
Commission on bancatakaful	49,627	67,266
Commission on sale of funds unit	262,196	123,745
Management fee	697,917	257,707
Sales load	172,825	96,168
Others	41,038	75,015
	<u>6,012,688</u>	<u>4,513,416</u>
<b>30 GAIN / (LOSS) ON SECURITIES</b>		
Realised - net	30.1 639,232	(1,533,687)
Unrealised - Measured at FVTPL	-	(1,797)
	<u>639,232</u>	<u>(1,535,484)</u>
<b>30.1 Realised gain / (loss) on:</b>		
Federal Government securities	92,335	(330,088)
Shares	546,897	(1,201,731)
Open end mutual funds	-	(1,868)
	<u>639,232</u>	<u>(1,533,687)</u>
<b>30.2 Net gain / (loss) on financial assets / liabilities</b>		
Net gain / loss on financial assets / liabilities measured at FVTPL:		
Designated upon initial recognition	-	-
Mandatorily measured at FVTPL	530,902	-
	530,902	-
Net gain / (loss) on financial assets / liabilities measured at amortised cost	-	-
Net gain / (loss) on financial assets measured at FVOCI	108,330	-
	108,330	-
	<u>639,232</u>	<u>-</u>

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

	<b>Un-audited</b>	
	<b>For the half year ended</b>	
	<b>June 30, 2024</b>	<b>June 30, 2023</b>
	----- Rupees '000 -----	
<b>31 OTHER INCOME</b>		
Rent on property	125,526	90,068
Gain on sale of fixed assets - net	15,256	11,666
Gain on termination of leases (IFRS 16)	47,140	-
Notice pay recovered	3,535	1,955
Scrap income	8,271	-
Others	1,709	299
	<u>201,437</u>	<u>103,988</u>
<b>32 OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	9,054,870	7,144,296
<b>Property expense</b>		
Rent and taxes	117,729	115,538
Takaful	13,640	12,489
Utilities cost	762,521	710,559
Security (including guards)	598,001	446,780
Repair and maintenance (including janitorial charges)	460,010	358,323
Depreciation on owned property and equipment	474,695	408,488
Depreciation on non-banking assets	1,378	2,834
Depreciation on right-of-use assets	996,712	948,966
Others	139,303	113,527
	3,563,989	3,117,504
<b>Information technology expenses</b>		
Software maintenance	1,061,368	791,922
Hardware maintenance	240,813	220,333
Depreciation	469,874	243,302
Amortisation	201,732	145,295
Network charges	161,198	155,335
	2,134,985	1,556,187
<b>Other operating expenses</b>		
Directors' fees and allowances	72,960	66,400
Legal and professional charges	264,917	207,412
Outsourced services costs - staff	468,211	398,942
Travelling and conveyance	211,026	119,358
NIFT clearing charges	43,682	38,810
Depreciation	487,298	327,084
Training and development	78,663	33,565
Postage and courier charges	119,479	134,034
Communication	574,456	398,103
Marketing, advertisement and publicity	1,224,891	933,249
Donations	-	113,215
Auditors' remuneration	26,410	13,926
Takaful	423,058	422,554
Stationery and printing	506,465	271,544
Bank fees and charges	1,463,947	1,167,677
Brokerage and commission	39,559	2,281
Deposit protection premium	420,440	359,792
Repair and maintenance	198,551	159,625
Subscriptions and publications	94,096	65,467
Cash handling charges	307,262	252,877
Others	254,467	565,146
	7,279,838	6,051,061
	<u>22,033,682</u>	<u>17,869,048</u>

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

Note	Un-audited	
	For the half year ended	
	June 30, 2024	June 30, 2023
	----- Rupees '000 -----	
<b>33 OTHER CHARGES</b>		
Penalties imposed by the State Bank of Pakistan	36,897	2,560
<b>34 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET</b>		
Credit loss allowance against cash and balances with treasury banks	(346)	-
Credit loss allowance against investments	12.3 5,590	1,297,956
Credit loss allowance against Islamic financing and related assets	13.4 (774,346)	1,132,687
Credit loss allowance against other assets	17.2.1 (3,494)	2,326
Credit loss allowance against off balance sheet obligations	23.1 118,261	2,828
Bad debts written off directly	7,816	41,265
Recoveries of written off / charged off bad debts	(151,260)	(193,483)
Impairment charged for non-banking assets	-	41,525
	<u>(797,779)</u>	<u>2,325,104</u>
<b>35 TAXATION</b>		
Current	12,409,422	8,108,115
Prior years	(168,221)	110,000
Deferred	535,546	(624,281)
	<u>12,776,747</u>	<u>7,593,834</u>

36 BASIC EARNINGS PER SHARE	For the quarter ended		For the half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- Rupees '000 -----			
Profit after tax for the period	<u>6,951,857</u>	<u>4,352,933</u>	<u>13,561,169</u>	<u>7,659,641</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>4.58</u>	<u>2.87</u>	<u>8.94</u>	<u>5.05</u>

**36.1** Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue at June 30, 2024 and June 30, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

### 37 FAIR VALUE MEASUREMENTS

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

### 37.1 Fair value of financial assets

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

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

- 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.

	June 30, 2024 (Un-audited)			
	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- Rupees '000 -----			
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	86,478,000	477,101,078	-	563,579,078
Shares	1,743,246	67,686	-	1,810,932
Non-Government debt securities	-	48,540,962	-	48,540,962
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government securities	-	150,870	-	150,870
Non-Government debt securities	-	7,786,926	-	7,786,926
<b>Non-financial assets - measured at fair value</b>				
Property and equipment (land and buildings)	-	-	18,540,675	18,540,675
Non-banking assets acquired in satisfaction of claims	-	-	2,678,627	2,678,627
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	49,521,243	-	49,521,243
Forward sale of foreign exchange	-	1,722,371	-	1,722,371
Derivatives sales	-	1,301,141	-	1,301,141
	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	----- Rupees '000 -----			
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	-	524,145,204	-	524,145,204
Shares	5,746,729	107,539	-	5,854,268
Non-Government debt securities	-	49,770,265	-	49,770,265
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Non-Government debt securities	-	6,779,489	-	6,779,489
<b>Non-financial assets - measured at fair value</b>				
Property and equipment (land and buildings)	-	-	17,871,529	17,871,529
Non-banking assets acquired in satisfaction of claims	-	-	2,667,419	2,667,419
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	55,514,935	-	55,514,935
Forward sale of foreign exchange	-	9,610,511	-	9,610,511
Derivatives sales	-	1,678,515	-	1,678,515



# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

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

### Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
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 is determined on the basis of the NAV of the company using the latest available financial statements.
Sukuk Certificates	Fair values of Sukuk certificates are determined using the MUFAP or PSX rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivative instruments	The Holding Company enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly 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 valuation of financial instruments within level 3

Item	Valuation approach and input used
Property and equipment (land and buildings)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the consolidated financial statements of the Group for the year ended December 31, 2022.
Non-banking assets acquired in satisfaction of claims (NBAs)	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the consolidated financial statements of the Group for the year ended December 31, 2023.

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.

38 SEGMENT INFORMATION

38.1 Segment details with respect to business activities

	2024						Total
	Retail	CIBG	Treasury	SAM	Others	Total	
Rupees '000							
<b>Profit and loss for the half year ended June 30, 2024</b>							
(Un-audited)							
Net return / profit	(44,416,068)	38,416,567	45,705,371	82,490	(1,325,709)	38,462,651	
Inter segment revenue - net	82,861,708	(35,446,148)	(45,736,020)	65,285	(1,744,825)	-	
Other income	4,693,991	1,809,073	3,804,247	12,883	(635,511)	9,684,683	
Total Income	43,139,631	4,779,492	3,773,598	160,658	(3,706,045)	48,147,334	
Segment direct expenses	13,792,787	798,030	279,467	159,025	7,577,888	22,607,197	
Inter segment expense allocation	6,105,339	696,213	139,460	1,18,640	(7,059,652)	-	
Total expenses	19,898,126	1,494,243	418,927	277,665	518,236	22,607,197	
Credit loss allowance	81,590	530,159	-	(768,639)	(640,889)	(797,779)	
Profit before tax	23,159,915	2,755,090	3,354,671	651,632	(3,583,392)	26,337,916	
<b>Statement of financial position as at June 30, 2024</b>							
(Un-audited)							
Cash and bank balances	36,238,799	-	59,671,302	-	54,836	95,964,937	
Due from financial institutions	-	-	-	-	-	-	
Investments - net	150,000	9,826,121	612,196,971	1,915,447	2,917,185	627,005,724	
Investment - credit loss allowance	-	(891,393)	(28,608)	(1,915,447)	-	(2,835,448)	
Net inter segment lending	848,101,171	-	-	-	(848,101,171)	-	
Financing - performing	127,120,092	438,633,693	-	-	13,520,094	579,273,879	
Financing - non-performing	4,660,734	4,807,834	-	-	206,034	23,017,532	
Financing - credit loss allowance	(3,804,024)	(9,285,419)	-	(13,266,788)	(650,838)	(27,007,069)	
Others	31,679,134	18,150,811	21,529,778	250,844	52,369,742	123,980,309	
<b>Total assets</b>	<b>1,044,145,906</b>	<b>461,241,647</b>	<b>693,369,443</b>	<b>326,986</b>	<b>(779,684,118)</b>	<b>1,419,399,864</b>	
Due to financial institutions	10,165,347	68,653,119	97,157,066	-	-	175,975,532	
Subordinated sukuk	-	-	-	-	-	-	
Deposits and other accounts	987,971,838	85,627,415	-	489,330	(227,311)	1,073,861,272	
Net inter segment borrowing	-	305,984,181	594,040,017	(163,198)	(899,861,000)	-	
Others	46,008,721	976,932	1,527,361	854	26,734,144	75,248,012	
<b>Total liabilities</b>	<b>1,044,145,906</b>	<b>461,241,647</b>	<b>692,724,444</b>	<b>326,986</b>	<b>(873,354,167)</b>	<b>1,325,084,816</b>	
Equity	-	-	644,999	-	93,670,049	94,315,048	
<b>Total equity and liabilities</b>	<b>1,044,145,906</b>	<b>461,241,647</b>	<b>693,369,443</b>	<b>326,986</b>	<b>(779,684,118)</b>	<b>1,419,399,864</b>	
<b>Contingencies and commitments</b>	<b>65,204,408</b>	<b>92,940,912</b>	<b>105,562,315</b>	<b>1,703,222</b>	<b>2,908,249</b>	<b>268,319,106</b>	

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

	2023					Total
	Retail	CIBG	Treasury	SAM	Others	
Rupees '000						
<b>Profit and loss for the half year ended June 30, 2023 (Un-audited)</b>						
Net return / profit	(20,770,543)	28,058,255	25,867,302	92,574	(2,541,818)	30,705,770
Inter segment revenue - net	45,731,447	(26,864,831)	(24,165,929)	(105,162)	5,404,475	-
Other income	3,417,652	733,816	1,367,003	(225,167)	(213,384)	5,079,920
Total income	28,378,556	1,927,240	3,068,376	(237,755)	2,649,273	35,785,690
Segment direct expenses	10,820,298	521,316	146,751	139,504	6,579,242	18,207,111
Inter segment expense allocation	5,715,951	486,582	105,007	94,518	(6,402,058)	-
Total expenses	16,536,249	1,007,898	251,758	234,022	177,184	18,207,111
Credit loss allowance	(36,632)	171,661	1,330,160	(225,507)	1,085,422	2,325,104
Profit before tax	11,878,939	747,881	1,486,458	(246,270)	1,386,667	15,253,475
<b>Statement of financial position as at December 31, 2023 (Audited)</b>						
Cash and bank balances	30,486,904	-	55,362,053	-	114	85,849,071
Due from financial institutions	-	-	-	-	-	-
Investments	150,000	9,166,074	580,117,122	2,805,744	1,550,141	593,789,081
Investment provision	-	-	(1,028,498)	-	-	(3,834,242)
Net inter segment lending	846,815,880	-	-	-	(846,815,880)	-
Financing - performing	126,927,551	442,189,965	-	-	8,584,421	577,701,937
Financing - non-performing	5,137,297	6,013,184	-	11,721,277	187,883	23,059,641
Financing- provisions	(3,554,912)	(4,720,383)	-	(11,644,505)	(130,462)	(20,050,262)
Others	21,892,608	12,862,528	35,499,058	216,609	44,298,885	114,769,688
<b>Total assets</b>	1,027,855,328	465,511,368	669,949,735	293,381	(792,324,898)	1,371,284,914
Due to financial institutions	11,110,677	75,277,296	80,498,830	-	-	166,886,803
Subordinated Sukuk	-	-	-	-	-	-
Deposits and other accounts	947,772,275	70,100,426	-	392,278	-	1,018,264,979
Net inter segment borrowing	-	319,258,252	584,231,018	(99,779)	(903,389,491)	-
Others	68,972,376	875,394	1,870,858	882	23,488,359	95,207,869
<b>Total liabilities</b>	1,027,855,328	465,511,368	666,600,706	293,381	(879,901,132)	1,280,359,651
Equity	-	-	3,349,029	-	87,576,234	90,925,263
<b>Total Equity and liabilities</b>	1,027,855,328	465,511,368	669,949,735	293,381	(792,324,898)	1,371,284,914
<b>Contingencies and commitments</b>	45,666,205	78,801,025	140,581,461	1,797,031	2,087,267	268,932,989

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

## 39 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:

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees '000										
<b>Investments</b>										
Opening balance	-	-	-	3,419,532	2,309,998	-	-	-	2,429,472	3,371,053
Investment made during the year	-	-	-	8,874,869	-	-	-	-	38,504,537	-
Investment redeemed / sold during the year	-	-	-	(10,047,383)	-	-	-	-	(37,644,184)	(1,259,427)
Other movements	-	-	-	-	55,167	-	-	-	-	198,372
Equity method adjustment	-	-	-	70,361	-	-	-	-	129,707	-
Closing balance	-	-	-	2,317,379	2,365,165	-	-	-	3,419,532	2,309,998
Credit loss allowance for diminution in value of investments	-	-	-	-	1,396,156	-	-	-	-	1,951,094
<b>Islamic financing and related assets</b>										
Opening balance	-	54	674,450	-	6,684,998	-	7	541,082	-	1,392,371
Addition during the period / year	-	1,383	170,957	-	2,091,738	-	49	658,705	-	16,958,966
Repaid during the period / year	-	(1,152)	(105,590)	-	(1,084,518)	-	(2)	(525,337)	-	(11,666,339)
Transfer in / (out) - net	-	-	23,563	-	(126)	-	-	-	-	-
Closing balance	-	285	763,380	-	7,692,092	-	54	674,450	-	6,684,998
Credit loss allowance held against Islamic financing and related assets	-	-	-	-	407,688	-	-	-	-	407,688

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	-	-	19,185	-	169,140	-	-	10,312	-	152,624
<b>Other assets</b>	-	-	-	131,769	-	-	-	-	-	-
Profit / return accrued	-	-	-	-	-	-	-	-	-	-
Fee and commission income receivable	-	-	-	-	-	-	-	-	-	-
Receivable from defined benefit plan asset	-	-	-	-	-	-	-	-	-	90,806
Remuneration receivable	-	-	-	-	-	-	-	-	90,979	-
Acceptances	-	-	-	-	3,056	-	-	-	-	-
Receivable against reimbursement of expenses	-	-	-	139,674	-	-	-	-	203,865	-
Receivable from defined contribution plan	-	-	-	601	-	-	-	-	-	2,181
Front end load receivable	-	-	-	36,001	-	-	-	-	30,253	-
Preliminary expenses and floatation costs receivable	-	-	-	6,352	-	-	-	-	5,687	-
Receivable from 1link (Private) Limited	-	-	-	-	3,448,568	-	-	-	-	2,320,075
	182	103,947	89,552	38,354,155	2,344,926	182	58,656	125,447	57,393	26,038,101
<b>Deposits and other accounts</b>	-	113,851	1,901,545	779,466,996	35,479,033	-	232,893	1,975,111	983,701,499	49,904,615
Opening balance	-	(117,562)	(1,891,539)	(790,880,359)	(34,957,078)	-	(187,602)	(2,011,006)	(945,404,737)	(73,597,790)
Received during the period / year	-	-	5,899	-	(11,635)	-	-	-	-	-
Withdrawn during the period / year	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	182	100,236	105,457	26,940,792	2,855,246	182	103,947	89,552	38,354,155	2,344,926
	-	1,081	462	471,289	24,360	-	931	386	684,274	24,689
<b>Other liabilities</b>	-	-	-	-	-	-	-	-	-	-
Profit / return payable	-	-	-	-	-	-	-	-	-	-
Dividend Payable	-	-	-	-	-	-	-	-	-	1,811,176
Payable to 1link (Private) Limited	-	-	-	-	604,499	-	-	-	-	595,002
Payable to defined benefit plan asset	-	-	-	-	1,262	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Contingencies and commitments</b>	-	-	-	-	662,879	-	-	-	-	330,829
Trade related commitments	-	-	-	-	-	-	-	-	-	-

Rupees '000

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

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)  
For the half year ended June 30, 2024

RELATED PARTY TRANSACTIONS

	June 30, 2024 (Un-audited)				June 30, 2023 (Un-audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
<b>Income</b>										
Profit / return earned	-	-	13,375	-	293,231	-	-	18,982	-	55,949
Fee and commission income	-	52	53	753,664	4,097	-	123	118	369,889	8,612
Dividend income	-	-	-	111,756	100,000	-	-	-	27,364	49,661
Net gain on sale of securities	-	-	142	28,695	12,653	-	-	52	54,760	26,662
Other Income	-	-	46	-	-	-	-	-	-	-
<b>Expense</b>										
Profit / return expensed	-	5,745	2,803	3,325,500	151,069	-	2,702	2,595	796,038	68,976
Reimbursement of expenses	-	-	-	176,851	-	-	-	-	254,212	-
Director's fee and allowances	-	72,960	-	-	-	-	66,400	-	-	-
Compensation expense	-	-	924,034	-	2,914	-	-	582,725	-	1,884
Fee and subscription	-	-	-	-	1,132	-	-	-	-	2,493
Charge for defined benefit plan	-	-	-	184,557	-	-	-	-	-	143,001
Contribution to defined contribution plan	-	-	-	238,555	-	-	-	-	-	188,434
Donations made during the period	-	-	-	-	-	-	-	-	-	113,215
Credit loss allowance and write offs - net	-	-	-	-	-	-	-	-	-	(27,324)
<b>Others</b>										
Shares / units purchased during the period	-	-	-	86,276	-	-	-	-	599,860	-
Shares / units sold during the period	-	-	-	88,710	-	-	-	-	615,099	9,906
Government securities purchased during the period	-	-	137,116	-	113,231	-	-	9,900	-	-
Government securities sold during the period	-	-	178,036	-	1,771,944	-	-	28,052	-	1,927,165

Rupees '000

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the half year ended June 30, 2024

Un-audited  
June 30,  
2024

Audited  
December 31,  
2023

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

## 40 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

### Minimum capital requirement (MCR):

Paid-up capital (net of losses)	15,176,965	15,176,965
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### Capital adequacy ratio (CAR):

Eligible common equity tier 1 (CET 1) capital	82,266,918	73,370,440
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	82,266,918	73,370,440
Eligible tier 2 capital	11,282,895	14,329,529
Total eligible capital (tier 1 + tier 2)	93,549,813	87,699,968

### Risk weighted assets (RWAs):

Credit risk	331,996,199	336,510,451
Market risk	51,828,602	56,432,669
Operational risk	106,918,760	106,918,760
Total	490,743,561	499,861,880

### Common equity tier 1 capital adequacy ratio

	16.76%	14.68%
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### Tier 1 Capital adequacy ratio

	16.76%	14.68%
--	--------	--------

### Total Capital adequacy ratio

	19.06%	17.54%
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### Leverage ratio (LR):

Eligible tier-1 capital	82,266,918	73,370,440
Total exposures	1,657,957,726	1,594,121,150
Leverage ratio (in %)	4.96%	4.60%

### Liquidity coverage ratio (LCR):

Total high quality liquid assets	663,698,990	517,942,201
Total net cash outflow	420,849,092	339,319,140
Liquidity coverage ratio (Ratio)	1.577	1.526

### Net stable funding ratio (NSFR):

Total available stable funding	885,508,549	838,043,710
Total required stable funding	480,179,298	482,990,880
Net stable funding ratio (in %)	184.41%	173.51%

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

## For the half year ended June 30, 2024

### **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 during the period.

### **42 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on August 28, 2024 has proposed a interim cash dividend of Rs. 2 per share (June 30, 2023: Re. 1 per share). These interim condensed consolidated financial statements for the half year ended June 30, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the half year end. The Board had earlier declared and paid an interim cash dividend of Re. 1 per share.

### **43 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim consolidated financial statements were authorised for issue on August 28, 2024 by the Board of Directors of the Holding Company.





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