

سُبْحَانَكَ اللَّهُمَّ



FIRST QUARTER
ENDED MARCH 31, 2023
UNAUDITED FINANCIAL STATEMENTS

faysalbank



Contents

Corporate Information	2
Unconsolidated Financial Statements	
Directors' Report	4
Condensed Interim Unconsolidated Statement of Financial Position	14
Condensed Interim Unconsolidated Profit and Loss Account	15
Condensed Interim Unconsolidated Statement of Comprehensive Income	16
Condensed Interim Unconsolidated Statement of Changes in Equity	17
Condensed Interim Unconsolidated Cash Flow Statement	18
Notes to the Condensed Interim Unconsolidated Financial Statements	19
Consolidated Financial Statements	
Directors' Report	45
Condensed Interim Consolidated Statement of Financial Position	52
Condensed Interim Consolidated Profit and Loss Account	53
Condensed Interim Consolidated Statement of Comprehensive Income	54
Condensed Interim Consolidated Statement of Changes in Equity	55
Condensed Interim Consolidated Cash Flow Statement	56
Notes to the Condensed Interim Consolidated Financial Statements	57

Registered Office

Faysal House, St-02, Commercial Lane,
Main Shahrah-e-Faisal, Karachi, Pakistan
Tel: 021-32795200 Fax: 021-32795226

Corporate Information

Board of Directors

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

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Recruitment Nomination and Remuneration Committee

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Chairman
Mr. Juma Hasan Ali Abul	Member
Mian Muhammad Younis	Member
Mr. Ali Munir	Member
Ms. Fatima Asad Khan	Member

Board Strategy Committee

Mr. Farooq Rahmatullah Khan	Chairman
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member
Mr. Juma Hasan Ali Abul	Member
Ms. Fatima Asad Khan	Member
Mr. Mohsin Tariq	Member
Mr. Yousaf Hussain	Member

Corporate Information

Board IT Committee

Mr. Ali Munir	Chairman
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member
Mr. Abdulla Abdulaziz Ali Taleb	Member
Mr. Mohsin Tariq	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 Ashja Khan	Shariah Board Member
Mufti Abdul Basit	Shariah Board Member
Mufti Muhammad Abdullah	Resident Shariah Board Member

Syed Majid Ali

Chief Financial Officer

Mr. Aurangzeb Amin

Company Secretary & Head of Legal

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

Auditors

M/s. Mohsin Tayebaly & Co, Advocate

Legal Advisors

Registered Office

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

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

Share Registrar

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

Directors' Report

Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the unaudited condensed interim financial statements of Faysal Bank Limited ("FBL" or "the Bank") for the quarter ended March 31, 2023.

Company Profile

FBL was incorporated in Pakistan on October 3, 1994, as a public limited company and its shares are listed on Pakistan Stock Exchange. FBL offers a wide range of modern banking services to all customer segments, i.e., Retail, Small & Medium Sized Enterprises, Commercial, Agri-based, and Corporate, compliant with Sharia'ah.

The Bank surrendered its conventional banking license on 31 December 2022 and effective 01 January 2023 started operations under an Islamic Banking License issued by the State Bank of Pakistan (SBP). Its footprint spreads over 270 cities across the country with 700 branches offering only 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% (2022: 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 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

In the meeting of the Monetary Policy Committee held on April 4, 2023, the SBP raised the policy rate by another 100 basis points to 21% citing persistent inflationary pressures. The average Consumer Price Index (CPI) for 9MFY23 stood at 27.3%, as inflation for March clocked at 35.4%. The rise was broad based with a bigger part coming from food inflation, which picked up to 47.15% YoY. Looking ahead, inflation is expected to plateau and fall in 3QCY23 as base effect kicks in. World Bank projects Pakistan's GDP growth at 0.4% in FY23 i.e., 1.6% down from its forecast in October 2022.

Federal Board of Revenue (FBR) collected PKR 5.16 trillion in 3QFY23 against the assigned target of PKR 5.43 trillion, subsequently the fiscal deficit was recorded at 2.3% of GDP whereas the primary balance recorded a surplus of 1.1% of GDP in 7MFY23. Further slowdown in economic activity and reduction in imports in 4QFY23 poses downside risks to maintaining growth momentum in tax collection which may put further pressure on the GOP to introduce more taxes to achieve targets set by IMF.

According to the figures from Pakistan Bureau of Statistics (PBS), the trade deficit for the 3QFY23 narrowed to USD 22.9 billion where exports declined by 9.9% to USD 21.0 Billion, and imports plummeted 25.3% to USD 43.9 Billion. In 8MFY23, workers' remittances declined by 10.8% YoY and were at USD 17.9 billion. The Current Account Deficit (CAD) shrank for 8MFY23

to only USD 3.9 billion, decreasing by 68% from same period last year. Despite this contraction of CAD owing to import restrictions, SBP reserves were down to USD 4.24 Billion. The default risk seems to be in play as Pakistan has USD 4.5 billion in external debt payments in the 4QFY23, of which USD 2.3 billion to be rolled over.

Financial and currency markets have remained tense due to balance of payment difficulties. Looking ahead, with the successful conclusion of the 9th review of the IMF program, Pakistan's credit spreads will start to narrow, and stability will follow once the funds start to become available from bilateral and multilateral sources. This is expected to ease pressure on SBP reserves while settling any debt sustainability concerns and improve sentiment in money, foreign exchange and equity markets.

Bank's Performance

Financial Highlights

Key Balance Sheet Numbers

	Rs. in million		
	March '23	December '22	Growth %
Investment	466,953	469,451	(0.5)
Financing	488,697	454,261	7.6
Total Assets	1,133,115	1,074,353	5.5
Deposits	799,781	781,571	2.3

Profit & Loss Account

	Rs. in million		
	March '23	March '22	Growth %
Total Revenue	15,556	9,321	66.9
Non-Markup Expenses	7,954	5,967	33.3
Profit before tax and provisions	7,602	3,353	126.7
Net provisions	1,365	(147)	(1,028.6)
Profit before tax	6,238	3,500	78.2
Tax	3,026	1,367	121.4
Profit after tax	3,211	2,133	50.5
Earnings per share (Rupees)	2.12	1.41	50.3

FBL had another successful quarter in Q1'23, setting new records in revenue and profit despite challenges posed by the economic uncertainties. On a standalone basis, FBL achieved a record Profit Before Tax (PBT) of PKR 6.2 billion, 78.23% higher than PKR 3.5 billion in the corresponding quarter last year. Profit After Tax (PAT) increased by 50.55% to PKR 3.2 billion in Q1'23 from PKR 2.1 billion in Q1'22 and Earnings Per Share increased to PKR 2.12 from PKR 1.41.

The Bank continued to deliver on growth objectives and has increased total revenue by 66.9% over Q1'22 to PKR 15.6 billion. Robust growth in balance sheet (Q1'23 vs Q1'22) and an increase in spreads led to a year-on-year growth of 81.57% in net markup income taking it to PKR 13.0 billion in Q1'23. Healthy growth in current accounts of PKR 28 billion (10.0%) YoY and increase in the average benchmark rate helped improve the overall spreads. Non markup income grew by 17.64% over the corresponding period last year and is at PKR 2.5 billion in Q1'23.

Due to historically high inflation, a depreciating PKR relative to the USD, and an expanding branch network, the bank's non-markup expenses have risen by 33.3% over Q1'22. However, the cost to income ratio has improved from 64% in Q1'22 to 51.1% in Q1'23. The net provision for Q1'23 was PKR 1.4 billion, primarily due to impairment of equity securities, compared to a reversal of PKR 0.1 billion in Q1'22. The NPL ratio continued to reduce and is at 4.3% with total coverage at 89%.

As a result of strong deposit mobilization and due to financial institutions, FBL total assets continued to grow and are at PKR 1.1 trillion. The upward trend in Current Accounts seen over past few quarters continued taking them to PKR 305 billion i.e., 10% growth over December 2022. Total deposits also increased by 2.3% over December 2022 and reached PKR 800 billion. Current Account mix improved to 38% from 36% at December 2022 and CASA mix improved to 86% from 80% at December 2022.

FBL's net advances increased by 7.6% to PKR 489 billion, with the ADR improving from 58.1% in December 2022 to 61.1% in March 2023.

In conclusion Bank's financial performance was brilliant during the quarter under review and In Sha Allah, this trend will continue in the foreseeable future.

Outlook

Looking ahead, FBL is well-positioned with good momentum coming into 2023. We are confident and are cognizant of the potential impact that further economic uncertainty and continued inflation might have on us and on our customers. The Bank will continue to invest in branch network to fuel deposit growth. We are also taking measures to further improve customer service. Alongside investment in branch infrastructure, the Bank is focusing on providing innovative digital solutions and will investing in modern technologies to improve digital offerings and customer experience. We will continue to make investments in our workforce and cultivate a culture that promotes our core values namely Faith, Integrity, Teamwork, Innovation and Care.

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+

Both the rating agencies assigned 'Stable' outlook to the bank.

Dividend

The Board of Directors, in their meeting held on April 28, 2023 declared an interim cash dividend of Rs. Nil per share (Nil%) for the quarter ended March 31, 2023.

Acknowledgement

On behalf of the Board and Management, we would like to take this opportunity to thank our shareholders who have provided unwavering support. We are indebted to our customers, who continued to trust us with their business and confidence. We would like to place on record our appreciation for the regulators and the Government of Pakistan, in particular 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 and acknowledge the efforts demonstrated by our employees towards the growth of FBL and thank them for their tireless dedication and hard work.

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on April 28, 2023 and signed by the Chief Executive Officer and a director.

President & CEO

Karachi

Dated: April 28, 2023

Chairman

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 28 اپریل 2023 کو منعقدہ اپنے اجلاس میں 31 مارچ 2023 کو اختتام شدہ سہ ماہی کے لیے فی حصص صفر (Nil) روپے (صفر%) عبوری نقد منافع 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 سیکیورٹیز 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 آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ ڈائریکٹرز کی اس رپورٹ کو ڈائریکٹرز نے 28 اپریل 2023 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ڈائریکٹرز نے دستخط کیے ہیں۔

چیئر مین

صدر اور سی ای او

کراچی

تاریخ: 28 اپریل 2023

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

دونوں ریٹنگ ایجنسیوں کی جانب سے درجہ بندیوں کو مستحکم آؤٹ لک دیا گیا ہے۔

تفویض کردہ درجہ بندی بینک کے متنوع آپریشنز، صحت مند مالیاتی رسک پروفائل، اور موجودہ مارکیٹ میں موجودگی کی عکاسی کرتی ہے۔ یہ درجہ بندی کریڈٹ رسک کی انتہائی کم توقع کی نشاندہی کرتی ہے، اور طویل المدتی مالی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت، اور قلیل مدتی ادائیگیوں کی اعلیٰ ترین صلاحیت کی بالترتیب نشاندہی کرتی ہے۔

نقطہ نظر (آؤٹ لک):

مستقبل کے پیش نظر، FBL اچھی رفتار کے ساتھ بہترین پوزیشن سے 2023 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۔ ہماری مارکیٹ میں موجودگی کو بڑھانے اور اپنے صارفین کی بہتر خدمت کے لیے ہم اپنی تمام سرمایہ کاری ہمارے نیٹ ورک کی ترقی کے جاری رہنے پر لگانے کا وعدہ کرتے ہیں۔ مزید یہ کہ، بینک افادیت بڑھانے، ڈپازٹ میں مسلسل اضافے، اور کسٹمر سروس کے معیار کو مزید بہتر بنانے کے لیے کام جاری رکھے گا۔ برانچ کے انفراسٹرکچر میں سرمایہ کاری کے ساتھ ساتھ 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، دیانتداری، ٹیم ورک، جدت اور نگہداشت کی حوصلہ افزائی کرتی ہے۔

بینک نے اپنی ترقی کی رفتار کو جاری رکھا اور کل آمدنی میں Q1'22 سے 66.90 فیصد زیادہ اضافہ کیا۔ مضبوط بیلنس شیٹ کی توسیع اور مجموعی اسپریڈز میں بہتری کے سہارے سے خالص مارک اپ آمدنی %81.5 کے سال بہ سال اضافے کے ساتھ، Q1'23 میں 13 بلین روپے تک پہنچ گئی ہے۔ 28 بلین روپے (YoY %10.4) کے کرنٹ ڈپازٹ کی مضبوط متحرک کاری اور اوسط پیئج مارک کی شرح میں اضافے نے مجموعی اسپریڈز کو بہتر کرنے میں مدد کی۔ نان مارک اپ آمدنی میں گذشتہ سال کی اسی مدت سے %17.63 زیادہ اضافہ ہوا اور Q1'23 میں 2.5 بلین روپے رہی۔

افراط زر میں شدید اضافے، امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی اور برانچز کے نیٹ ورک میں اضافہ کی وجہ سے بینک کے اخراجات Q1'22 کے مقابلے میں %33.3 زیادہ رہے۔ اس کے باوجود ہماری توجہ آمدنی بڑھانے پر مرکوز رکھنے کی وجہ سے، شرح آمدن کی مالیت میں Q1'22 کے %64 کے مقابلے میں Q1'23 میں %51.1 تک بہتری آئی۔ Q1'23 میں 1.4 بلین روپے کا خالص پروویژن ریکارڈ کیا گیا جو Q1'22 میں (0.1) بلین روپے تھا۔ NPL کا تناسب مسلسل کم ہو کر %4.3 ہے اور مجموعی کوریج کا تناسب %89 رہا۔

مضبوط ڈپازٹ موبلائزیشن اور قرضوں کی وصولی کے اقدامات سے FBL نے بیلنس شیٹ میں 1.1 ٹریلین روپے تک پہنچادی۔ گزشتہ کئی سہ ماہیوں سے کرنٹ اکاؤنٹس کی رفتار کو جاری رکھا اور وہ 305 بلین روپے تک پہنچ گئیں، جو دسمبر 22 سے %10 زیادہ کی عکاسی کرتی ہے۔ مجموعی ڈپازٹس دسمبر 2022 سے %2.3 زیادہ بڑھ گئے اور 800 بلین روپے تک پہنچ گئے، مارکیٹ شیئر دسمبر 2022 میں %3.5 سے مارچ 23 میں %3.4 کے ساتھ کچھ کم رہا۔ کرنٹ اکاؤنٹ (CA) کا تناسب دسمبر 2022 میں %36 سے بڑھ کر %38 ہو گیا اور CASA کا تناسب دسمبر 2022 میں %80 سے بڑھ کر %86 ہو گیا۔

FBL کی خالص ایڈوانسز میں %7.6 اضافے کے ساتھ 489 بلین روپے ہو گئیں اور ADR دسمبر 22 کے %58.1 کے مقابلے میں مارچ 23 تک %61.1 تک بڑھ گئیں۔ بینک کی مالی کارکردگی زیر جائزہ سہ ماہی کے دوران شاندار رہی اور ان شاء اللہ یہ رجحان مستقبل میں بھی جاری رہے گا۔

بینک کی کارکردگی

مالیاتی جھلکیاں:

(ملین روپے)			بیلنس شیٹ
نمو - فیصد	دسمبر ۲۰۲۲ء	مارچ ۲۰۲۳ء	
(0.5)	469,451	466,953	سرمایہ کاری
7.6	454,261	488,697	فنانسنگ
5.5	1,074,353	1,133,115	کل اثاثہ جات
2.3	781,571	799,781	ڈپازٹس
(ملین روپے)			نفع اور نقصان اکاؤنٹ
نمو	مارچ ۲۰۲۲ء	مارچ ۲۰۲۳ء	
66.9	9,321	15,556	مجموعی آمدنی
33.3	5,967	7,954	مارک اپ کے علاوہ اخراجات
126.7	3,353	7,602	منافع قبل از ٹیکس اور پروویژن
(1,028.6)	(147)	1,365	نیٹ پروویژن
78.2	3,500	6,238	منافع قبل از ٹیکس
121.4	1,367	3,026	ٹیکسز
50.5	2,133	3,211	منافع بعد از ٹیکس
50.3	1.41	2.12	فی حصص آمدن (روپے)

کے۔ انفرادی طور پر بینک نے ان 6.23 بلین روپے کے ریکارڈ قبل از ٹیکس منافع (PBT) کے ساتھ متاثر کن کارکردگی فراہم کی ہے، جو کہ گذشتہ سال کی اسی سہ ماہی کے 3.5 بلین روپے سے %78.2 زیادہ ہے۔ بعد از ٹیکس منافع 2022 (PAT) کی پہلی سہ ماہی میں 2.1 بلین روپے سے 2023 کی پہلی سہ ماہی میں 3.2 بلین روپے تک %50.53 اضافے سے ہمکنار ہوا۔ فی حصص آمدن 2.12 روپے رہی جو کہ Q1'22 میں 1.41 روپے تھی۔

مزید برآں، مہنگائی میں کچھ کمی کے امکانات ہیں اور مالی سال 2023 کی تیسری سہ ماہی میں بنیادی عوامل بہتر ہوں گے۔ عالمی بینک نے مالی سال 2023 میں پاکستان کی جی ڈی پی کی گروتھ %0.4 رہنے کی پیش گوئی کی ہے جو کہ اکتوبر کی پیش گوئی سے %1.6 کم ہے۔

FBR نے مالی سال 23 کی تیسری سہ ماہی میں اپنے 5.43 ٹریلین روپے کے مقررہ ہدف کے مقابلے میں 5.16 ٹریلین روپے وصولی کی ہے، جس کے نتیجے میں مالی خسارہ GDP کا %2.3 رہا جبکہ مالی سال 23 کے 7 ماہ میں پرائمری بیلنس میں %1.1 سرپلس ریکارڈ ہوا ہے۔ مزید یہ کہ اقتصادی سرگرمیوں میں سست روی اور دآ مدات میں کمی سے ٹیکس وصولی کی رفتار کو برقرار رکھنے کے خطرات لاحق ہیں، جس کے نتیجے میں آئی ایم ایف کے اہداف کو پانے کے لیے حکومت پاکستان پر مزید ٹیکس لگانے سے متعلق دباؤ بڑھ سکتا ہے۔

پاکستان بیورو آف اسٹیٹسٹکس (PBS) کے اعداد و شمار کے مطابق، رواں مالی سال 2023 کی تیسری سہ ماہی میں تجارتی خسارہ 22.9 بلین امریکی ڈالر تک پہنچ گیا، نیز برآمدات %9.9 کمی کے ساتھ 21.0 بلین امریکی ڈالر تک پہنچ گئیں اور دآ مدات %25.3 کم ہو کر 43.9 بلین ڈالر ہو گئیں۔ مالی سال 2023 کے 8 ماہ میں، ورکرز کی ترسیلات زر میں YOY میں %10.8 کمی واقع ہوئی اور 17.9 بلین امریکی ڈالر تک پہنچ گئی۔ مالی سال 2023 کے 8 ماہ کے دوران کرنٹ اکاؤنٹ خسارہ صرف 3.9 بلین امریکی ڈالر رہا، جو کہ گذشتہ سال میں اسی مدت سے %68 کم ہے۔ دآ مدی پابندیوں کی وجہ سے کرنٹ اکاؤنٹ کے سکلر اؤ کے باوجود اسٹیٹ بینک کے ذخائر کم ہو کر 4.24 بلین امریکی ڈالر رہ گئے۔ مالی سال 2023 کی چوتھی سہ ماہی میں (4QFY23) میں، پاکستان بیرونی قرضوں کی مد میں 4.5 بلین امریکی ڈالر ادا کرنے کا پابند ہے۔

ملک میں جاری اندرونی سیاسی غیر یقینی اور ادائیگیوں کے بیلنس کے مسئلے کی وجہ سے فنانشل و کرنسی مارکیٹس کی صورت حال اسی طرح کبھی رہے گی۔ IMF کی جانب سے پاکستان کے پروگرام کی نویں مرتبہ جائزہ کی کامیاب تکمیل سے، پاکستان کے کریڈٹ اسپریڈس کم ہونا شروع ہو جائیں گے، اور ایک مرتبہ فنڈ دو طرفہ اور کثیر الجہتی ذرائع سے آنا شروع ہو گئے تو استحکام آجائے گا۔ اس سے اسٹیٹ بینک کے ذخائر پر دباؤ کم کرنے، قرض کے استحکام کی پریشانیوں کو دور کرنے، اور غیر ملکی زر مبادلہ اور ایکویٹی مارکیٹ پر بہتر اثرات مرتب ہوں گے۔

FBR نے کرنٹ اکاؤنٹ خسارے اور مہنگائی کے باوجود 2023 کی پہلی سہ ماہی میں آمدنی اور منافع میں نئے ریکارڈ قائم

ڈائریکٹرز کا جائزہ

ان کنسولٹیڈ ایڈ مالیاتی گوشواروں پر ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے، فیصل بینک لمیٹڈ ("FBL" یا "بینک") کی 31 مارچ 2023 پر اختتام شدہ سہ ماہی کے لیے غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی پر وفا سائل:

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 بینکنگ خدمات کی ایک وسیع رینج پیش کرتا ہے۔

بینک کی ملک بھر کے 270 شہروں میں 700 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 بھارت کے ذریعے ریگولیٹ کیا جاتا ہے، یہ مرکزی کمپنی ہے، جو فیصل بینک لمیٹڈ میں بالواسطہ یا بلاواسطہ %66.78 (2022: %66.78) حصص کی حامل ہے۔ اتمار بینک B.S.C (کلوزڈ) اتمار ہولڈنگز B.S.C کا ملکیتی ذیلی ادارہ دارالمانال الاسلامی ٹرسٹ (DMIT) اتمار ہولڈنگ B.S.C کی ہولڈنگ کمپنی اور گروپ 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 صورتحال:

4 اپریل 2023 کو منعقدہ تازہ ترین اجلاس میں، اسٹیٹ بینک آف پاکستان (SBP) نے مسلسل افراط زر کے دباؤ کا حوالہ دیتے ہوئے پالیسی ریٹ کو مزید 100 بنیادی پوائنٹس سے بڑھا کر %21 کر دیا ہے۔ مالی سال 2023 کے 9 ماہ کے دوران کمز یومر پرائس انڈیکس (CPI) کی عمومی شرح %27.3 رہی، جبکہ مارچ کے دوران افراط زر کی شرح %35.4 رہی۔ مہنگائی بڑھنے میں غذائی اجناس کے بڑھنے کا اہم کردار ہے جس میں سال کے اعتبار سے %47.15 اضافہ دیکھا گیا۔

Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
ASSETS			
Cash and balances with treasury banks	9	64,332,731	56,130,549
Balances with other banks	10	3,149,744	2,785,035
Due from financial institutions	11	1,500,000	9,815,098
Investments - net	12	466,953,297	469,451,195
Islamic financing and related assets - net	13	488,697,417	454,260,608
Fixed assets	14	35,697,044	35,034,233
Intangible assets	15	1,955,530	1,984,841
Deferred tax assets	20	1,037,273	-
Other assets - net	16	69,792,011	44,891,304
		1,133,115,047	1,074,352,863
LIABILITIES			
Bills payable	17	13,756,926	21,309,950
Due to financial institutions	18	189,580,037	150,134,396
Deposits and other accounts	19	799,780,734	781,570,730
Liabilities against assets subject to finance lease		-	-
Sub-ordinated sukuk		-	-
Deferred tax liabilities	20	-	694,025
Other liabilities	21	59,645,185	50,560,351
		1,062,762,882	1,004,269,452
NET ASSETS		70,352,165	70,083,411
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		12,306,495	11,675,968
Surplus on revaluation of assets - net	22	9,195,690	10,648,814
Unappropriated profit		33,673,015	32,581,664
		70,352,165	70,083,411
CONTINGENCIES AND COMMITMENTS			
	23		

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2023

	Note	Quarter ended	
		March 31, 2023	March 31, 2022
		----- Rupees '000 -----	
Profit / return earned on Islamic financing and related assets, investments and placements	25	34,837,351	17,302,280
Profit on deposits and other dues expensed	26	21,797,317	10,120,444
Net profit / return		13,040,034	7,181,836
OTHER INCOME			
Fee and commission income	27	1,937,259	1,484,242
Dividend income		58,784	118,293
Foreign Exchange Income		1,345,768	573,750
Loss on securities - net	28	(892,283)	(119,999)
Other income	29	66,575	82,576
		2,516,103	2,138,862
Total income		15,556,137	9,320,698
OTHER EXPENSES			
Operating expenses	30	7,795,703	5,891,465
Workers Welfare Fund		157,628	73,553
Other charges	31	317	2,386
Total other expenses		7,953,648	5,967,404
Profit before provisions		7,602,489	3,353,294
Provisions and write-offs - net	32	1,364,901	(146,614)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		6,237,588	3,499,908
Taxation	33	3,026,436	1,366,924
PROFIT AFTER TAXATION		3,211,152	2,132,984
		----- Rupees -----	
Basic / diluted earnings per share	34	2.12	1.41

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

For the quarter ended March 31, 2023

	Quarter ended	
	March 31, 2023	March 31, 2022
	----- Rupees '000 -----	
Profit after taxation for the period	3,211,152	2,132,984
Other comprehensive (loss) / income		
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>		
- Movement in (deficit) / surplus on revaluation of investments - net of tax	(1,412,997)	114,245
Total comprehensive income	<u>1,798,155</u>	<u>2,247,229</u>

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Unconsolidated Statement Of Changes In Equity

For the quarter ended March 31, 2023

	Reserves						Surplus / (deficit) on revaluation of			Unappropriated profit	Total
	Capital reserves		Reserve arising on amalgamation	Statutory reserve	Total	Investments	Fixed assets / non-banking assets	Total			
Share capital	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase									
Rupees '000											
Balance as at January 1, 2022 (Audited)	15,176,965	10,131	325,418	23,952	12,253,682	12,613,183	111,599	6,949,984	7,061,583	30,971,591	65,823,322
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	-	-	-	-	2,132,984	2,132,984
Other comprehensive income - net of tax	-	-	-	-	-	-	114,245	-	114,245	-	114,245
Total comprehensive income	-	-	-	-	-	-	114,245	-	114,245	2,132,984	2,247,229
Transaction with owners, recorded directly in equity											
Final cash dividend declared on February 23, 2022 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,100)	(1,517,100)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(15,875)	(15,875)	15,875	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(10,148)	(10,148)	10,148	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	(12,525)
Balance as at March 31, 2022 (Un-audited)	15,176,965	10,131	312,893	23,952	12,253,682	12,600,658	225,844	6,923,961	7,149,805	31,613,498	66,540,926
Profit after taxation for the period from April 1, 2022 to December 31, 2022	-	-	-	-	-	-	-	-	-	9,100,184	9,100,184
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(2,071,456)	5,646,688	3,575,232	28,872	3,604,104
Total comprehensive (loss) / income	-	-	-	-	-	-	(2,071,456)	5,646,688	3,575,232	9,129,056	12,704,288
Transfer from statutory reserve	-	-	-	-	(3,115,700)	(3,115,700)	-	-	-	3,115,700	-
Transfer to statutory reserve	-	-	-	-	2,246,634	2,246,634	-	-	-	(2,246,634)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(71,246)	(71,246)	71,246	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	-	-	-	(4,977)	(4,977)	4,977	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(55,624)	-	-	(55,624)	-	-	-	-	(55,624)
Transaction with owners, recorded directly in equity											
1st Interim cash dividend declared on August 25, 2022 at Re 0.5 per share	-	-	-	-	-	-	-	-	-	(758,848)	(758,848)
2nd Interim cash dividend declared on October 27, 2022 at Rs 5.5 per share	-	-	-	-	-	-	-	-	-	(8,347,331)	(8,347,331)
Balance as at December 31, 2022 (Audited)	15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,845,612)	12,494,426	10,848,814	32,581,864	70,083,411
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	-	-	-	-	3,211,152	3,211,152
Other comprehensive loss - net of tax	-	-	-	-	-	-	(1,412,997)	-	(1,412,997)	-	(1,412,997)
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,412,997)	-	(1,412,997)	3,211,152	1,798,155
Transfer to statutory reserve	-	-	-	-	642,231	642,231	-	-	-	(642,231)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(40,127)	(40,127)	40,127	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(11,704)	-	-	(11,704)	-	-	-	-	(11,704)
Transaction with owners, recorded directly in equity											
Final cash dividend declared on February 23, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)
Balance as at March 31, 2023 (Un-audited)	15,176,965	10,131	245,565	23,952	12,026,847	12,306,495	(3,258,609)	12,454,299	9,195,690	33,673,015	70,352,165

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

March 31, 2023 | First Quarter | 17

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2023

	Note	March 31, 2023	March 31, 2022
----- Rupees '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		6,237,588	3,499,908
Less: dividend income		(58,784)	(118,293)
		6,178,804	3,381,615
Adjustments:			
Depreciation on owned fixed assets	30	443,998	345,944
Amortisation of intangible assets	30	70,111	42,592
Depreciation on right-of-use assets	30	444,049	358,242
Depreciation on non-banking assets	30	1,686	1,241
Workers Welfare Fund		157,628	73,553
Provision / (Reversal of provision) against financing - net	32	59,480	(30,150)
Charge / (Reversal) of provision for diminution in value of investments - net	32	1,382,930	(1,471)
Provision against other assets - net	32	-	(30,335)
Provision / (Reversal of provision) against off balance sheet obligations - net	32	650	(5,082)
Unrealised loss on securities - held for trading - net	28	-	49,750
Gain on sale of fixed assets - net	29	(8,190)	(25,076)
Charge for defined benefit plan		66,225	59,190
Income from derivative contracts - net		(93,098)	(4,628)
Charges for lease liability against right-of-use assets	26	353,064	275,447
Bad debts written off directly	32	5,328	47,275
		2,883,861	1,156,492
		9,062,665	4,538,107
(Increase) / decrease in operating assets			
Due from financial institutions		8,315,098	(5,000,000)
Held-for-trading securities		-	(23,201,305)
Financing		(34,501,617)	(7,214,587)
Others assets (excluding advance taxation)		(24,805,637)	(5,947,524)
		(50,992,156)	(41,363,416)
Increase / (decrease) in operating liabilities			
Bills Payable		(7,553,024)	321,241
Due to financial institutions		40,275,668	50,500,788
Deposits		18,210,004	5,086,125
Other liabilities (excluding current taxation)		6,890,897	2,495,753
		57,823,545	58,403,907
Income tax paid		(3,249,448)	(1,354,033)
Contribution to gratuity fund		(53,986)	(59,190)
Net cash generated from operating activities		12,590,620	20,165,375
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(2,129,150)	(19,839,109)
Net divestment in associates		1,654,885	199,894
Net investment in held-to-maturity securities		(889,711)	-
Dividends received		52,664	105,338
Investment in operating fixed assets		(1,277,965)	(417,384)
Investment in intangible assets		(61,336)	9,514
Proceeds from sale of fixed assets		8,853	27,967
Net cash used in generated from investing activities		(2,641,760)	(19,913,780)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(548,246)	(357,423)
Dividend paid		(3,696)	(7,244)
Net cash used in financing activities		(551,942)	(364,667)
Decrease in cash and cash equivalents during the period		9,396,918	(113,072)
Cash and cash equivalents at the beginning of the period		57,253,408	59,488,711
Cash and cash equivalents at the end of the period		66,650,326	59,375,639

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2023

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 Sharia'ah compliant modern Corporate, Commercial and Consumer banking activities. The Bank is operating through 700 Islamic branches (December 31, 2022: 700 branches) including 2 sub-branches (December 31, 2022: 2).

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2022: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

- 1.2 The State Bank of Pakistan has issued the Islamic Banking License No. BL(i) - 01 (2022) dated December 30, 2022 in the Bank's name, effective from January 1, 2023.
- 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, 2022: 'AA') and the short term rating as 'A1+' (December 31, 2022: 'A1+') on June 25, 2022 and June 30, 2022 respectively.

2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis.

The purchases and sales arising under these arrangements are not reflected in these condensed interim unconsolidated financial statements as such but are restricted to the amount of facility actually 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 Resident Shariah Board Member (RSBM) of the Bank.

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

3 STATEMENT OF COMPLIANCE

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

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

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

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

For the quarter ended March 31, 2023

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 March 31, 2023, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 11.704 million (period ended March 31, 2022: Rs. 12.525 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 should be read in conjunction with the annual audited unconsolidated financial statements for the financial year ended December 31, 2022.

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, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim unconsolidated financial statements.

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

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

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial Instruments'	January 1, 2024*
- Amendment to IFRS 16 - Leases on sale and leaseback	January 1, 2024
- Amendment to IAS 1- Non current liabilities with covenants	January 1, 2024

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

* As directed by SBP via BPRD Circular No. 7 of 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after January 1, 2024, for banks. SBP has also issued the final instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

The Bank will adopt IFRS 9 in its entirety effective January 1, 2024 with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

3.6 The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank for the quarter ending March 31, 2024.

3.7 As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at March 31, 2023 are as follows:

Assets	Note	Rupees in '000
Investments		9,557,096
Financing		7,256,912
Liabilities		
Due to financial institutions		1,260
Deposits and other accounts		6,275,020
Other Liabilities	24	2,151,416

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

For the quarter ended March 31, 2023

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are the same as applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2022.

5 BASIS OF MEASUREMENT

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except for certain fixed assets and non-banking assets acquired in satisfaction of claims which have been carried at revalued amounts, certain investments and derivative contracts which have been marked to market and are carried at fair value, obligations in respect of staff retirement benefits and lease liabilities which have been carried at present value and right-of-use assets which are initially measured at an amount equal to the corresponding lease liabilities (adjusted for any lease payments and 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 annual unconsolidated financial statements of the Bank for the year ended December 31, 2022.

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, 2022.

9 CASH AND BALANCES WITH TREASURY BANKS

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
In hand			
- local currency		17,173,421	17,453,357
- foreign currencies		1,845,943	881,183
		19,019,364	18,334,540
With State Bank of Pakistan in			
- local currency current accounts		32,428,785	32,768,340
- foreign currency current accounts		2,761,295	2,536,026
- foreign currency deposit accounts		4,622,874	2,280,616
		39,812,954	37,584,982
With National Bank of Pakistan in			
- local currency current accounts		5,500,110	206,502
Prize bonds	9.1	303	4,525
		<u>64,332,731</u>	<u>56,130,549</u>

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

For the quarter ended March 31, 2023

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

	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----		
10 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	61,179	20,007
Outside Pakistan		
- in current accounts	3,088,565	2,683,513
- in deposit accounts	-	81,515
	3,149,744	2,785,035
11 DUE FROM FINANCIAL INSTITUTIONS		
Musharka Placements	1,500,000	4,000,000
Repurchase agreement lendings (reverse repo)	-	5,815,098
	1,500,000	9,815,098

12 INVESTMENTS - NET

12.1 Investments by type:

Note	Un-audited				Audited			
	March 31, 2023				December 31, 2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----								
Available-for-sale securities								
Federal Government securities								
Shares	10,618,644	(2,680,482)	(266,603)	7,671,559	12,212,313	(1,297,552)	(1,392,156)	9,522,605
Non Government debt securities	47,817,827	(519,291)	2,380,000	49,778,536	48,004,551	(519,291)	2,380,000	49,865,260
	468,881,802	(3,199,773)	(5,716,859)	459,965,170	466,752,652	(1,816,843)	(3,237,915)	461,697,894
Held-to-maturity securities								
Non Government debt securities	7,219,304	(1,467,507)	-	5,751,797	6,329,593	(1,467,507)	-	4,862,086
	7,219,304	(1,467,507)	-	5,751,797	6,329,593	(1,467,507)	-	4,862,086
Associates *								
Faysal Islamic Savings Growth Fund	-	-	-	-	621,343	-	-	621,343
Faysal Islamic Stock Fund	96,437	-	-	96,437	114,509	-	-	114,509
Faysal Savings Growth Fund	-	-	-	-	693,353	-	-	693,353
Faysal Stock Fund	-	-	-	-	322,117	-	-	322,117
	96,437	-	-	96,437	1,751,322	-	-	1,751,322
Subsidiary *								
Faysal Asset Management Limited	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
	477,337,436	(4,667,280)	(5,716,859)	466,953,297	475,973,460	(3,284,350)	(3,237,915)	469,451,195

* related parties

12.2 Investments given as collateral - market value

	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----		
Federal Government Securities		
- Pakistan Investment Bonds	-	5,307,116
- Ijarah Sukuk	61,995,690	29,866,500
	61,995,690	35,173,616

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

For the quarter ended March 31, 2023

	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----		
12.3 Provision for diminution in value of investments		
12.3.1 Opening balance	3,284,350	3,451,987
Charge / (reversals)		
Charge for the period / year	1,385,276	7,067
Reversals for the period / year	(2,346)	(85,824)
Reversals on disposals for the period / year	-	(88,880)
	1,382,930	(167,637)
Closing balance	4,667,280	3,284,350

12.3.2 Particulars of provision against debt securities

Category of classification	Un-audited March 31, 2023		Audited December 31, 2022	
	Non-performing investments	Provision	Non-performing investments	Provision
----- Rupees '000 -----				
Domestic				
- Loss	1,986,798	1,986,798	1,986,798	1,986,798

12.4 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 5,823 million (December 31, 2022: Rs. 4,822 million).

12.5 Investment in subsidiary and associates

Note	As at March 31, 2023				For the period ended March 31, 2023		
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income
----- Rupees '000 -----							
Associate							
Faysal Islamic Stock Fund	Pakistan	21.19	435,323	10,623	(7,586)	(13,045)	(13,045)
Subsidiary							
Faysal Asset Management Limited	12.5.1 Pakistan	99.99	1,680,754	225,667	214,351	94,692	94,692
	As at December 31, 2022				For the period ended March 31, 2022		
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income
----- Rupees '000 -----							
Associate							
Faysal Islamic Savings Growth Fund	Pakistan	24.1	2,646,076	24,630	85,197	72,579	72,579
Faysal Islamic Stock Fund	Pakistan	20.8	469,274	5,520	(9,387)	(16,902)	(16,902)
Faysal Savings Growth Fund	Pakistan	29.0	2,515,594	33,362	73,291	57,580	57,580
Faysal Stock Fund	Pakistan	31.6	876,891	41,190	(85,061)	(113,748)	(113,748)
Subsidiary							
Faysal Asset Management Limited	Pakistan	99.99	1,629,722	269,328	176,002	83,779	83,779

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

For the quarter ended March 31, 2023

12.5.1 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.

13 ISLAMIC FINANCING AND RELATED ASSETS - NET

	Note	Performing		Non-performing		Total	
		Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
----- Rupees '000 -----							
Murabaha	13.1	61,866,997	10,718,692	142,936	119,278	62,009,933	10,837,970
Musharaka		67,462	82,618	8,366	8,288	75,828	90,906
Diminishing Musharaka		202,480,497	208,760,418	4,389,448	4,374,326	206,869,945	213,134,744
Istisna		34,165,347	31,800,700	440,552	70,000	34,605,899	31,870,700
Tawwaruq		12,670,362	13,167,553	86,499	38,717	12,756,861	13,206,270
Running Musharaka		116,045,573	119,430,547	-	-	116,045,573	119,430,547
Fixed assets Ijarah financing - net		-	32,109	-	-	-	32,109
Tijarah		1,463,725	2,268,921	5,500	5,500	1,469,225	2,274,421
Advance against Murabaha financing	13.1	849,002	1,675,896	-	-	849,002	1,675,896
Advanced against Diminishing Musharaka		14,736,961	15,556,470	-	-	14,736,961	15,556,470
Advance against Ijarah		-	-	-	-	-	-
Advance against Istisna		13,981,692	20,927,551	133,895	236,295	14,115,587	21,163,846
Advance against Islamic export refinance		3,225,598	3,419,522	-	223,152	3,225,598	3,642,674
Advance against Tijarah		139,982	467,445	-	-	139,982	467,445
Advance against Salam		100,000	83,236	-	-	100,000	83,236
Advance against Wakala Istithmar		6,302,669	-	-	-	6,302,669	-
Musawamah		101,185	143,720	7,742	6,960	108,927	150,680
Bai salam		31,391	99,342	-	-	31,391	99,342
Salam		5,000	100,000	1,200	1,200	6,200	101,200
Inventory related to Istisna		9,444,576	6,205,350	-	-	9,444,576	6,205,350
Inventory related to Murabaha	13.1	247,323	203,694	-	-	247,323	203,694
Inventory related to Salam		-	-	-	-	-	-
Inventory related to Musawamah		4,335	3,980	-	-	4,335	3,980
Inventory related to Tijarah		2,619,866	1,346,223	-	-	2,619,866	1,346,223
Gross Islamic financing, related assets		480,549,543	436,493,987	5,216,138	5,083,716	485,765,681	441,577,703
Other financing		5,794,844	15,397,264	16,615,340	16,614,667	22,410,184	32,011,931
		486,344,387	451,891,251	21,831,478	21,698,383	508,175,865	473,589,634
Less: provision against financing	13.4	-	-	(18,690,117)	(18,557,417)	(18,690,117)	(18,557,417)
- specific		(788,331)	(771,609)	-	-	(788,331)	(771,609)
- general		(788,331)	(771,609)	(18,690,117)	(18,557,417)	(19,478,448)	(19,329,026)
Financing - net of provision		485,556,056	451,119,642	3,141,361	3,140,966	488,697,417	454,260,608

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
13.1 Murabaha			
Murabaha financing	13.1.1	62,009,933	10,837,970
Inventory for Murabaha		247,323	203,694
Advances for Murabaha		849,002	1,675,896
		<u>63,106,258</u>	<u>12,717,560</u>
13.1.1 Murabaha receivable - gross	13.1.3	63,842,443	11,529,227
Less: Deferred murabaha income	13.1.4	(329,112)	(350,063)
Profit receivable shown in other assets		(1,503,398)	(341,194)
Murabaha financings		<u>62,009,933</u>	<u>10,837,970</u>
13.1.2 The movement in Murabaha financing during the period/year is as follows:			
Opening balance		10,837,970	31,630,824
Sales during the period/year		60,456,635	111,886,384
Adjusted during the period/year		(9,284,672)	(132,679,238)
Closing balance		<u>62,009,933</u>	<u>10,837,970</u>
13.1.3 Murabaha sale price		63,842,443	11,529,227
Murabaha purchase price		(62,009,933)	(10,837,970)
		<u>1,832,510</u>	<u>691,257</u>
13.1.4 Deferred murabaha income			
Opening balance		350,063	275,779
Arising during the period/year		1,568,347	4,602,165
Less: recognised during the period/year		(1,589,298)	(4,527,881)
Closing balance		<u>329,112</u>	<u>350,063</u>
13.2 Particulars of Islamic financing and related assets - net			
- in local currency		507,503,213	473,053,505
- in foreign currencies		672,652	536,129
		<u>508,175,865</u>	<u>473,589,634</u>

13.3 Islamic financing and related assets - net includes Rs. 21,831 million (December 31, 2022: Rs. 21,698 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited		Audited	
	March 31, 2023		December 31, 2022	
	Non-performing amounts	Provision	Non-performing amounts	Provision
----- Rupees '000 -----				
Domestic				
- other assets especially mentioned	245,163	250	204,426	70
- substandard	613,708	75,975	504,838	82,646
- doubtful	854,128	238,433	858,706	242,963
- loss	20,118,479	18,375,459	20,130,413	18,231,738
Total	<u>21,831,478</u>	<u>18,690,117</u>	<u>21,698,383</u>	<u>18,557,417</u>

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

For the quarter ended March 31, 2023

13.4 Particulars of provision against Islamic financing and related assets

	Un-audited			Audited		
	March 31, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000 -----					
Opening balance	18,557,417	771,609	19,329,026	19,544,542	945,573	20,490,115
Exchange adjustment	136,523	-	136,523	117,020	-	117,020
Charge for the period / year	290,330	16,722	307,052	1,085,432	-	1,085,432
Reversals during the period / year	(247,572)	-	(247,572)	(1,368,953)	(173,964)	(1,542,917)
	42,758	16,722	59,480	(283,521)	(173,964)	(457,485)
Amounts written off	(46,581)	-	(46,581)	(820,624)	-	(820,624)
Closing balance	18,690,117	788,331	19,478,448	18,557,417	771,609	19,329,026

13.4.1 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

13.4.2 As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 1,755.503 million (December 31, 2022: Rs 1,862.991million) relating to financing while determining the provisioning requirement against non-performing financing as at March 31, 2023. The additional profit arising from availing the FSV benefit (net of tax) as at March 31, 2023 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,000.637 million (December 31, 2022: Rs 950.125 million).

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

Note	Un-audited March 31, 2023	Audited December 31, 2022
	----- Rupees '000 -----	

14 FIXED ASSETS

Capital work-in-progress	14.1	2,934,632	2,392,116
Property and equipment		32,762,412	32,642,117
		35,697,044	35,034,233

14.1 Capital work-in-progress

Civil works	261,820	346,816
Equipment	1,739,774	1,742,100
Furniture and fixture	361,464	220,794
Vehicles	11,082	42,164
Land and building	560,492	40,242
	2,934,632	2,392,116

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Note	Quarter ended	
		March 31, 2023	March 31, 2022
		----- Rupees '000 -----	
14.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		445,464	417,384
Property and equipment			
Furniture and fixture		38,633	3,375
Electrical, office and computer equipment		189,726	204,218
Vehicles		31,082	-
Right-of-use assets		273,672	177,111
Building		5,485	5,332
Land		-	2,568
Others		470,523	44,139
		<u>1,009,121</u>	<u>436,743</u>
Total		<u>1,454,585</u>	<u>854,127</u>
14.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		11	66
Electrical, office and computer equipment		560	738
Vehicles		-	957
Others		208	1,131
		<u>779</u>	<u>2,892</u>
		<u>779</u>	<u>2,892</u>
		Un-audited	Audited
		March 31,	December 31,
		2023	2022
		----- Rupees '000 -----	
15 INTANGIBLE ASSETS			
Capital work-in-progress	15.1	609,572	711,373
Computer software		915,145	822,123
Customer relationship		430,813	451,345
		<u>1,345,958</u>	<u>1,273,468</u>
Total		<u>1,955,530</u>	<u>1,984,841</u>
15.1 Capital work-in-progress			
Computer software		609,572	711,373
		<u>609,572</u>	<u>711,373</u>
		Quarter ended	Quarter ended
		March 31,	March 31,
		2023	2022
		----- Rupees '000 -----	
15.2 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Computer software - directly purchased		163,137	16,563
		<u>163,137</u>	<u>16,563</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
16 OTHER ASSETS - NET			
Profit / return accrued in local currency - net of provision		39,265,938	26,608,166
Profit / return accrued in foreign currencies - net of provision		109,381	35,156
Advances, deposits, advance rent and other prepayments		1,753,605	1,243,061
Non-banking assets acquired in satisfaction of claims		1,037,128	1,041,276
Mark to market gain on forward foreign exchange contracts		8,585,581	383,842
Acceptances	21	10,510,861	6,930,359
Credit cards and other products fee receivable		855,576	566,289
Receivable from brokers against sale of shares		202,057	268,523
Dividend receivable		81,468	75,348
Receivable from 1Link (Private) Limited		695,410	3,302,249
Rent and amenities receivable		48,423	43,456
Rebate receivable - net		157,175	118,625
Defined benefit plan asset		168,825	168,825
Remittances receivable from Western Union		1,282,810	1,668,492
Others		3,236,823	636,687
		<u>67,991,061</u>	<u>43,090,354</u>
Less: provision held against other assets	16.1	(325,254)	(325,254)
Other assets - net of provision		67,665,807	42,765,100
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,126,204	2,126,204
Other assets - net		<u>69,792,011</u>	<u>44,891,304</u>
16.1 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		50,473	50,473
Security deposits		22,994	22,994
Others		176,439	176,439
		<u>325,254</u>	<u>325,254</u>
16.1.1 Movement in provision held against other assets			
Opening balance		325,254	355,590
Reversals during the period / year		-	(30,336)
		-	(30,336)
Closing balance		<u>325,254</u>	<u>325,254</u>
17 BILLS PAYABLE			
In Pakistan		13,756,926	21,309,950
Outside Pakistan		-	-
		<u>13,756,926</u>	<u>21,309,950</u>

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

For the quarter ended March 31, 2023

18 DUE TO FINANCIAL INSTITUTIONS

Secured

to the State Bank of Pakistan (SBP) under:

- Long term financing facility for renewable power energy (RPE)
- Scheme of financing facility for storage of agricultural produce
- Islamic export refinance scheme - part I and II
- Refinance scheme for payment of wages and salaries
- Islamic financing for renewable energy
- Islamic long term financing facility
- Islamic temporary economic refinance scheme
- Islamic refinance facility for combating COVID-19
- Islamic refinance facility for storage of agricultural produce
- Scheme of Islamic Rupee-based discounting facility under EFS/ERS facility under EFS/ERS

	Un-audited March 31, 2023	Audited December 31, 2022
		Rupees '000
	460	9,502
	800	5,400
	28,122,802	31,795,302
	-	885,681
	6,751,763	6,914,074
	12,135,061	12,407,019
	31,432,102	30,853,102
	216,111	232,778
	509,172	370,804
	785,435	547,230
	79,953,706	84,020,892
Repurchase agreement borrowings	-	5,318,855
Due to SBP under Open Market Operations (OMO)	60,697,337	29,061,914
Due to other financial institutions	1,421,845	1,440,559
Total secured	142,072,888	119,842,220
	832,149	1,662,176
Musharaka acceptances	46,675,000	28,630,000
Total unsecured	47,507,149	30,292,176
	189,580,037	150,134,396

19 DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	March 31, 2023			December 31, 2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees '000					
Customers						
Current deposits	258,337,450	30,753,156	289,090,606	233,289,655	26,500,047	259,789,702
Savings deposits	201,376,208	23,601,224	224,977,432	207,105,501	23,004,040	230,109,541
Term deposits	108,060,526	1,201,480	109,262,006	154,758,216	887,679	155,645,895
Margin deposits	7,305,860	90,112	7,395,972	7,661,317	229,752	7,891,069
	575,080,044	55,645,972	630,726,016	602,814,689	50,621,518	653,436,207
Financial institutions						
Current deposits	8,224,265	74,566	8,298,831	9,405,616	65,052	9,470,668
Savings deposits	157,005,887	-	157,005,887	118,138,305	-	118,138,305
Term deposits	3,750,000	-	3,750,000	525,550	-	525,550
	168,980,152	74,566	169,054,718	128,069,471	65,052	128,134,523
	744,060,196	55,720,538	799,780,734	730,884,160	50,686,570	781,570,730

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
20 DEFERRED TAX ASSETS / (LIABILITIES)			
Taxable temporary differences on			
- surplus on revaluation of fixed assets		(1,926,968)	(1,957,237)
- surplus on revaluation of non-banking assets		(15,591)	(15,591)
- surplus on revaluation of investments		2,458,250	1,392,303
- fair value adjustment relating to net assets acquired upon amalgamation		(185,250)	(194,079)
- accelerated tax depreciation		(19,015)	(39,762)
		311,426	(814,366)
Deductible temporary differences on			
- provision for diminution in the value of investments		550,146	(43,998)
- provision against financing, off balance sheet etc.		51,742	40,380
- provision against other assets		123,959	123,959
		725,847	120,341
		1,037,273	(694,025)
21 OTHER LIABILITIES			
Return on deposits and other dues:			
payable in local currency		7,428,694	6,735,294
payable in foreign currencies		6,175	5,357
Unearned commission and income on bills discounted		1,214,047	986,281
Accrued expenses		4,265,636	3,279,114
Acceptances	16	10,510,861	6,930,359
Dividend payable including unclaimed dividends		1,770,595	256,594
Mark to market loss on forward foreign exchange contracts		25,904	46,611
Current taxation (provision less payments)		1,672,755	1,081,615
Charity fund balance		1,970	1,634
Provision against off-balance sheet obligations	21.1	88,350	87,700
Security deposits against leases		99,915	108,319
Withholding tax payable		296,257	283,547
Federal excise duty payable		96,049	90,817
Payable to brokers against purchase of shares		191,734	1,235,367
Fair value of derivative contracts	24.1	2,151,416	1,507,683
Payable related to credit cards and other products		84,895	108,909
Lease liability against right-of-use assets		11,915,908	11,827,762
Advance against disposal of assets		4,667	9,187
Funds held as security		294,366	288,573
Payable to 1Link		164,147	359,297
Insurance payable		58,541	60,888
Clearing and settlement accounts		16,672,322	14,940,611
Others		629,981	328,832
		59,645,185	50,560,351
21.1 Provision against off-balance sheet obligations			
Opening balance		87,700	104,894
Charge for the period / year		650	3,596
Reversals during the period / year		-	(20,790)
		650	(17,194)
Closing balance		88,350	87,700

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus on revaluation of:			
- available for sale securities		(5,716,859)	(3,237,915)
- fixed assets		12,270,653	12,341,050
- non-banking assets acquired in satisfaction of claims		2,126,204	2,126,204
		8,679,998	11,229,339
Deferred tax on surplus on revaluation of:			
- available for sale securities		2,458,250	1,392,303
- fixed assets		(1,926,967)	(1,957,237)
- non-banking assets acquired in satisfaction of claims		(15,591)	(15,591)
		515,692	(580,525)
		9,195,690	10,648,814
23 CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	40,689,069	38,920,372
Commitments	23.2	168,960,431	168,295,114
Other contingent liabilities	23.3	4,122,244	4,122,244
		213,771,744	211,337,730
23.1 Guarantees:			
Financial guarantees		6,927,273	5,725,594
Performance guarantees		12,259,836	12,053,909
Other guarantees		21,501,960	21,140,869
		40,689,069	38,920,372
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		40,712,573	52,543,910
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	50,702,541	57,184,237
- forward government securities transactions	23.2.2	63,018,499	41,226,248
- derivatives - cross currency and interest rate swaps (notional principal)	23.2.3	2,236,533	1,510,401
- extending credit (irrevocable)	23.5	12,073,185	15,473,238
Commitments for acquisition of:			
- operating fixed assets		167,093	193,455
- intangible assets		50,007	163,625
		168,960,431	168,295,114
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		44,033,315	50,919,583
Sale		6,669,226	6,264,654
		50,702,541	57,184,237
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		63,018,499	35,400,890
Sale		-	5,825,358
		63,018,499	41,226,248

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

For the quarter ended March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
23.2.3 Commitments in respect of derivatives			
	24	2,236,533	1,510,401
23.3 Other contingent liabilities			
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case			
		2,510,000	2,510,000
Indemnity issued favoring the Honorable High Court in one of the cases			
		457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan			
	23.3.1	1,154,701	1,154,701
		4,122,244	4,122,244

23.3.1 Income tax assessments of the Bank have been finalised upto the tax year 2022 (accounting year ended December 31, 2021). Income tax return for tax year 2023 (accounting year ended December 31, 2022) 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, 2022: 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 unconsolidated financial statements in respect of this matter.

23.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 29,315 million (December 31, 2022: Rs 29,453 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2022: 25,299 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal advice and / or internal assessments, 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.

23.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 12,073 million (December 2022: Rs. 15,473 million) which are irrevocable in nature.

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Un-audited March 31, 2023	Audited December 31, 2022
	----- Rupees '000 -----	
24 DERIVATIVE INSTRUMENTS		
Cross currency swaps (notional principal)	2,236,533	1,510,401
Interest rate swap (notional principal)	-	-

24.1 Product analysis

Counterparties	March 31, 2023 (Un-audited) Cross currency swaps	
	Notional principal	Mark to market loss
With banks for		
Hedging	-	-
Market making	207,547	(171,851)
With other entities for		
Hedging	-	-
Market making	2,028,986	(1,979,565)
Total		
Hedging	-	-
Market making	2,236,533	(2,151,416)
Counterparties	December 31, 2022 (Audited) Cross currency swaps	
	Notional principal	Mark to market loss
With banks for		
Hedging	-	-
Market making	209,709	(281,984)
With other entities for		
Hedging	-	-
Market making	1,300,692	(1,225,699)
Total		
Hedging	-	-
Market making	1,510,401	(1,507,683)
	Quarter ended	
	March 31, 2023	March 31, 2022
	----- Rupees '000 -----	

25 PROFIT / RETURN EARNED

On:		
Financing	17,351,875	8,948,688
Investments	17,334,253	7,959,597
Due from financial institutions	142,577	271,102
Balances with banks	1,782	147
Securities purchased under resale agreements	6,864	122,746
	34,837,351	17,302,280

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Note	Quarter ended	
		March 31, 2023	March 31, 2022
		----- Rupees '000 -----	
26	PROFIT / RETURN EXPENSED		
On:			
Deposits		13,747,594	7,657,757
Securities sold under repurchase agreements		4,377,190	836,537
Other short term borrowings		19,151	34,042
Due to SBP		984,467	381,933
Musharaka acceptances		1,645,558	42,378
Lease liability against right-of-use assets		353,064	275,447
Cost of foreign currency swaps against foreign currency deposits / dues		670,293	892,350
		<u>21,797,317</u>	<u>10,120,444</u>
27	FEE AND COMMISSION INCOME		
Branch banking customer fees		264,206	227,202
Consumer finance related fees		153,937	137,300
Card related fees		975,968	676,447
Credit related fees		5,561	3,759
Investment banking fees		93,307	79,006
Commission on trade		151,103	96,274
Commission on guarantees		54,800	37,198
Commission on cash management		28,401	21,860
Commission on remittances including home remittances		96,965	89,592
Commission on bancassurance		32,207	64,529
Commission on sale of funds unit		57,771	40,446
Others		23,033	10,629
		<u>1,937,259</u>	<u>1,484,242</u>
28	LOSS ON SECURITIES		
Realised - net	28.1	(892,283)	(70,249)
Unrealised - held for trading		-	(49,750)
		<u>(892,283)</u>	<u>(119,999)</u>
28.1	Realised loss on:		
Federal Government securities		(145,884)	56,950
Shares		(761,015)	(129,612)
Open end mutual funds		14,616	2,413
		<u>(892,283)</u>	<u>(70,249)</u>
29	OTHER INCOME		
Rent on property		55,882	55,312
Gain on disposal of fixed assets - net		8,190	25,076
Notice pay		2,368	302
Scrap income		19	1,685
Others		116	201
		<u>66,575</u>	<u>82,576</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

Note	Quarter ended		
	March 31, 2023	March 31, 2022	
	----- Rupees '000 -----		
30 OPERATING EXPENSES			
Total compensation expense	2,956,139	2,282,679	
Property expense			
Rent and taxes	66,751	92,574	
Insurance	27,964	14,093	
Utilities cost	281,393	217,547	
Security (including guards)	338,215	215,778	
Repair and maintenance (including janitorial charges)	216,757	139,327	
Depreciation on owned fixed assets	198,099	135,502	
Depreciation on non-banking assets	1,686	1,241	
Depreciation on right-of-use assets	444,049	358,242	
Others	54,741	27,357	
	1,629,655	1,201,661	
Information technology expenses			
Software maintenance	786,906	533,771	
Hardware maintenance	84,570	61,537	
Depreciation	94,207	89,171	
Amortisation	70,111	42,592	
Network charges	87,431	61,622	
	1,123,225	788,693	
Other operating expenses			
Directors' fees and allowances	40,687	47,680	
Legal and professional charges	32,688	46,404	
Outsourced services costs - staff	159,647	106,939	
Travelling and conveyance	55,737	40,115	
NIFT clearing charges	20,274	6,176	
Depreciation	151,692	121,271	
Training and development	15,943	11,898	
Postage and courier charges	68,040	59,700	
Communication	178,956	70,639	
Marketing, advertisement and publicity	488,332	289,903	
Donations	-	88,257	
Auditors remuneration	6,646	3,730	
Takaful	211,716	280,469	
Stationery and printing	116,081	82,081	
Bank fees and charges	27,670	24,842	
Brokerage and commission	8,625	13,189	
Deposit protection premium	149,786	130,059	
Credit card bonus points redemption	96,292	56,739	
Others	257,872	138,705	
	2,086,684	1,618,432	
	7,795,703	5,891,465	
31 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan	317	2,386	
32 PROVISIONS AND WRITE-OFFS - NET			
Provision against / (reversal of provision) for diminution in value of investments	12.3	1,382,930	(1,471)
Provision against / (reversal of provision) against financing	13.4	59,480	(30,150)
Reversal of provision against other assets	16.1.1	-	(30,335)
Bad debts written off directly		5,328	47,275
Recoveries of written off / charged off bad debts		(83,487)	(126,851)
Provision against / (reversal of provision) against off balance sheet obligations	21.1	650	(5,082)
		1,364,901	(146,614)

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

For the quarter ended March 31, 2023

	Quarter ended	
	March 31, 2023	March 31, 2022
	----- Rupees '000 -----	
33 TAXATION		
Current	3,627,960	1,408,540
Prior years	55,000	-
Deferred	(656,524)	(41,616)
	<u>3,026,436</u>	<u>1,366,924</u>
34 BASIC EARNINGS PER SHARE		
Profit after tax for the period	<u>3,211,152</u>	<u>2,132,984</u>
	Number of shares in thousands	
Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>
	----- Rupees -----	
Basic earnings per share	<u>2.12</u>	<u>1.41</u>

34.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at March 31, 2023 and March 31, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

35 FAIR VALUE MEASUREMENTS

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

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

35.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

For the quarter ended March 31, 2023

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:

	March 31, 2023 (Un-audited)			
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	402,515,075	-	402,515,075
Shares	5,589,831	2,081,728	-	7,671,559
Non-Government debt securities	47,380,000	2,398,536	-	49,778,536
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities (note 12.4)	-	5,822,569	-	5,822,569
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,244,953	17,244,953
Non-banking assets acquired in satisfaction of claims	-	-	3,163,332	3,163,332
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	44,033,315	-	44,033,315
Forward sale of foreign exchange	-	6,669,226	-	6,669,226
Derivatives sales	-	2,236,533	-	2,236,533
----- Rupees '000 -----				
December 31, 2022 (Audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	402,310,029	-	402,310,029
Shares	8,171,293	1,351,312	-	9,522,605
Non-Government debt securities	47,380,000	2,485,260	-	49,865,260
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	4,862,086	-	4,862,086
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,325,720	17,325,720
Non-banking assets acquired in satisfaction of claims	-	-	3,167,480	3,167,480
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	50,919,583	-	50,919,583
Forward sale of foreign exchange	-	6,264,654	-	6,264,654
Derivatives sales	-	1,510,401	-	1,510,401

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

Valuation techniques used in determination of fair values within level 2

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

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

For the quarter ended March 31, 2023

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

Valuation techniques used in determination of fair values within level 3

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

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

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

	2023					Total
	Retail	CIBG	Treasury	SAM	Others	
----- Rupees '000 -----						
Profit and loss account for the quarter ended March 31, 2023 (Un-audited)						
External funded revenue	(9,203,756)	11,806,382	10,507,065	53,820	(123,477)	13,040,034
Inter segment revenue - net	19,743,442	(11,573,757)	(10,390,020)	(52,082)	2,272,417	-
External non-funded revenue	1,690,863	398,819	1,206,465	(220,867)	(559,177)	2,516,103
Total income	12,230,549	631,444	1,323,510	(219,129)	1,589,763	15,556,137
Segment direct expenses	5,176,989	243,165	49,684	29,931	2,453,879	7,953,648
Inter segment expense allocation	122,170	(78,956)	(7,251)	(35,963)	-	-
Total expenses	5,299,159	164,209	42,433	(6,032)	2,453,879	7,953,648
Provisions	(66,269)	(19,913)	1,385,343	69,315	(3,575)	1,364,901
Profit before tax	6,997,659	487,148	(104,266)	(282,412)	(860,541)	6,237,588
Statement of financial position as at March 31, 2023 (Un-audited)						
Cash and bank balances	25,502,828	-	41,979,647	-	-	67,482,475
Due from financial institutions	-	-	1,500,000	-	-	1,500,000
Investments	100,000	8,171,384	460,013,354	3,335,839	-	471,620,577
- Investment provision	-	-	(1,523,804)	(3,143,476)	-	(4,667,280)
Net inter segment lending	653,706,089	-	-	-	(653,706,089)	-
Financing - performing	94,029,918	386,724,449	-	-	5,590,020	486,344,387
Financing - non-performing	3,300,535	5,786,874	-	12,685,342	58,727	21,831,478
- Financing- provisions	(3,023,991)	(4,285,073)	-	(12,134,852)	(34,532)	(19,478,448)
Others	19,715,417	7,583,324	36,649,038	(11,743,613)	56,277,692	108,481,858
Total assets	793,330,796	403,980,958	538,618,235	(11,000,760)	(591,814,182)	1,133,115,047

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

For the quarter ended March 31, 2023

	2023					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Due to financial institutions	8,718,512	72,657,039	108,204,486	-	-	189,580,037
Subordinated Sukuk	-	-	-	-	-	-
Deposits and other accounts	748,834,240	50,375,374	-	290,073	281,047	799,780,734
Net inter segment borrowing	-	279,440,361	429,842,351	(11,291,887)	(697,990,845)	-
Others	35,778,044	1,508,164	3,842,545	1,054	32,272,304	73,402,111
Total liabilities	793,330,796	403,980,958	541,889,382	(11,000,760)	(665,437,494)	1,062,762,882
Equity	-	-	(3,271,147)	-	73,623,312	70,352,165
Total equity and liabilities	793,330,796	403,980,958	538,618,235	(11,000,760)	(591,814,182)	1,133,115,047
Contingencies and commitments	14,693,703	39,601,195	156,670,146	1,574,379	1,232,321	213,771,744

	2022				
	Retail	CIBG	Treasury	SAM	Others
	Rupees '000				

Profit and loss account for the quarter ended March 31, 2022 (Un-audited)

External funded revenue	(4,591,806)	5,588,904	6,239,320	83,100	(137,682)	7,181,836
Inter segment revenue - net	9,668,378	(5,144,445)	(5,893,416)	59,823	1,309,660	-
External non-funded revenue	1,348,014	388,342	561,385	(24,876)	(134,003)	2,138,862
Total income	6,424,586	832,801	907,289	118,047	1,037,975	9,320,698
Segment direct expenses	3,514,649	187,328	61,405	39,311	2,164,711	5,967,404
Inter segment expense allocation	1,895,019	184,792	40,990	35,627	(2,156,428)	-
Total expenses	5,409,668	372,120	102,395	74,938	8,283	5,967,404
Provisions	(36,912)	120,520	(1,470)	(228,275)	(477)	(146,614)
Profit before tax	1,051,830	340,161	806,364	271,384	1,030,169	3,499,908

Statement of financial position as at December 31, 2022 (Audited)

Cash and bank balances	19,076,053	-	39,839,531	-	-	58,915,584
Due from financial institutions	-	-	9,815,098	-	-	9,815,098
Investments	100,000	7,374,123	460,915,716	3,205,813	1,139,893	472,735,545
- Investment provision	-	-	(1,297,552)	(1,986,798)	-	(3,284,350)
Net inter segment lending	651,190,684	-	-	-	(651,190,684)	-
Financing- performing	101,531,845	342,314,662	-	-	8,044,744	451,891,251
Financing- non-performing	3,463,386	5,586,833	-	12,444,525	203,639	21,698,383
- Financing- provisions	(2,901,661)	(4,304,986)	-	(11,990,203)	(132,176)	(19,329,026)
Others	16,922,119	8,226,633	13,875,498	(1,820,592)	44,706,720	81,910,378
Total assets	789,382,426	359,197,265	523,148,291	(147,255)	(597,227,864)	1,074,352,863
Due to financial institutions	9,147,902	78,339,254	62,647,240	-	-	150,134,396
Subordinated sukuk	-	-	-	-	-	-
Deposits and other accounts	729,757,619	51,202,938	-	156,164	454,009	781,570,730
Net inter segment borrowing	-	229,099,012	459,708,176	(302,624)	(688,504,564)	-
Others	50,476,905	556,061	2,638,487	(795)	18,893,668	72,564,326
Total liabilities	789,382,426	359,197,265	524,993,903	(147,255)	(669,156,887)	1,004,269,452
Equity	-	-	(1,845,612)	-	71,929,023	70,083,411
Total equity and liabilities	789,382,426	359,197,265	523,148,291	(147,255)	(597,227,864)	1,074,352,863
Contingencies and commitments	13,526,449	42,770,878	152,472,992	1,361,513	1,205,898	211,337,730

37 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:

	March 31, 2023 (Un-audited)					December 31, 2022 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Investments												
Opening balance	-	-	-	1,139,893	1,751,322	3,268,466	-	-	-	1,139,893	893,247	3,904,683
Investment made during the period / year	-	-	-	-	-	6,136,813	-	-	-	-	1,283,823	12,215,000
Investment redeemed / sold during the period / year	-	-	-	-	(1,654,885)	(5,487,630)	-	-	-	-	-	-
Closing balance	-	-	-	1,139,893	96,437	3,917,649	-	-	-	1,139,893	1,751,322	3,268,466
Provision for diminution in value of investments	-	-	-	-	-	1,984,337	-	-	-	-	-	1,984,337
Islamic financing and related assets												
Opening balance	-	7	523,065	-	-	1,392,080	-	-	436,889	-	-	1,709,934
Addition during the period / year	-	2	45,752	-	-	736	-	7	272,733	-	-	617,654
Repaid during the period / year	-	-	(25,756)	-	-	(72,718)	-	-	(186,557)	-	-	(935,508)
Closing balance	-	9	543,061	-	-	1,320,098	-	7	523,065	-	-	1,392,080
Provision held against financing	-	-	-	-	-	457,987	-	-	-	-	-	457,987
Fixed assets - right-of-use assets												
Opening balance	-	-	-	16,138	-	-	-	-	-	2,878	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	16,742	-	-
Depreciation for the period / year	-	-	-	(1,561)	-	-	-	-	-	(5,482)	-	-
Closing balance	-	-	-	14,577	-	-	-	-	-	16,138	-	-
Accumulated depreciation	-	-	-	18,970	-	-	-	-	-	17,409	-	-

Rupees '000

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

For the quarter ended March 31, 2023

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)							
	Parent	Directors management personnel	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors management personnel	Key management personnel	Subsidiary	Associates	Other related parties
Other assets												
Profit / return accrued	-	-	1,357	-	-	52,972	-	-	1,081	-	-	79,923
Commission income receivable	-	-	-	20,304	-	-	-	-	-	12,025	-	-
Defined benefit plan asset	-	-	-	-	-	188,825	-	-	-	-	-	168,825
Maintenance and other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Rent receivable	-	-	-	-	-	-	-	-	-	-	-	-
Dividend receivable	-	-	-	-	-	695,410	-	-	-	-	-	3,302,249
Others	-	-	1,357	20,304	-	917,207	-	-	1,081	12,025	-	3,550,997
	4,595,199	58,656	105,177	20,087	57,393	26,038,101	328,397	51,148	178,430	55,236	15,350	9,800,472
Deposits and other accounts												
Opening balance	-	25,700	772,996	8,564,855	63,903	186,923,351	4,595,017	88,829	1,951,839	19,350,507	3,243,262	603,296,210
Received during the period / year	-	(28,091)	(744,962)	(8,578,896)	(106,197)	(174,067,743)	(328,215)	(81,321)	(2,025,092)	(19,385,656)	(3,201,219)	(687,059,581)
Withdrawn during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in/ (out) during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	4,595,199	56,265	133,211	6,046	15,099	38,893,709	4,595,199	58,656	105,177	20,087	57,393	26,038,101
	-	534	487	51	224	531,056	-	207	127	179	355	319,447
Other liabilities												
Profit / return payable	-	-	-	495	-	-	-	-	-	12,833	-	-
Lease liability against right-of-use assets	1,013,474	-	-	28,250	-	164,147	-	-	-	18,833	-	359,297
Other liabilities	1,013,474	534	487	28,736	224	695,203	-	207	127	31,845	355	678,744
	-	-	-	-	-	-	-	-	-	-	-	-
Contingencies and commitments												
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	-	82,609	-	-	-	-	-	10,603
Trade related commitments	-	-	-	-	-	82,609	-	-	-	-	-	10,603

Ruppes 000

* represents outstanding guarantee

37.1

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

37.2

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

RELATED PARTY TRANSACTIONS

	March 31, 2023 (Un-audited)					March 31, 2022 (Un-audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Income												
Profit / return earned	-	-	8,430	-	-	27,993	-	-	-	-	-	24,352
Fee and commission income	-	28	35	57,792	7	1,499	-	73	29	40,465	13	2,859
Dividend income	-	-	-	-	-	-	-	-	-	-	-	6,579
Net gain on sale of securities	-	-	39	-	(6,451)	(4,730)	-	-	228	-	106	2,306
Maintenance income	-	-	-	2,043	-	-	-	-	-	1,938	-	-
Rent income	-	-	-	7,542	-	-	-	-	-	7,156	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Expense												
Profit / return expensed	-	1,605	2,113	1,023	101	507,092	-	720	203	304	229	334,781
Charges on lease liability	-	-	-	435	-	-	-	-	-	-	-	-
Director's fee and other expenses	-	40,687	-	-	-	-	-	47,680	-	-	-	-
Remuneration	-	-	355,931	-	-	488	-	-	298,056	-	-	290
Subscription fee	-	-	-	-	-	2,211	-	-	-	-	-	1,956
Commission expense	-	-	-	8,333	-	-	-	-	-	9,416	-	-
Charge for defined benefit plan	-	-	-	-	-	66,225	-	-	-	-	-	59,190
Contribution to defined contribution plan	-	-	-	-	-	81,577	-	-	-	-	-	61,576
Donations made during the period	-	-	-	-	-	-	-	-	-	-	-	88,257
Others												
Shares / units purchased during the period	-	-	-	-	-	6,136,813	-	-	-	-	-	3,050,000
Shares / units sold during the period	-	-	-	-	1,648,434	6,979,877	-	-	-	200,000	-	2,751,168
Government securities purchased during the period	-	-	38,200	-	-	-	-	-	47,767	-	-	42,986
Government securities sold during the period	-	-	226,983	-	-	1,460,842	-	-	160,610	-	-	42,914
Contribution to defined benefit plan	-	-	-	-	-	53,986	-	-	-	-	-	59,190

Rupees '000

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Un-audited March 31, 2023	Audited December 31, 2022
	----- Rupees '000 -----	
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum capital requirement (MCR):		
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital adequacy ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	56,105,021	55,718,084
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	56,105,021	55,718,084
Eligible tier 2 capital	11,132,018	11,155,422
Total eligible capital (tier 1 + tier 2)	67,237,039	66,873,506
Risk weighted assets (RWAs):		
Credit risk	300,846,742	308,988,249
Market risk	30,166,074	51,454,833
Operational risk	71,817,545	71,817,545
Total	402,830,361	432,260,627
Common equity tier 1 capital adequacy ratio (in %)	13.93%	12.89%
Tier 1 Capital adequacy ratio (in %)	13.93%	12.89%
Total Capital adequacy ratio (in %)	16.69%	15.47%
Leverage ratio (LR):		
Eligible tier-1 capital	56,105,021	55,718,084
Total exposures	1,307,366,641	1,237,857,649
Leverage ratio (in %)	4.29%	4.50%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	422,167,155	368,486,552
Total net cash outflow	302,495,515	206,193,466
Liquidity coverage ratio (Ratio)	1.396	1.787
Net stable funding ratio (NSFR):		
Total available stable funding	729,044,896	706,214,017
Total required stable funding	452,885,198	416,224,461
Net stable funding ratio (in %)	160.98%	169.67%

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

For the quarter ended March 31, 2023

39 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.

40 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 28, 2023 has proposed an interim cash dividend of Nil (2022: Nil). These interim condensed unconsolidated financial statements for the quarter ended March 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the quarter end.

41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on April 28, 2023 by the Board of Directors of the Bank.

Directors' Report

Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited Group, along with unaudited condensed interim consolidated financial statements for the quarter ended March 31, 2023.

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.

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

Associates	% Holding
Faysal Government Securities Fund	94.45%
Faysal Islamic Pension Fund - Debt	83.68%
Faysal Islamic Pension Fund - Equity	98.10%
Faysal Islamic Pension Fund - Money Market	56.59%
Faysal Islamic Special Income Fund - FISIP-I	86.25%
Faysal Islamic Stock Fund	21.19%
Faysal Pension Fund – Debt	85.47%
Faysal Pension Fund – Equity	89.99%
Faysal Pension Fund - Money Market	77.91%
Faysal Special Savings Fund - FSSP-I	21.45%
Faysal Special Savings Fund - FSSP-II	100.00%
Faysal Special Savings Fund - FSSP-III	96.87%

FBL Group structure is as follows:

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

Financial Highlights:

Key Balance Sheet Numbers	Rs. in million		
	March '23	December '22	Growth %
Investment	466,761	469,308	(0.5)
Financing	488,697	454,261	7.6
Total Assets	1,133,927	1,075,006	5.5
Deposits	799,780	781,556	2.3

Profit & Loss Account	Rs. in million		
	March '23	March '22	Growth %
Total Revenue	15,765	9,474	66.4
Total Expenses	8,032	5,999	33.9
Profit before tax and provisions	7,733	3,475	122.6
Net Provisions	1,365	(147)	(1,028.6)
Share of profit / (loss) on associates	0.18	(0.84)	(121.9)
Profit before tax	6,369	3,621	75.9
Tax	3,062	1,412	116.9
Profit after tax	3,307	2,210	49.6
Earnings per share (Rupees)	2.18	1.46	49.3

FBL had another successful quarter in Q1'23, setting new records in revenue and profit despite challenges from the current account deficit and inflation. On a consolidated basis, achieved a record Profit Before Tax (PBT) of PKR 6.4 billion, 75.9% higher than the PKR 3.6 billion in the corresponding quarter last year. Profit After Tax (PAT) has increased by 49.6% from PKR 2.2 billion in Q1'22 to PKR 3.3 billion in Q1'23. Earnings Per Share increased from PKR 1.46 in Q1'22 to PKR 2.18 in Q1'23. FAML continued to show improvement in performance and Assets Under Management (AUMs) as of March 31, 2023, were PKR 111 billion. FAML made Profit After Tax of PKR 95 million during the quarter under review registering a 13.02% growth over the same period last year. The strong financial performance of FAML is commendable considering the bearish stock market conditions prevailing during the period under review.

Credit Rating

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

Long-Term	AA
Short-Term	A1+

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

VIS has assigned Management Quality rating of AM2+ to FAML. 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% (2022: 66.78%) of the shareholding in Faysal Bank Ltd. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding entity of Ithmaar Holding

B.S.C. and ultimate parent of the Group. DMIT was formed by indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and tradition.

Dividend

The Board of Directors, in their meeting held on April 28, 2023 declared an interim cash dividend of Rs. Nil per share (Nil%) for the quarter ended March 31, 2023.

Acknowledgement

On behalf of the Board and Management, we would like to take this opportunity to thank our shareholders who have provided unwavering support. We are indebted to our customers, who continued to trust us with their business and confidence. We would like to place on record our appreciation for the efforts of our regulators and the Government of Pakistan, in particular 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 and acknowledge the efforts demonstrated by our employees towards the growth of the Group and thank them for their tireless dedication and hard work.

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on April 28, 2023, and signed by the Chief Executive Officer and a director.

President & CEO

Karachi

Dated: April 28, 2023

Chairman

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 28 اپریل 2023 کو ہونے والے اپنے اجلاس میں 31 مارچ 2023 کو اختتام شدہ سہ ماہی کے لیے فی حصص صفر (Nil) روپے کے عبوری کیش ڈیویڈنڈ 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 مضبوطی لانے کے لیے اُن کے مسلسل تعاون اور رہنمائی پر اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان (SBP) اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے بھی شکر گزار ہیں۔

ہمیشہ کی طرح، ہم شریعہ بورڈ کے لیے مخلصانہ تعریف کا اظہار کرتے ہیں اور گروپ کی ترقی کے لیے اپنے ملازمین کی کوششوں کو تسلیم کرتے ہیں انکی 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 اپریل 2023 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کیے ہیں۔

چیئر مین

صدر اور سی ای او

کراچی

تاریخ: 28 اپریل 2023

بعد از ٹیکس منافع 2022 (PAT) کی پہلی سہ ماہی میں 2.2 بلین روپے سے 2023 کی پہلی سہ ماہی میں 3.3 بلین ہو کر %49.6 اضافے سے ہمکنار ہوا۔ فی حصص آمدن 2.18 روپے رہی جو کہ Q1'22 میں 1.46 روپے تھی۔ FAML نے اپنی متاثر کن کارکردگی میں توسیع کو جاری رکھا اور انتظامیہ کے زیر انتظام اثاثہ جات (AUMs) 31 مارچ 2023 کے مطابق 111 بلین روپے تھے۔ FAML زیر جائزہ سہ ماہی کے دوران 94.5 ملین روپے کا بعد از ٹیکس منافع کمایا جس میں گذشتہ سال کے مقابلے میں %13.02 کا اضافہ درج کیا گیا ہے۔ FAML کی شاندار مالیاتی کارکردگی زیر جائزہ مدت کے دوران اسٹاک مارکیٹ میں مندی کے پیش نظر قابل تعریف ہے۔

کریڈٹ ریٹنگ:

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

طویل المدتی AA

قلیل المدتی A1+

دونوں ریٹنگ ایجنسیوں کی جانب سے درجہ بندیوں کو 'مستحکم' آؤٹ لک دیا گیا ہے۔

VIS نے FAML کی مینجمنٹ کو الٹی ریٹنگ کو ++AM2 میں ترقی دی ہے۔ یہ درجہ بندی نشاندہی کرتی ہے کہ اثاثہ نیچر 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، جو فیصل بینک لمیٹڈ میں بالواسطہ یا بلاواسطہ %66.78 (2021: %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 گروپ کی سرپرست ہے۔ DMIT کو معاہدے کے ذریعے دولت مشترکہ بہماس کے قوانین کے تحت اسلامی قانون، اصولوں اور روایت کے مطابق کاروباری امور کو سرانجام دینے کے مقصد سے تشکیل دیا گیا تھا۔

FSSP-IIIFBL گروپ درج ذیل پر مشتمل ہے:

ہولڈنگ کمپنی : فیصل بینک لمیٹڈ
ذیلی ادارہ : فیصل اثاثہ جات مینجمنٹ لمیٹڈ

مالیاتی جھلکیاں:

(ملین روپے)			بیلنس شیٹ
عمو- فیصد	دسمبر ۲۰۲۲ء	مارچ ۲۰۲۳ء	
(0.5)	469,308	466,761	سرمایہ کاری
7.6	454,261	488,697	فنانسنگ
5.5	1,075,006	1,133,927	کل اثاثہ جات
2.3	781,556	799,780	ڈپازٹس

(ملین روپے)			نفع اور نقصان اکاؤنٹ
عمو- فیصد	مارچ ۲۰۲۲ء	مارچ ۲۰۲۳ء	
66.4	9,474	15,765	مجموعی آمدنی
33.9	5,999	8,032	مارک اپ کے علاوہ اخراجات
122.6	3,475	7,733	منافع قبل از ٹیکس اور پروویژن
(1,028.6)	(147)	1,365	نیٹ پروویژن
(121.9)	(0.84)	0.18	ایسوسی ایٹس کے منافع کا حصہ
75.9	3,621	6,369	منافع قبل از ٹیکس
116.9	1,412	3,062	ٹیکسز
49.6	2,210	3,307	منافع بعد از ٹیکس
49.3	1.46	2.18	فی حصص آمدن (روپے)

FBL نے کرنٹ اکاؤنٹ خسارے اور مہنگائی کے باوجود 2023 کی پہلی سہ ماہی میں آمدنی اور منافع میں نئے ریکارڈ قائم کرتے ہوئے ایک کامیابی سہ ماہی مکمل کی۔ کنسالید ایڈجسٹڈ بنیادوں پر، FBL نے سہ ماہی کے دوران 6.4 بلین روپے کے ریکارڈ قبل از ٹیکس منافع (PBT) کے ساتھ متاثر کن کارکردگی فراہم کی ہے، جو کہ گزشتہ سال کی اسی سہ ماہی کے 3.6 بلین روپے سے %75.8 زیادہ ہے۔

ڈائریکٹرز کا جائزہ

کنسولیدیشنڈ مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2023 پر اختتام شدہ سہ ماہی کے غیر آڈٹ شدہ عبوری کنسولیدیشنڈ مالیاتی گوشواروں کے ہمراہ فیصل بینک لمیٹڈ گروپ کے ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

گروپ پروفائل

فیصل بینک لمیٹڈ (FBL) فیصل اثاثہ مینجمنٹ لمیٹڈ (FAML) میں 99.9% حصص کا شراکت دار ہے۔ FAML ایک غیر درج شدہ پبلک لمیٹڈ کمپنی ہے جو ایک نان بینکنگ فنانس کمپنی (NBFC) کے طور پر رجسٹرڈ ہے، جسے نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشن) کرولز، 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۔

FAML, FBL کے زیر انتظام مندرجہ ذیل ”اوپن اینڈیڈ میوچل فنڈز“ میں ہولڈنگ کی بنیاد پر نمایاں اثرو سوچ کا حامل ہے۔

ہولڈنگ %	ایسوسی ایٹس
94.45	فیصل گورنمنٹ سیکورٹیز فنڈ
83.68	فیصل اسلامک پیمنٹس فنڈ - ڈیٹ
98.1	فیصل اسلامک پیمنٹس فنڈ - ایکویٹی
56.59	فیصل اسلامک پیمنٹس فنڈ - منی مارکیٹ
86.25	فیصل اسلامک اسپیشل انکم فنڈ I-FISIP
21.19	فیصل اسلامک اسٹاک فنڈ
85.47	فیصل پیمنٹس فنڈ - ڈیٹ
89.99	فیصل پیمنٹس فنڈ - ایکویٹی
21.45	فیصل اسپیشل سیونگز فنڈ I-FSSP
100	فیصل اسپیشل سیونگز فنڈ II-FSSP
77.91	فیصل پیمنٹس فنڈ - منی مارکیٹ
96.87	فیصل اسپیشل سیونگز فنڈ III-FSSP

Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
ASSETS			
Cash and balances with treasury banks	10	64,332,764	56,130,598
Balances with other banks	11	3,149,823	2,785,113
Due from financial institutions	12	1,500,000	9,815,098
Investments - net	13	466,760,876	469,308,034
Islamic financing and related assets - net	14	488,697,417	454,260,608
Fixed assets	15	35,933,034	35,196,154
Intangible assets	16	2,312,146	2,341,852
Deferred tax assets	21	975,413	-
Other assets - net	17	70,265,291	45,169,012
		<u>1,133,926,764</u>	<u>1,075,006,469</u>
LIABILITIES			
Bills payable	18	13,756,926	21,309,950
Due to financial institutions	19	189,580,037	150,134,396
Deposits and other accounts	20	799,779,632	781,556,223
Liabilities against assets subject to finance lease		-	-
Subordinated sukuk		-	-
Deferred tax liabilities	21	-	744,088
Other liabilities	22	59,831,656	50,647,609
		<u>1,062,948,251</u>	<u>1,004,392,266</u>
NET ASSETS		<u><u>70,978,513</u></u>	<u><u>70,614,203</u></u>
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		12,306,495	11,675,968
Surplus on revaluation of assets - net	23	9,216,538	10,669,662
Unappropriated profit		34,278,449	33,091,551
Total equity attributable to the equity holders of the Bank		<u>70,978,447</u>	<u>70,614,146</u>
Non-controlling interest		66	57
		<u><u>70,978,513</u></u>	<u><u>70,614,203</u></u>
CONTINGENCIES AND COMMITMENTS	24		

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2023

	Note	Quarter ended	
		March 31, 2023	March 31, 2022
Profit / return on Islamic financing and related assets, investment and placement	26	34,838,524	17,302,941
Profit on deposits and other dues expensed	27	21,797,063	10,120,152
Net profit / return		13,041,461	7,182,789
OTHER INCOME			
Fee and commission income	28	2,140,147	1,638,236
Dividend income		60,517	119,410
Foreign Exchange Income		1,345,768	573,750
Loss on securities - net	29	(887,920)	(113,187)
Other income	30	64,891	73,484
		2,723,403	2,291,693
Total income		15,764,864	9,474,482
OTHER EXPENSES			
Operating expenses	31	7,873,609	5,922,920
Workers Welfare Fund		157,628	73,553
Other charges	32	317	2,386
Total other expenses		8,031,554	5,998,859
Share of profit / (loss) of associates	13.5	184	(841)
Profit before provisions		7,733,494	3,474,782
Provisions and write-offs - net	33	1,364,901	(146,614)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		6,368,593	3,621,396
Taxation	34	3,061,885	1,411,741
PROFIT AFTER TAXATION		3,306,708	2,209,655
Attributable to:			
Equity holders of the Bank		3,306,699	2,209,645
Non-controlling interest		9	10
		3,306,708	2,209,655
----- Rupees -----			
Basic / diluted earnings per share	35	2.18	1.46

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the quarter ended March 31, 2023

Note	Quarter ended	
	March 31, 2023	March 31, 2022
Profit after taxation for the period	3,306,708	2,209,655
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
- Movement in (deficit) / surplus on revaluation of investments - net of tax	(1,412,997)	122,615
Total comprehensive income	1,893,711	2,332,270
Attributable to:		
Equity holders of the Bank	1,893,702	2,332,260
Non-controlling interest	9	10
	1,893,711	2,332,270

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Consolidated Statement Of Changes In Equity

For the quarter ended March 31, 2023

	Reserves						Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total
	Capital reserves			Statutory reserve	Total	Investments	Fixed assets / non-banking assets	Total				
	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation									
	Rupees '000											
Balance as at January 1, 2022 (Audited)	15,176,965	10,131	325,418	23,952	12,253,682	12,613,183	111,599	6,949,984	7,061,583	31,278,631	38	66,130,400
Profit after taxation for the quarter ended March 31, 2022	-	-	-	-	-	-	-	-	-	2,209,645	10	2,209,655
Other comprehensive income - net of tax	-	-	-	-	-	-	122,615	-	122,615	-	-	122,615
Total comprehensive income	-	-	-	-	-	-	122,615	-	122,615	2,209,645	10	2,332,270
Transaction with owners, recorded directly in equity												
Final cash dividend declared on February 23, 2022 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,100)	-	(1,517,100)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(15,875)	(15,875)	15,875	-	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(10,148)	(10,148)	10,148	-	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	-	(12,525)
Balance as at March 31, 2022 (Un-audited)	15,176,965	10,131	312,893	23,952	12,253,682	12,600,658	234,214	6,923,961	7,158,175	31,997,199	48	66,933,045
Profit after taxation for the period from April 1, 2022 to December 31, 2022	-	-	-	-	-	-	-	-	-	9,227,998	9	9,228,007
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	(2,058,978)	5,646,688	3,587,710	27,244	-	-	3,614,954
Total comprehensive (loss) / income	-	-	-	-	-	(2,058,978)	5,646,688	3,587,710	9,255,242	9	12,842,961	
Transfer from statutory reserve	-	-	-	(3,115,700)	(3,115,700)	-	-	-	3,115,700	-	-	-
Transfer to statutory reserve	-	-	-	2,246,634	2,246,634	-	-	-	(2,246,634)	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(81,394)	(81,394)	81,394	-	-	-
Transfer from surplus on revaluation of non-banking assets on disposal - net of tax	-	-	-	-	-	-	5,171	5,171	(5,171)	-	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(55,624)	-	-	(55,624)	-	-	-	-	-	(55,624)
Transaction with owners, recorded directly in equity												
Interim cash dividend declared on August 25, 2021 at Re 0.5 per share	-	-	-	-	-	-	-	-	-	(758,848)	-	(758,848)
2nd Interim cash dividend declared on October 27, 2022 at Rs 5.5 per share	-	-	-	-	-	-	-	-	-	(8,347,331)	-	(8,347,331)
Balance as at December 31, 2022 (Audited)	15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,824,764)	12,494,426	10,669,662	33,091,551	57	70,614,203
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	-	-	-	-	3,306,699	9	3,306,708
Other comprehensive loss - net of tax	-	-	-	-	-	(1,412,997)	-	(1,412,997)	-	-	-	(1,412,997)
Total comprehensive (loss) / income	-	-	-	-	-	(1,412,997)	-	(1,412,997)	3,306,699	9	1,893,711	
Transfer to statutory reserve	-	-	-	642,231	642,231	-	-	-	(642,231)	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(40,127)	(40,127)	40,127	-	-	-
Transfer from surplus on revaluation of non-banking assets on disposal - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(11,704)	-	-	(11,704)	-	-	-	-	-	(11,704)
Transaction with owners, recorded directly in equity												
Final cash dividend declared on February 23, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
Balance as at March 31, 2023 (Un-audited)	15,176,965	10,131	245,565	23,952	12,026,847	12,306,495	(3,237,761)	12,454,299	9,216,538	34,278,449	66	70,978,513

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

March 31, 2023 | First Quarter | 55

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2023

Note	March 31,	March 31,
	2023	2022
	Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,368,593	3,621,396
Less: dividend income / loss	(60,517)	(119,410)
Less: share of (loss) / profit of associates	(184)	841
	6,307,892	3,502,827
Adjustments:		
Depreciation on owned fixed assets	31 445,648	347,832
Amortisation of intangible assets	31 70,289	42,621
Depreciation on right-of-use assets	31 444,049	358,242
Depreciation on non-banking assets	31 1,686	1,241
Workers Welfare Fund	157,628	73,553
Reversal of provision against financing - net	33 59,480	(30,150)
Reversal of provision for diminution in value of investments - net	33 1,382,930	(1,471)
Provision against other assets - net	33 -	(30,335)
Provision / (reversal of provision) against off balance sheet obligations - net	33 650	(5,082)
Unrealised loss on securities - held for trading - net	29 (864)	46,936
Gain on sale of fixed assets - net	30 (8,389)	(25,079)
Charge for defined benefit plan	66,225	59,190
Income from derivative contracts - net	(93,098)	(4,628)
Charges for leased liability against right-of-use assets	27 353,064	275,447
Bad debts written off directly	33 5,328	47,275
	2,884,626	1,155,592
	9,192,518	4,658,419
(Increase) / decrease in operating assets		
Due from financial institutions	8,315,098	(5,000,000)
Held-for-trading securities	3,975	(23,113,873)
Financing	(34,501,617)	(7,214,587)
Others assets (excluding advance taxation)	(24,935,502)	(6,042,329)
	(51,118,046)	(41,370,789)
Increase / (decrease) in operating liabilities		
Bills Payable	(7,553,024)	321,241
Due to financial institutions	40,275,668	50,500,788
Deposits	18,223,409	5,114,731
Other liabilities (excluding current taxation)	7,496,075	2,720,087
	58,442,128	58,656,847
Income tax paid	(3,919,617)	(1,584,839)
Contribution to gratuity fund	(53,986)	(61,576)
Net cash generated from operating activities	12,542,998	20,298,062
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	(2,082,474)	(19,839,108)
Net divestment in associates	1,637,772	74,850
Net investment in held-to-maturity securities	(889,711)	-
Dividends received	54,397	106,455
Investment in operating fixed assets	(1,474,425)	(422,795)
Investment in intangible assets	(61,335)	8,480
Proceeds from sale of fixed assets	9,015	25,705
Net cash used in investing activities	(2,806,761)	(20,046,413)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(335,638)	(367,223)
Dividend paid	(3,696)	(7,244)
Net cash used in financing activities	(339,334)	(374,467)
	9,396,903	(122,818)
Decrease in cash and cash equivalents during the period		
Cash and cash equivalents at the beginning of the period	57,253,535	59,488,821
Cash and cash equivalents at the end of the period	66,650,438	59,366,003

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2023

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

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

1.1.1 Holding Company - Faysal Bank Limited

Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is engaged in Sharia'ah compliant modern Corporate, Commercial and Consumer banking activities. The Bank is operating through 700 branches (December 31, 2022: 700 branches) including 2 sub-branches (December 31, 2022: 2).

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2022: 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 State Bank of Pakistan has issued the Islamic Banking License No. BL(i) - 01 (2022) dated December 30, 2022 in the Bank's name, effective from January 1, 2023.

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, 2022: 'AA') and the short term rating as 'A1+' (December 31, 2021: 'A1+') on June 25, 2022 and June 30, 2022 respectively.

1.1.2 Subsidiary Company - Faysal Asset Management Limited

	Percentage of holding	
	March 31, 2023	December 31, 2022
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

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

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

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

2 BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis.

The purchases and sales arising under these arrangements are not reflected in these condensed interim unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the

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

For the quarter ended March 31, 2023

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 Resident Shariah Board Member (RSBM) of the Bank.

3 BASIS OF CONSOLIDATION

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

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

Material intra-group balances and transactions are eliminated.

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

4 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as 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 Holding Company to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended March 31, 2023, the Holding Company has adjusted amortisation of intangible assets net of tax amounting to Rs. 11.704 million (period ended March 31, 2022: Rs. 12.525 million) from the NCR.

4.3 These condensed interim consolidated financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2022.

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

4.4.1 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or

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

For the quarter ended March 31, 2023

do not have any significant effect on the Group's operations and are therefore not detailed in these condensed interim consolidated financial statements.

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

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

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial Instruments'	January 1, 2024*
- Amendment to IFRS 16 - Leases on sale and leaseback	January 1, 2024
- Amendment to IAS 1- Non current liabilities with covenants	January 1, 2024

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

* As directed by SBP via BPRD Circular No. 7 of 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after January 1, 2024, for banks. SBP has also issued the final instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

The Group will adopt IFRS 9 in its entirety effective January 1, 2024 with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Group would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

4.6 The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank for the quarter ending March 31, 2024.

4.7 As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at March 31, 2023 are as follows:

	Note	Rupees in '000
Assets		
Investments		9,557,096
Financing		7,256,912
Liabilities		
Due to financial institutions		1,260
Deposits and other accounts		6,275,020
Other liabilities	25.1	2,151,416

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are the same as applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2022.

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.

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

For the quarter ended March 31, 2023

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 Holding Company for the year ended December 31, 2022.

9 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, 2022.

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
10 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		17,173,454	17,453,406
- foreign currencies		1,845,943	881,183
		19,019,397	18,334,589
With State Bank of Pakistan in			
- local currency current accounts		32,428,785	32,768,340
- foreign currency current accounts		2,761,295	2,536,026
- foreign currency deposit accounts		4,622,874	2,280,616
		39,812,954	37,584,982
With National Bank of Pakistan in			
- local currency current accounts	10.1	5,500,110	206,502
Prize bonds		303	4,525
		64,332,764	56,130,598

- 10.1 These represents the national price bonds received from customers for onward surrendering to SBP. The Bank as a matter of Shariah principle, does not deal in price bonds.

	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----		
11 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	61,191	20,019
- in saving accounts	67	66
	61,258	20,085
Outside Pakistan		
- in current account	3,088,565	2,683,513
- in deposit account	-	81,515
	3,088,565	2,765,028
	3,149,823	2,785,113

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Un-audited March 31, 2023	Audited December 31, 2022
	----- Rupees '000 -----	
12 DUE FROM FINANCIAL INSTITUTIONS		
Musharaka Placements	1,500,000	4,000,000
Repurchase agreement lendings (reverse repo)	-	5,815,098
	<u>1,500,000</u>	<u>9,815,098</u>

13 INVESTMENTS - NET	Note	Un-audited March 31, 2023				Audited December 31, 2022			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
13.1 Investments by type:		----- Rupees '000 -----							
Held-for-trading securities									
Shares		230,500	-	(15,315)	215,185	234,475	-	591	235,066
		230,500	-	(15,315)	215,185	234,475	-	591	235,066
Available-for-sale securities									
Federal Government securities	13.2	410,345,331	-	(7,830,256)	402,515,075	406,535,788	-	(4,225,759)	402,310,029
Shares		10,618,909	(2,680,482)	(230,029)	7,708,398	12,259,254	(1,297,552)	(1,355,582)	9,606,120
Non Government debt securities		47,917,827	(519,291)	2,380,000	49,778,536	48,004,551	(519,291)	2,380,000	49,865,260
		468,882,067	(3,199,774)	(5,680,285)	460,002,008	466,799,593	(1,816,843)	(3,201,341)	461,781,409
Held-to-maturity securities									
Non Government debt securities	13.4	7,219,304	(1,467,507)	-	5,751,797	6,329,593	(1,467,507)	-	4,862,086
Associates *	13.5	791,885	-	-	791,885	2,429,473	-	-	2,429,473
Total Investments		<u>477,123,756</u>	<u>(4,667,280)</u>	<u>(5,695,600)</u>	<u>466,760,876</u>	<u>475,793,134</u>	<u>(3,284,350)</u>	<u>(3,200,750)</u>	<u>469,308,034</u>

* Related parties

	Un-audited March 31, 2023	Audited December 31, 2022
	----- Rupees '000 -----	
13.2 Investments given as collateral - market value		
- Pakistan Investment Bonds	-	5,307,116
- Ijarah Sukuk	61,995,690	29,866,500
	<u>61,995,690</u>	<u>35,173,616</u>

13.3 Provision for diminution in value of investments

13.3.1 Opening balance	3,284,350	3,451,987
(Reversals) / charge		
Charge for the year	1,385,276	7,067
Reversals for the year	(2,346)	(85,824)
Reversals on disposals	-	(88,880)
	<u>1,382,930</u>	<u>(167,637)</u>
Closing Balance	<u>4,667,280</u>	<u>3,284,350</u>

13.3.2 Particulars of provision against debt securities	Un-audited March 31, 2023		Audited December 31, 2022	
	Non- performing investments	Provision	Non- performing investments	Provision
Category of classification	----- Rupees '000 -----			
Domestic				
- Loss	1,986,798	1,986,798	1,986,798	1,986,798

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

For the quarter ended March 31, 2023

13.4 The market value of securities classified as held-to-maturity as at March 31, 2023 amounted to Rs. 5,823 million (December 31, 2022: Rs. 4,822 million).

13.5 Movement of investment in associates

March 31, 2023						
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 period

----- Rupees '000

Associates

Faysal Government Securities Fund	Pakistan	94.45	97,449	-	3,513	-	100,962
Faysal Islamic Pension Fund - Debt	Pakistan	83.68	33,633	-	1,156	-	34,789
Faysal Islamic Pension Fund - Equity	Pakistan	98.10	28,439	-	(1,025)	-	27,414
Faysal Islamic Pension Fund - Money Market	Pakistan	56.59	33,639	-	1,160	-	34,799
Faysal Islamic Savings Growth Fund	Pakistan	-	844,471	(844,471)	-	-	-
Faysal Islamic Special Income Fund - FISIP-I	Pakistan	86.25	107,601	(4,549)	2,025	-	105,077
Faysal Islamic Stock Fund	Pakistan	21.19	96,437	-	(6,451)	-	89,986
Faysal Pension Fund - Debt	Pakistan	85.47	33,215	-	1,190	-	34,405
Faysal Pension Fund - Equity	Pakistan	89.99	27,905	-	(1,121)	-	26,784
Faysal Pension Fund - Money Market	Pakistan	77.91	33,791	-	1,204	-	34,995
Faysal Savings Growth Fund	Pakistan	-	720,379	(720,379)	-	-	-
Faysal Special Savings Fund - FSSP-I	Pakistan	21.45	-	81,191	(1,144)	-	80,047
Faysal Special Savings Fund - FSSP-II	Pakistan	100.00	-	111,432	(1,327)	-	110,105
Faysal Special Savings Fund - FSSP-III	Pakistan	96.87	108,161	3,357	1,004	-	112,522
Faysal Stock Fund	Pakistan	-	264,353	(264,353)	-	-	-
			<u>2,429,473</u>	<u>(1,637,772)</u>	<u>184</u>	<u>-</u>	<u>791,885</u>

December 31, 2022						
Country of incorporation	% Holding	Investment at the beginning of the year	Investment / (redemption) during the period	Share of profit / (loss)	Dividend received	Investment at the end of the year

----- Rupees '000

Associates

Faysal Government Securities Fund	Pakistan	94.42	143,163	(48,390)	2,676	-	97,449
Faysal Islamic Pension Fund - Debt	Pakistan	88.83	30,367	-	3,266	-	33,633
Faysal Islamic Pension Fund - Equity	Pakistan	98.80	30,226	-	(1,787)	-	28,439
Faysal Islamic Pension Fund - Money Market	Pakistan	76.09	30,351	-	3,288	-	33,639
Faysal Islamic Savings Growth Fund	Pakistan	32.21	-	837,052	22,664	(15,245)	844,471
Faysal Islamic Special Income Fund - FISIP-I	Pakistan	99.93	-	106,174	1,784	(357)	107,601
Faysal Islamic Stock Fund	Pakistan	20.79	-	102,825	(6,388)	-	96,437
Faysal Pension Fund - Debt	Pakistan	85.11	30,120	-	3,095	-	33,215
Faysal Pension Fund - Equity	Pakistan	84.47	30,168	-	(2,263)	-	27,905
Faysal Pension Fund - Money Market	Pakistan	83.73	30,320	-	3,471	-	33,791
Faysal Saving Growth Fund	Pakistan	29.02	1,076,852	(383,499)	77,115	(50,089)	720,379
Faysal Special Savings Fund - FSSP-I	Pakistan	-	106,209	(106,209)	-	-	-
Faysal Asset Allocation Fund	Pakistan	-	72,442	(72,442)	-	-	-
Faysal Special Savings Fund - FSSP-III	Pakistan	99.92	-	106,661	1,500	-	108,161
Faysal Stock Fund	Pakistan	31.63	-	283,148	(18,795)	-	264,353
			<u>1,580,218</u>	<u>825,320</u>	<u>89,626</u>	<u>(65,691)</u>	<u>2,429,473</u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

14 ISLAMIC FINANCING AND RELATED ASSETS - NET

Note	Performing		Non-performing		Total	
	Un-audited March 31, 2023	Audited December 31, 2022	Un-audited March 31, 2023	Audited December 31, 2022	Un-audited March 31, 2023	Audited December 31, 2022
	Rupees '000					
Murabaha	61,866,997	10,718,692	142,936	119,278	62,009,933	10,837,970
Musharaka	67,462	82,618	8,366	8,288	75,828	90,906
Diminishing Musharaka	202,480,497	208,760,418	4,389,448	4,374,326	206,869,945	213,134,744
Istisna	34,165,347	31,800,700	440,552	70,000	34,605,899	31,870,700
Tawwaruq	12,670,362	13,167,553	86,499	38,717	12,756,861	13,206,270
Running Musharaka	116,045,573	119,430,547	-	-	116,045,573	119,430,547
Fixed assets Ijarah financing - net	-	32,109	-	-	-	32,109
Tijarah	1,463,725	2,268,921	5,500	5,500	1,469,225	2,274,421
Advance against Murabaha financing	849,002	1,675,896	-	-	849,002	1,675,896
Advanced against Diminishing Musharaka	14,736,961	15,556,470	-	-	14,736,961	15,556,470
Advance against Ijarah	-	-	-	-	-	-
Advance against Istisna	13,981,692	20,927,551	133,895	236,295	14,115,587	21,163,846
Advance against Islamic export refinance	3,225,598	3,419,522	-	223,152	3,225,598	3,642,674
Advance against Tijarah	139,982	467,445	-	-	139,982	467,445
Advance against Salam	100,000	83,236	-	-	100,000	83,236
Advance against Wakala Istithmar	6,302,669	-	-	-	6,302,669	-
Musawamah	101,185	143,720	7,742	6,960	108,927	150,680
Bai salam	31,391	99,342	-	-	31,391	99,342
Salam	5,000	100,000	1,200	1,200	6,200	101,200
Inventory related to Istisna	9,444,576	6,205,350	-	-	9,444,576	6,205,350
Inventory related to Murabaha	247,323	203,694	-	-	247,323	203,694
Inventory related to Salam	-	-	-	-	-	-
Inventory related to Musawamah	4,335	3,980	-	-	4,335	3,980
Inventory related to Tijarah	2,619,866	1,346,223	-	-	2,619,866	1,346,223
Gross Islamic financing and related assets	480,549,543	436,493,987	5,216,138	5,083,716	485,765,681	441,577,703
Other financing	5,794,844	15,397,264	16,615,340	16,614,667	22,410,184	32,011,931
	486,344,387	451,891,251	21,831,478	21,698,383	508,175,865	473,589,634
Less: provision against financing						
- specific	-	-	(18,690,117)	(18,557,417)	(18,690,117)	(18,557,417)
- general	(788,331)	(771,609)	-	-	(788,331)	(771,609)
	(788,331)	(771,609)	(18,690,117)	(18,557,417)	(19,478,448)	(19,329,026)
Financing - net of provision	485,556,056	451,119,642	3,141,361	3,140,966	488,697,417	454,260,608

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Note	Un-audited	Audited
		March 31, 2023	December 31, 2022
----- Rupees '000 -----			
14.1 Murabaha			
Murabaha financing	14.1.1	62,009,933	10,837,970
Inventory for Murabaha		6,302,669	203,694
Advances for Murabaha		34,605,899	1,675,896
		<u>102,918,501</u>	<u>12,717,560</u>
14.1.1 Murabaha receivable - gross	14.1.3	63,842,443	11,529,227
Less: Deferred murabaha income	14.1.4	(329,112)	(350,063)
Profit receivable shown in other assets		(1,503,398)	(341,194)
Murabaha financings		<u>62,009,933</u>	<u>10,837,970</u>
14.1.2 The movement in Murabaha financing during the period / year is as follows:			
Opening balance		10,837,970	31,630,824
Sales during the period / year		60,456,635	111,886,384
Adjusted during the period / year		(9,284,672)	(132,679,238)
Closing balance		<u>62,009,933</u>	<u>10,837,970</u>
14.1.3 Murabaha sale price		63,842,443	11,529,227
Murabaha purchase price		(62,009,933)	(10,837,970)
		<u>1,832,510</u>	<u>691,257</u>
14.1.4 Deferred murabaha income			
Opening balance		350,063	275,779
Arising during the period / year		1,568,347	4,602,165
Less: recognised during the period / year		(1,589,298)	(4,527,881)
Closing balance		<u>329,112</u>	<u>350,063</u>
14.2 Particulars of Islamic financing and related assets - net (gross)			
- in local currency		507,503,213	473,053,505
- in foreign currencies		672,652	536,129
		<u>508,175,865</u>	<u>473,589,634</u>
14.3 Islamic financing and related assets include Rs. 21,831 million (December 31, 2022: Rs. 21,698 million) which have been placed under non-performing status as detailed below:-			

Category of classification	Un-audited		Audited	
	March 31, 2023		December 31, 2022	
	Non-performing amounts	Provision	Non-performing amounts	Provision
----- Rupees '000 -----				
Domestic				
- other assets especially mentioned	245,163	250	204,426	70
- substandard	613,708	75,975	504,838	82,646
- doubtful	854,128	238,433	858,706	242,963
- loss	20,118,479	18,375,459	20,130,413	18,231,738
Total	<u>21,831,478</u>	<u>18,690,117</u>	<u>21,698,383</u>	<u>18,557,417</u>

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

For the quarter ended March 31, 2023

14.4 Particulars of provision against Islamic financing and related assets

	Un-audited			Audited		
	March 31, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
----- Rupees '000 -----						
Opening balance	18,557,417	771,609	19,329,026	19,544,542	945,573	20,490,115
Exchange adjustment	136,523	-	136,523	117,020	-	117,020
Charge for the period / year	290,330	16,722	307,052	1,085,432	-	1,085,432
Reversals during the period / year	(247,572)	-	(247,572)	(1,368,953)	(173,964)	(1,542,917)
	42,758	16,722	59,480	(283,521)	(173,964)	(457,485)
Amounts written off	(46,581)	-	(46,581)	(820,624)	-	(820,624)
Closing balance	18,690,117	788,331	19,478,448	18,557,417	771,609	19,329,026

14.4.1 The Group maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

14.4.2 As allowed by the SBP, the Group has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 1,755.503 million (December 31, 2022: Rs 1,862.991 million) relating to financing while determining the provisioning requirement against non-performing financing as at March 31, 2023. The additional profit arising from availing the FSV benefit (net of tax) as at March 31, 2023 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,000.637 million (December 31, 2022: Rs 950.125 million).

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

Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----		

15 FIXED ASSETS

Capital work-in-progress	15.1	2,934,632	2,392,116
Property and equipment		32,998,402	32,804,038
		35,933,034	35,196,154

15.1 Capital work-in-progress

Civil works	261,820	346,816
Equipment	1,739,774	1,742,100
Furniture and fixture	361,464	220,794
Vehicles	11,082	42,164
Land and building	560,492	40,242
	2,934,632	2,392,116

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

Note	Quarter ended	
	March 31, 2023	March 31, 2022
	----- Rupees '000 -----	

15.2 Additions to fixed assets

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

Capital work-in-progress	445,464	417,384
Property and equipment		
Furniture and fixture	69,920	6,093
Electrical, office and computer equipment	218,576	206,911
Vehicle	43,017	-
Right-of-use assets	273,672	177,111
Building	129,140	5,332
Land	-	2,568
Others	471,254	44,139
	1,205,580	442,154
Total	1,651,045	859,538

15.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Furniture and fixture	11	66
Electrical, office and computer equipment	1,085	780
Vehicles	-	957
Others	208	1,131
Total	1,304	2,934

Un-audited March 31, 2023	Audited December 31, 2022
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16 INTANGIBLE ASSETS

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

Capital work-in-progress	609,572	711,373
Computer softwares	918,676	826,050
Customer relationship	430,813	451,345
Management rights	114,600	114,600
Goodwill	238,485	238,484
	1,702,574	1,630,479
Total	2,312,146	2,341,852

16.1 Capital work-in-progress

Computer software	609,572	711,373
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Quarter ended	
March 31, 2023	March 31, 2022

16.2 Additions to intangible assets

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

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

Computer software - directly purchased	163,137	16,563
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Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
17 OTHER ASSETS - NET			
Profit / return accrued in local currency - net of provision		39,265,938	26,608,166
Profit / return accrued in foreign currencies - net of provision		109,381	35,156
Advances, deposits, advance rent and other prepayments		1,921,108	1,366,333
Advance taxation (payments less provisions)		55,376	-
Non-banking assets acquired in satisfaction of claims		1,037,128	1,041,276
Mark to market gain on forward foreign exchange contracts		8,585,581	383,842
Acceptances	22	10,510,861	6,930,359
Credit cards and other products fee receivable		855,576	566,289
Receivable from brokers against sale of shares		202,057	268,523
Dividend receivable		81,468	75,348
Receivable from 1Link (Private) Limited		695,410	3,302,249
Rent and amenities receivable		48,423	43,456
Rebate receivable - net		157,175	118,625
Defined benefit plan asset		166,681	166,681
Remittances receivable from Western Union		1,282,810	1,668,492
Others		3,490,751	794,650
		<u>68,465,724</u>	<u>43,369,445</u>
Less: provision held against other assets	17.1	<u>(326,637)</u>	<u>(326,637)</u>
Other assets - net of provision		<u>68,139,087</u>	<u>43,042,808</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>2,126,204</u>	<u>2,126,204</u>
Other assets - net		<u><u>70,265,291</u></u>	<u><u>45,169,012</u></u>
17.1 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		50,473	50,473
Security deposits		22,994	22,994
Others		177,822	177,822
		<u>326,637</u>	<u>326,637</u>
17.1.1 Movement in provision held against other assets			
Opening balance		326,637	356,973
Charge for the period / year		<u>-</u>	<u>-</u>
Reversals during the period / year		<u>-</u>	<u>(30,336)</u>
		<u>-</u>	<u>(30,336)</u>
Closing balance		<u>326,637</u>	<u>326,637</u>
18 BILLS PAYABLE			
In Pakistan		13,756,926	21,309,950
Outside Pakistan		-	-
		<u>13,756,926</u>	<u>21,309,950</u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----		
19 DUE TO FINANCIAL INSTITUTIONS		
Secured		
To the State Bank of Pakistan (SBP) under:		
- long term financing facility for renewable power energy (RPE)	460	9,502
- scheme of financing facility for storage of agricultural produce	800	5,400
- Islamic export refinance scheme - part I and II	28,122,802	31,795,302
- refinance scheme for payment of wages and salaries	-	885,681
- Islamic financing for renewable energy	6,751,763	6,914,074
- Islamic long term financing facility	12,135,061	12,407,019
- Islamic temporary economic refinance scheme	31,432,102	30,853,102
- Islamic refinance facility for combating COVID-19	216,111	232,778
- Islamic refinance facility for storage of agricultural produce	509,172	370,804
- Scheme of Islamic Rupee-based discounting facility EFS/IEFS	785,435	547,230
	79,953,706	84,020,892
Repurchase agreement borrowings	-	5,318,855
Due to other financial institutions	60,697,337	1,440,559
Due to SBP under Open Market Operations (OMO)	1,421,845	29,061,914
Total secured	142,072,888	119,842,220
Unsecured		
Overdrawn nostro accounts	832,149	1,662,176
Musharaka acceptances	46,675,000	28,630,000
Total unsecured	47,507,149	30,292,176
	189,580,037	150,134,396

20 DEPOSITS AND OTHER ACCOUNTS

	Un-audited March 31, 2023			Audited March 31, 2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	258,337,450	30,753,156	289,090,606	233,289,655	26,500,047	259,789,702
Savings deposits	201,376,208	23,601,224	224,977,432	207,105,501	23,004,040	230,109,541
Term deposits	108,060,526	1,201,480	109,262,006	154,758,216	887,679	155,645,895
Margin deposits	7,305,860	90,112	7,395,972	7,661,317	229,752	7,891,069
	575,080,044	55,645,972	630,726,016	602,814,689	50,621,518	653,436,207
Financial institutions						
Current deposits	8,224,265	74,566	8,298,831	9,405,616	65,052	9,470,668
Savings deposits	157,004,785	-	157,004,785	118,123,798	-	118,123,798
Term deposits	3,750,000	-	3,750,000	525,550	-	525,550
	168,979,050	74,566	169,053,616	128,054,964	65,052	128,120,016
	744,059,094	55,720,538	799,779,632	730,869,653	50,686,570	781,556,223

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
21	DEFERRED TAX ASSETS / (LIABILITIES)		
	Taxable temporary differences on;		
	- surplus on revaluation of fixed assets	(1,926,968)	(1,957,237)
	- surplus on revaluation of non-banking assets	(15,591)	(15,591)
	- surplus on revaluation of investments	2,417,386	1,389,433
	- fair value adjustment relating to net assets acquired upon amalgamation	(206,246)	(194,079)
	- fair value adjustment relating to net assets acquired upon business combination	-	(52,496)
	- accelerated tax depreciation	(19,015)	(38,930)
	- fair valuation of previously held equity interest in the Subsidiary Company	-	(13,118)
		249,566	(882,018)
	Deductible temporary differences on;		
	- provision for diminution in the value of investments	550,146	(43,573)
	- provision against financing, off balance sheet etc.	51,742	77,100
	- provision against other assets	123,959	123,959
	- Alternate Corporate Tax (ACT)	-	15,375
	- defined benefit obligation	-	1,535
	- unused tax losses	-	-
	- others	-	(36,466)
		725,847	137,930
		975,413	(744,088)
22	OTHER LIABILITIES		
	Return on deposits and other dues	7,428,694	6,735,294
	Payable in foreign currencies	6,175	5,357
	Unearned commission and income on bills discounted	1,210,195	982,430
	Accrued expenses	4,281,329	3,334,375
	Acceptances	18 10,510,861	6,930,359
	Dividend payable including unclaimed dividends	1,770,595	256,594
	Mark to market loss on forward foreign exchange contracts	25,904	46,611
	Current taxation (provision less payments)	1,672,755	1,013,387
	Charity fund balance	1,970	1,634
	Provision against off-balance sheet obligations	22.1 88,350	87,700
	Security deposits against leases	99,915	108,319
	Withholding tax payable	370,131	360,125
	Federal excise duty payable	96,049	90,817
	Payable to brokers against purchase of shares	191,734	1,235,367
	Fair value of derivative contracts	25.1 2,151,416	1,507,683
	Payable related to credit cards and other products	90,050	114,064
	Lease liability against right-of-use assets	11,988,258	11,814,937
	Advance against disposal of assets	4,667	9,187
	Funds held as security	294,366	288,573
	Payable to 1Link (Private) Limited	164,147	359,297
	Insurance payable	58,541	60,888
	Clearing and settlement accounts	16,672,322	14,940,611
	Others	653,232	364,000
		59,831,656	50,647,609

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

Note	Un-audited March 31, 2023	Audited December 31, 2022
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----- Rupees '000 -----

22.1 Provision against off-balance sheet obligations

Opening balance	87,700	104,894
Charge for the period / year	650	3,596
Reversals during the period / year	-	(20,790)
	650	(17,194)
Closing balance	88,350	87,700

23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of		
- available for sale securities	(5,680,285)	(3,201,341)
- fixed assets	12,270,653	12,341,050
- non-banking assets acquired in satisfaction of claims	2,126,204	2,126,204
	8,716,572	11,265,913
Deferred tax on surplus on revaluation of:		
- available for sale securities	2,442,524	1,376,577
- fixed assets	(1,926,967)	(1,957,237)
- non-banking assets acquired in satisfaction of claims	(15,591)	(15,591)
	499,966	(596,251)
	9,216,538	10,669,662

24 CONTINGENCIES AND COMMITMENTS

Guarantees	24.1	40,689,069	38,920,372
Commitments	24.2	168,960,431	168,295,114
Other contingent liabilities	24.3	4,122,244	4,122,244
		213,771,744	211,337,730

24.1 Guarantees:

Financial guarantees	6,927,273	5,725,594
Performance guarantees	12,259,836	12,053,909
Other guarantees	21,501,960	21,140,869
	40,689,069	38,920,372

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

For the quarter ended March 31, 2023

	Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----			
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		40,712,573	52,543,910
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	50,702,541	57,184,237
- forward government securities transactions	24.2.2	63,018,499	41,226,248
- derivatives - cross currency and interest rate swaps (notional principal)	24.2.3	2,236,533	1,510,401
- extending credit (irrevocable)	24.4	12,073,185	15,473,238
Commitments for acquisition of:			
- operating fixed assets		167,093	193,455
- intangible assets		50,007	163,625
		<u>168,960,431</u>	<u>168,295,114</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		44,033,315	50,919,583
Sale		6,669,226	6,264,654
		<u>50,702,541</u>	<u>57,184,237</u>
24.2.2 Commitments in respect of forward government securities transactions			
Purchase		63,018,499	35,400,890
Sale		-	5,825,358
		<u>63,018,499</u>	<u>41,226,248</u>
24.2.3 Commitments in respect of derivatives			
Sale		<u>2,236,533</u>	<u>1,510,401</u>
24.3 Other contingent liabilities			
24.3.1 Holding Company:			
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company has a strong case		2,510,000	2,510,000
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)		1,154,701	1,154,701
		<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 2021). Income tax return for TY 2023 (accounting year 2022) has been filed 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, 2021: 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 consolidated financial statements in respect of this matter.

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

For the quarter ended March 31, 2023

- (ii) There are certain claims against the Bank not acknowledged as debt amounting to Rs 29,315 million (December 31, 2022: Rs 29,453 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2022: 25,299 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal advice and / or internal assessments, 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 consolidated financial statements.

24.3.2 Subsidiary Company:

- (i) The income tax returns of the Company for the tax years 2004 to 2022 (financial year ended June 30, 2004 to December 31, 2021) 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 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 Company's favour and accordingly no provision for the above has been made in these consolidated financial statements in respect of this liability.
- (ii) The income tax department has issued orders and show cause notices under section 221 of the Income Tax Ordinance, 2001 for recovery of Workers Welfare Fund (WWF) aggregating to Rs 0.818 million in respect of tax years 2008 and 2013. The details of orders and show cause along with the management actions are listed below:

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

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

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

In respect of this, the Subsidiary Company, jointly with other Asset Management Companies together with their respective collective investment schemes through their trustees, has filed a petition on July 8, 2014 in the SHC challenging the above notice. The Court has ordered suspension of the show cause notice till the next hearing

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

For the quarter ended March 31, 2023

of appeal in their order dated July 10, 2014. The next date of hearing has not yet been decided. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.

- (iv) During the prior period, the audit of the tax year 2013 (financial year ended June 30, 2013) was completed by the taxation authorities. The tax authorities have passed an order under section 122(5A) of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 4.964 million for the tax year 2013 on account of apportionment of expenses, salary expenses and hardware and software expense. The management filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on the grounds of disallowances made by the Additional Commissioner Inland Revenue. The CIR(A) remanded back a few expenses while ordered against various other expenses for which the Subsidiary Company has decided to appeal before the Appellate Tribunal Inland Revenue (ATIR). The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.
- (v) During the prior period, 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 prior period, 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.
- (vii) During the year ended December 31, 2022, one of the customers of the Company has claimed an amount of Rs 245 million from the Subsidiary Company for loss of profit and principal against amount kept by him in discretionary portfolio and CIS with the Subsidiary Company.

The Subsidiary Company based on an internal assessment and legal opinion is confident that no likely claim will be payable by the Subsidiary Company. Accordingly, no provision has been made in these consolidated financial statements in respect of this claim.

24.4 Commitments to extend credits

The Holding Company makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 12,073 million (December 2022: Rs. 15,473 million) which are irrevocable in nature.

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Un-audited March 31, 2023	Audited December 31, 2022
	----- Rupees '000 -----	
25 DERIVATIVE INSTRUMENTS		
Cross currency swaps (notional principal)	2,236,533	1,510,401

25.1 Product analysis

Counterparties	March 31, 2023 (Un-audited) Cross currency swaps	
	Notional principal	Mark to market loss
With banks for		
Hedging	-	-
Market making	207,547	(171,851)
With other entities for		
Hedging	-	-
Market making	2,028,986	(1,979,565)
Total		
Hedging	-	-
Market making	2,236,533	(2,151,416)

Counterparties	December 31, 2022 (Audited) Cross currency swaps	
	Notional principal	Mark to market loss
With banks for		
Hedging	-	-
Market making	209,709	(281,984)
With other entities for		
Hedging	-	-
Market making	1,300,692	(1,225,699)
Total		
Hedging	-	-
Market making	1,510,401	(1,507,683)

	Un-audited March 31, 2023	Audited December 31, 2022
	----- Rupees '000 -----	
26 PROFIT / RETURN EARNED		
On:		
Financing	17,353,046	8,949,349
Investments	17,334,253	7,959,597
Due from financial institutions	142,577	271,102
Balances with banks	1,783	147
Securities purchased under resale agreements	6,865	122,746
	34,838,524	17,302,941

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

Note	Un-audited March 31, 2023	Audited December 31, 2022
----- Rupees '000 -----		
27	PROFIT / RETURN EXPENSED	
On:		
Deposits	13,747,340	7,657,466
Securities sold under repurchase agreements	4,377,190	836,537
Other short term borrowings	19,151	34,042
Due to SBP	984,467	381,933
Musharaka acceptances	1,645,558	42,378
Lease liability against right-of-use assets	353,064	275,447
Cost of foreign currency swaps against foreign currency deposits / borrowings	670,293	892,349
	<u>21,797,063</u>	<u>10,120,152</u>
28	FEE AND COMMISSION INCOME	
Branch banking customer fees	264,206	227,202
Consumer finance related fees	153,937	137,300
Card related fees	975,968	676,447
Credit related fees	5,561	3,759
Investment banking fees	93,307	79,006
Commission on trade	151,103	96,274
Commission on guarantees	54,800	37,198
Commission on cash management	28,401	21,860
Commission on remittances including home remittances	96,965	89,592
Commission on bancassurance	32,207	64,529
Commission on sale of funds unit	57,771	40,446
Management fee	138,853	105,183
Advisory fee	127	1,943
Sales load	55,658	46,868
Others	31,283	10,629
	<u>2,140,147</u>	<u>1,638,236</u>
29	LOSS ON SECURITIES - NET	
Realised	28.1 (888,784)	(66,251)
Unrealised - held for trading	864	(46,936)
	<u>(887,920)</u>	<u>(113,187)</u>
29.1	Realised gain on:	
Federal Government securities	(145,884)	56,950
Shares	(757,516)	(125,614)
Open end mutual funds	14,616	2,413
	<u>(888,784)</u>	<u>(66,251)</u>
30	OTHER INCOME	
Rent on property	45,664	46,217
Gain on sale of fixed assets - net	8,389	25,079
Notice pay	2,368	302
Scrap income	19	1,685
Others	8,451	201
	<u>64,891</u>	<u>73,484</u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Note	Un-audited March 31, 2023	Un-audited March 31, 2022
Rupees '000			
31 OPERATING EXPENSES			
Total compensation expense		2,997,888	2,291,482
Property expense			
Rent and taxes		67,398	93,181
Takaful		28,086	14,214
Utilities cost		282,175	217,863
Security (including guards)		338,215	215,778
Repair and maintenance (including janitorial charges)		219,474	141,746
Depreciation on owned fixed assets		198,418	136,073
Depreciation on non-banking assets		1,686	1,241
Depreciation on right-of-use assets		444,049	358,242
Others		54,949	27,395
		1,634,450	1,205,733
Information technology expenses			
Software maintenance		789,437	535,521
Hardware maintenance		85,383	62,121
Depreciation		95,378	90,353
Amortisation		70,289	42,621
Network charges		87,431	61,622
		1,127,918	792,238
Other operating expenses			
Directors' fees and allowances		42,787	49,380
Legal and professional charges		36,658	48,775
Outsourced services costs - staff		169,204	117,937
Travelling and conveyance		56,739	40,287
NIFT clearing charges		20,274	6,176
Depreciation		151,852	121,406
Training and development		16,221	12,313
Postage and courier charges		68,047	59,711
Communication		179,396	71,003
Marketing, advertisement and publicity		493,332	289,904
Donations		-	88,257
Auditors remuneration		7,071	3,970
Takaful		213,728	283,438
Stationery and printing		116,084	82,146
Bank fees and charges		27,701	24,996
Brokerage and commission		36,875	4,856
Deposit protection premium		149,786	130,059
Credit card bonus points redemption		96,292	56,739
Others		231,306	142,114
		2,113,353	1,633,467
		7,873,609	5,922,920
32 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		317	2,386
33 PROVISIONS AND WRITE-OFFS - NET			
Provision against / (Reversal of provision) for diminution in value of investments	13.3	1,382,930	(1,471)
Provision against / (Reversal of provision) against financing	14.4	59,480	(30,150)
Reversal of provision against other assets	17.1.1	-	(30,335)
Bad debts written off directly		5,328	47,275
Recoveries of written off / charged off bad debts		(83,487)	(126,851)
Provision against / (Reversal of provision) off balance sheet obligations	22.1	650	(5,082)
		1,364,901	(146,614)

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

For the quarter ended March 31, 2023

	Un-audited March 31, 2023	Un-audited March 31, 2022
	----- Rupees '000 -----	
34 TAXATION		
Current	3,651,613	1,415,427
Prior years	55,000	-
Deferred	(644,728)	(3,686)
	<u>3,061,885</u>	<u>1,411,741</u>
35 BASIC EARNINGS PER SHARE		
Profit after tax for the period	<u>3,306,708</u>	<u>2,209,655</u>
	Number of shares in thousands	
Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>
	----- Rupees -----	
Basic earnings per share	<u>2.18</u>	<u>1.46</u>

35.1 Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue at March 31, 2023 and March 31, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

36 FAIR VALUE MEASUREMENTS

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

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

Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

For the quarter ended March 31, 2023

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:

	March 31, 2023 (Un-audited)			
	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	402,515,075	-	402,515,075
Shares	5,841,855	2,081,728	-	7,923,583
Non-Government debt securities	47,380,000	2,398,536	-	49,778,536
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities (note 12.4)	-	5,822,569	-	5,822,569
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,244,953	17,244,953
Non-banking assets acquired in satisfaction of claims	-	-	3,163,332	3,163,332
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	44,033,315	-	44,033,315
Forward sale of foreign exchange	-	37,961,239	-	37,961,239
Derivatives sales	-	2,236,533	-	2,236,533
	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	402,310,029	-	402,310,029
Shares	8,489,609	1,351,312	265	9,841,186
Non-Government debt securities	47,380,000	2,485,260	-	49,865,260
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	4,862,086	-	4,862,086
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,410,641	17,410,641
Non-banking assets acquired in satisfaction of claims	-	-	3,167,481	3,167,481
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	50,919,583	-	50,919,583
Forward sale of foreign exchange	-	6,264,654	-	6,264,654
Derivatives sales	-	1,510,401	-	1,510,401

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 Bank to exercise such transfers.

Valuation techniques used in determination of fair values within level 2

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

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

For the quarter ended March 31, 2023

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

Valuation techniques used in determination of fair values within level 3

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

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

37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

	2023					Total
	Retail	CIBG	Treasury	SAM	Others	
Profit and loss for the quarter ended March 31, 2023 (Un-audited)	Rupees '000					
External funded revenue	(9,203,756)	11,806,382	10,507,065	53,820	(121,866)	13,041,645
Inter segment revenue - net	19,743,442	(11,573,757)	(10,390,020)	(52,082)	2,272,417	-
External non-funded revenue	1,690,863	398,819	1,206,465	(220,867)	(351,877)	2,723,403
Total income	12,230,549	631,444	1,323,510	(219,129)	1,798,674	15,765,048
Segment direct expenses	5,176,989	243,165	49,684	29,931	2,531,785	8,031,554
Inter segment expense allocation	122,170	(78,956)	(7,251)	(35,963)	-	-
Total expenses	5,299,159	164,209	42,433	(6,032)	2,531,785	8,031,554
Provisions	(66,269)	(19,913)	1,385,343	69,315	(3,575)	1,364,901
Profit before tax	6,997,659	487,148	(104,266)	(282,412)	(729,536)	6,368,593
Statement of financial position as at March 31, 2023 (Un-audited)						
Cash and bank balances	25,502,829	-	41,979,647	-	111	67,482,587
Due from financial institutions	-	-	1,500,000	-	-	1,500,000
Investments	100,000	8,171,385	460,013,354	3,143,417	-	471,428,156
- Investment provision	-	-	(1,523,804)	(3,143,476)	-	(4,667,280)
Net inter segment lending	653,706,089	-	-	-	(653,706,089)	-
Financing - performing	94,029,918	386,724,449	-	-	5,590,020	486,344,387
Financing - non-performing	3,300,535	5,786,874	-	12,685,342	58,727	21,831,478
- Financing - provisions	(3,023,991)	(4,285,073)	-	(12,134,852)	(34,532)	(19,478,448)
Others	19,715,416	7,583,323	36,649,038	(11,551,191)	57,089,298	109,485,884
Total assets	793,330,796	403,980,958	538,618,235	(11,000,760)	(591,002,465)	1,133,926,764

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

For the quarter ended March 31, 2023

	2023					Total
	Retail	CIBG	Treasury	SAM	Others	
	Rupees '000					
Due to financial institutions	8,718,512	72,657,039	108,204,486	-	-	189,580,037
Subordinated Sukuk	-	-	-	-	-	-
Deposits and other accounts	748,834,240	50,375,374	-	290,073	279,945	799,779,632
Net inter segment borrowing	-	279,440,381	429,842,351	(11,291,887)	(697,990,845)	-
Others	35,778,044	1,508,164	3,842,545	1,054	32,458,775	73,588,582
Total liabilities	793,330,796	403,980,958	541,889,382	(11,000,760)	(665,252,125)	1,062,948,251
Equity	-	-	(3,271,147)	-	74,249,660	70,978,513
Total equity and liabilities	793,330,796	403,980,958	538,618,235	(11,000,760)	(591,002,465)	1,133,926,764
Contingencies and commitments	14,693,703	39,601,195	156,670,146	1,574,379	1,232,321	213,771,744

	2022					Total
	Retail	CIBG	Treasury	SAM	Others	
	Rupees '000					
Profit and loss for the quarter ended March 31, 2022 (Un-audited)						
External funded revenue	(4,591,806)	5,588,904	6,239,320	83,100	(137,570)	7,181,948
Inter segment revenue - net	9,668,378	(5,144,445)	(5,893,416)	59,823	1,309,660	-
External non-funded revenue	1,348,014	388,342	561,385	(24,876)	18,828	2,291,693
Total income	6,424,586	832,801	907,289	118,047	1,190,918	9,473,641
Segment direct expenses	3,514,649	187,328	61,405	39,311	2,196,166	5,998,859
Inter segment expense allocation	1,895,019	184,792	40,990	35,627	(2,156,428)	-
Total expenses	5,409,668	372,120	102,395	74,938	39,738	5,998,859
Provisions	(36,912)	120,520	(1,470)	(228,275)	(477)	(146,614)
Profit before tax	1,051,830	340,161	806,364	271,384	1,151,657	3,621,396

Statement of financial position as at December 31, 2022 (Audited)

Cash and bank balances	19,076,053	-	39,839,531	-	127	58,915,711
Due from financial institutions	-	-	9,815,098	-	-	9,815,098
Investments	100,000	7,374,123	460,915,716	3,205,813	996,732	472,592,384
- Investment provision	-	-	(1,297,552)	(1,986,798)	-	(3,284,350)
Net inter segment lending	651,190,684	-	-	-	(651,190,684)	-
Financing - performing	101,531,845	342,314,662	-	-	8,044,744	451,891,251
Financing - non-performing	3,463,386	5,586,833	-	12,444,525	203,639	21,698,383
- Financing - provisions	(2,901,661)	(4,304,986)	-	(11,990,203)	(132,176)	(19,329,026)
Others	16,922,119	8,226,633	13,875,498	(1,820,592)	45,503,360	82,707,018
Total assets	789,382,426	359,197,265	523,148,291	(147,255)	(596,574,258)	1,075,006,469
Due to financial institutions	9,147,902	78,339,254	62,647,240	-	-	150,134,396
Subordinated Sukuk	-	-	-	-	-	-
Deposits and other accounts	729,757,619	51,202,938	-	156,164	439,502	781,556,223
Net inter segment borrowing	-	229,099,012	459,708,176	(302,624)	(688,504,564)	-
Others	50,476,905	556,061	2,638,487	(795)	19,030,989	72,701,647
Total liabilities	789,382,426	359,197,265	524,993,903	(147,255)	(669,034,073)	1,004,392,266
Equity	-	-	(1,845,612)	-	72,459,815	70,614,203
Total equity and liabilities	789,382,426	359,197,265	523,148,291	(147,255)	(596,574,258)	1,075,006,469
Contingencies and commitments	13,526,449	42,770,878	152,472,992	1,361,513	1,205,898	211,337,730

38 RELATED PARTY TRANSACTIONS

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

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

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

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Investments										
Opening balance	-	-	-	2,429,473	3,503,533	-	-	-	1,580,218	4,081,802
Investment made during the period / year	-	-	-	1,666,970	12,061,284	-	-	-	2,529,308	18,943,915
Investment redeemed / sold during the period / year	-	-	-	(3,243,115)	(19,522,184)	-	-	-	(1,703,988)	(19,522,184)
Equity method adjustment	-	-	-	184	-	-	-	-	23,935	-
Closing balance	-	-	-	853,512	(3,957,367)	-	-	-	2,429,473	3,503,533
Provision for diminution in value of investments	-	-	-	-	1,984,337	-	-	-	-	1,984,337
Islamic financing and related assets										
Opening balance	-	7	539,123	-	2,784,160	-	-	531,323	-	1,709,934
Addition during the period / year	-	2	64,671	-	736	-	7	281,835	-	617,654
Repaid during the period / year	-	-	(38,195)	-	(72,718)	-	-	(274,035)	-	(935,508)
Written off during the period / year	-	-	-	-	-	-	-	-	-	1,392,080
Closing balance	-	9	565,598	-	2,712,178	-	7	539,123	-	2,784,160
Provision held against advances	-	-	-	-	-	-	-	-	-	457,987

Rupees '000

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

For the quarter ended March 31, 2023

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Other assets										
Profit / return accrued	-	-	2,182	-	52,972	-	-	1,403	-	79,923
Commission income receivable	-	-	-	-	168,825	-	-	-	-	168,825
Defined benefit plan asset	-	-	-	1,583	47,933	-	-	-	6,987	42,144
Remuneration receivable	-	-	-	6,720	205,885	-	-	-	10,634	104,561
Receivable against reimbursement of expenses	-	-	-	-	1,240	-	-	-	-	1,178
Receivable from defined contribution plan	-	-	-	-	17,224	-	-	-	118	11,236
Front end load receivable	-	-	-	-	3,524	-	-	-	1,432	8,966
Preliminary expenses and floatation costs receivable	-	-	-	1,432	695,410	-	-	-	1,432	8,966
Others	-	-	2,182	9,735	1,193,013	-	-	1,403	19,171	3,302,249
Deposits and other accounts										
Opening balance	4,595,199	58,746	131,791	57,393	26,038,101	328,397	51,148	231,277	15,350	9,800,472
Received during the period / year	-	25,700	901,208	63,903	186,923,351	4,595,017	88,829	2,472,226	3,243,262	603,296,210
Withdrawn during the period / year	-	(28,181)	(868,862)	(106,197)	(174,067,743)	(328,215)	(81,231)	(2,571,712)	(3,201,219)	(587,058,581)
Transfer in / (out) during the period / year	-									
Closing balance	4,595,199	56,265	164,137	15,099	38,893,709	4,595,199	58,746	131,791	57,393	26,038,101
Other liabilities										
Profit / return payable	-	534	584	224	531,056	-	429	669	355	319,447
Other liabilities	1,013,474	-	-	-	164,147	-	-	-	-	359,297
	1,013,474	534	584	224	695,203	-	429	669	355	678,744
Contingencies and commitments										
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	82,609	-	-	-	-	10,603
Trade related commitments	-	-	-	-	82,609	-	-	-	-	10,603
	-	-	-	-	82,609	-	-	-	-	10,603

Rupees '000

* represents outstanding guarantee

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

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

RELATED PARTY TRANSACTIONS

	March 31, 2023 (Un-audited)				March 31, 2022 (Un-audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Income										
Profit / return earned	-	-	9,571	-	24,352	-	-	28,915	-	24,352
Fee and commission income	-	28	35	3,790	1,499	-	65	111	118,534	120,765
Dividend income	-	-	-	-	1,733	-	-	-	65,690	95,251
Net gain on sale of securities	-	-	39	(6,451)	(4,730)	-	-	231	(40,748)	9,098
Expense										
Profit / return paid	-	1,605	2,472	101	507,092	-	4,185	4,551	7,441	1,006,218
Reimbursement of expenses	-	-	-	3,018	119,470	-	-	-	39,929	318,855
Director's fee and other expenses	-	42,787	-	-	-	-	136,820	-	-	-
Remuneration	-	-	415,459	-	488	-	-	812,153	-	1,362
Subscription Fee	-	-	-	-	2,211	-	-	-	-	3,005
Charge for defined benefit plan	-	-	-	-	71,519	-	-	-	-	236,592
Contribution to defined contribution plan	-	-	-	-	85,634	-	-	-	-	296,502
Donations made during the period	-	-	-	-	-	-	-	-	-	88,257
Others										
Shares / units purchased during the period	-	-	-	1,666,970	12,061,284	-	-	-	2,529,308	18,943,915
Shares / units sold during the period	-	-	-	32,43,115	13,146,576	-	-	-	1,703,989	19,279,725
Government securities purchased during the period	-	-	38,200	-	-	-	-	504,715	-	2,054,560
Government securities sold during the period	-	-	226,983	-	1,460,842	-	-	406,936	-	4,151,535
Contribution to defined benefit plan	-	-	-	-	53,986	-	-	-	-	237,032

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2023

	Un-audited March 31, 2023	Audited December 31, 2022
	----- Rupees '000 -----	
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum capital requirement (MCR):		
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital adequacy ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	56,099,557	55,723,079
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	56,099,557	55,723,079
Eligible tier 2 capital	11,132,020	11,155,424
Total eligible capital (tier 1 + tier 2)	67,231,577	66,878,503
Risk weighted assets (RWAs):		
Credit risk	298,519,563	306,729,896
Market risk	30,472,005	51,822,917
Operational risk	72,519,488	72,519,488
Total	401,511,056	431,072,300
Common equity tier 1 capital adequacy ratio	13.97%	12.93%
Tier 1 Capital adequacy ratio	13.97%	12.93%
Total Capital adequacy ratio	16.74%	15.51%
Leverage ratio (LR):		
Eligible tier-1 capital	56,099,557	55,723,079
Total exposures	1,307,558,025	1,237,985,505
Leverage ratio (in %)	4.29%	4.50%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	422,167,186	368,386,611
Total net cash outflow	302,584,857	206,353,920
Liquidity coverage ratio (Ratio)	1.395	1.785
Net stable funding ratio (NSFR):		
Total available stable funding	729,683,455	706,803,978
Total required stable funding	453,721,373	416,877,978
Net stable funding ratio (in %)	160.82%	169.55%

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

For the quarter ended March 31, 2023

40 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.

41 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 28, 2023 has proposed an interim cash dividend of Nil (2022: Nil). These condensed interim consolidated financial statements for the quarter ended March 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the quarter end.

42 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 28, 2023 by the Board of Directors of the Holding Company.

Faysal Bank Limited

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