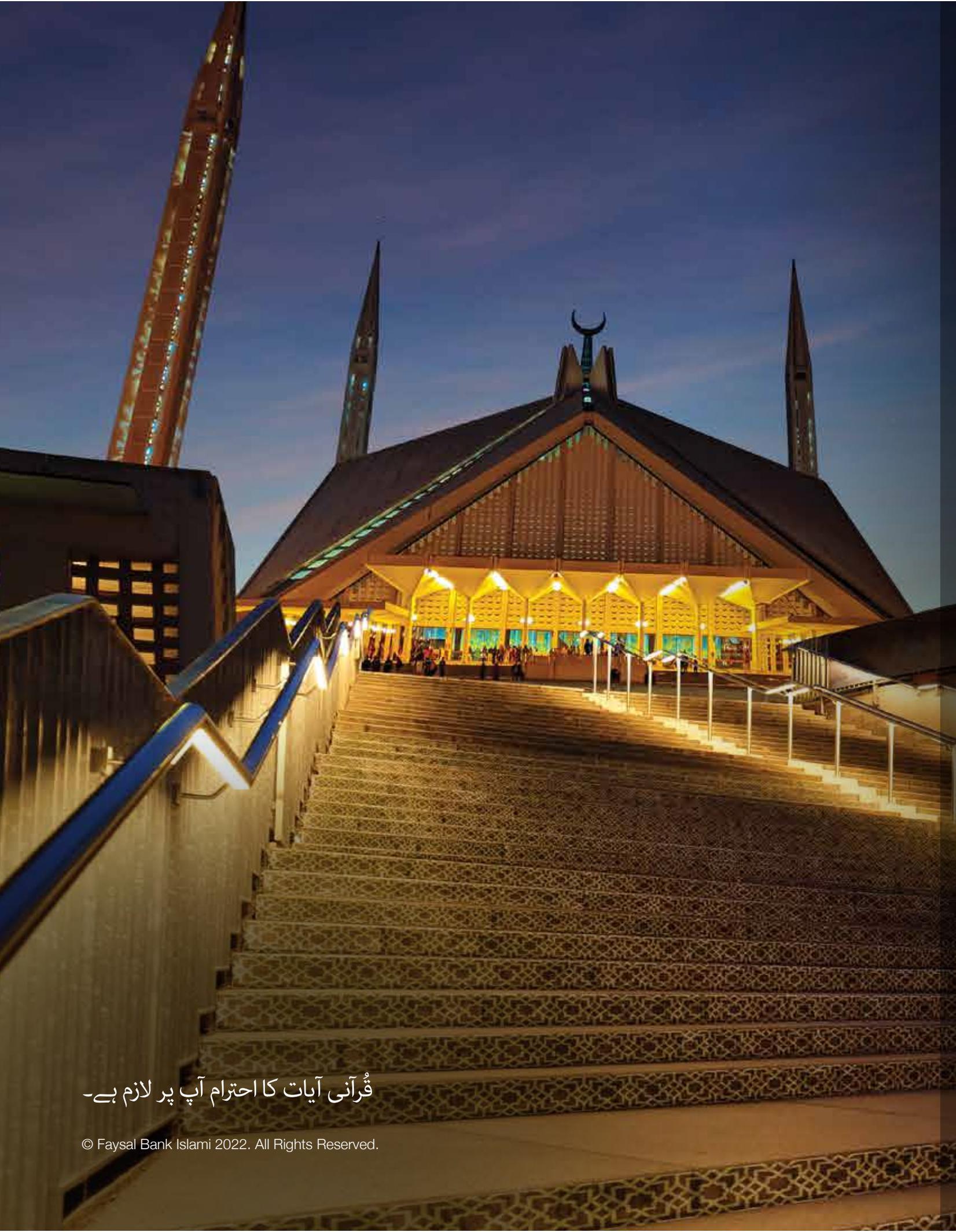


سنة المحمدية





قُرآنی آیات کا احترام آپ پر لازم ہے۔

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Key Message from the Chairman

In a year of difficult economic environment, Faysal Bank Limited has delivered a record Profit After Tax (PAT) of Rs. 11.2 billion - 38% higher than the last year.

In 2022, FBL also completed its full conversion to Islamic and with effect from 01 January 2023 started to work as a full-fledged Islamic Bank under Islamic Banking License issued by the State Bank of Pakistan. Completion of conversion has provided a platform for growth and Inshallah, FBL will be firing on all cylinders in 2023.

Dear Stakeholders,

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

On behalf of the Board of Directors of Faysal Bank, it gives me immense pleasure to present our Annual Report and audited financial statements for the year ended December 31, 2022. While we look back on the past three decades with pride, we also look forward with optimism to the next three decades and beyond. On behalf of the Board and myself, I would like to voice our sincere thanks and utmost gratitude for your unwavering support to the Bank.

I trust our report will provide you with an in-depth understanding of the Bank as well as the strategies that enabled us to successfully navigate through these challenging times and emerge stronger and more resilient.

75 years of Pakistan and 35 years of FBL presence in Pakistan

The year 2022 marked the Platinum Jubilee of Pakistan's independence. Our journey started 75 years ago with the motto of "Kalma-e-Tayyaba" in which we promised that we will build this country as a prodigious Islamic democratic country of the Muslim world. In the last 75 years, though the country has faced serious economic and socioeconomic problems, it has come a long way being the only Islamic nuclear power state.

FBL takes pride in playing a significant role to establish a viable Islamic financial system in the country. The team of FBL, by converting the bank into a full-fledged Islamic Bank, has made history, which will be considered as a benchmark for Pakistan's

banking industry. FBL conversion has provided a perfect road map to convert Pakistan's financial structure on Islamic system as per the vision put forward by the Government of Pakistan.

Largest conversion of a Conventional Bank into an Islamic Bank

It is indeed an incredibly special occasion for us, as FBL celebrates its commendable conversion to a full-fledged Islamic bank. Alhamdulillah, with the grace of the All-Mighty, the unwavering vision of the Board, the dedication of the management and the determination of the employees, the Bank has successfully pulled a one-of-a-kind feat: **the largest global conversion of a Conventional Bank into an Islamic Bank.**

Looking back at our Financial Performance in 2022

FBL delivered solid financial results for 2022, reporting 38% increase in net profit to Rs. 11.2 billion. FBL has achieved several milestones including the landmark of Rs. 1.1 trillion in balance sheet footings with deposit market share increasing to 3.5%.

People are our asset

It goes without saying that our staff is our most valuable asset. They are not only the face of our organization, but also determine our performance. During the year, the Bank continued to invest in their training and development as we firmly believe in developing capabilities from within the organization. The trainings were more emphasized on Islamic Banking courses to upscale the knowledge and reinforce our commitment towards the conversion while also providing career growth to staff.

Embracing Technology

Adoption of modern technology is critical in today's world, and the increasing rate of digitization is visible in Pakistan across all sectors; and banks are no exceptions. FBL is investing in innovation to ensure that the customers have a seamless banking experience. The Bank's focus on enhancing its digital offerings has led to, not only growth in onboarding of new customers on digital channels, but also increase in transaction volumes. Customers can now fulfill their basic banking needs through WhatsApp Banking without having to login to the mobile banking Application. All these initiatives are part of our commitment to provide best service to customers. We are committed to incorporate modern processes and technologies into our operations and services to achieve higher levels of customer satisfaction.

Contribution in Corporate Social Responsibility (CSR)

Corporate Social Responsibility programs have a significant impact on society while leveraging an organization's strengths. FBL has always been committed to support initiatives in the areas of education, professional development of youth, health, and poverty alleviation. We are committed to carrying out our CSR activities for the benefit of society and in 2022 our overall philanthropic contributions were Rs. 88 million.

Awards for our excellent performance

FBL has received awards during 2022 from distinguished national and international organizations namely, 'Best Bank of the Year 2021' amongst mid-size banks of the country by Chartered Financial Analyst (CFA) Society Pakistan; 'Best Islamic Retail Bank in Pakistan 2022' at Islamic Retail Bank Awards (IRBA) organized by Cambridge IFA. All these recognitions and awards are testament to the strategic brilliance of our Board of Directors, Senior Management and the hard work and perseverance of our employees. This shows FBL is on track to achieve the vision of being a premier Islamic Bank in Pakistan and contributing significantly to the economy.

Positioned for a better future

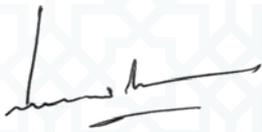
Considering the current situation, it seems that 2023 is going to be another challenging year. While uncertainties persist, we see opportunity in change, and value in innovating for the future. We are committed to strengthen our market position by focusing on asset quality, innovation in product development, offering personalized services and mobilizing core deposits. During the year we opened 94 branches taking the branch network to 700 and we will continue to open more branches in coming years.

Heartfelt thanks

With each passing year, we increasingly recognize just how important our stakeholders are to our sustainable growth journey. I would like to thank all our stakeholders for their continued trust and confidence on the Bank.

I would like to express my gratitude to the State Bank of Pakistan and the Securities & Exchange Commission of Pakistan for their continued support and guidance.

I would also like to express my gratitude to our shareholders, members of our Shariah Board and my fellow Board members as well as all members of the Faysal Bank team who worked untiringly to achieve the desired goals of the Bank.



Yours sincerely,

Farooq Rahmatullah Khan
Chairman of the Board

Dated: February 23, 2023



Organization Overview and External Environment



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Corporate DNA

Vision

To be the best customer centric Islamic bank, driven by passion and belief.

Mission

Achieve leadership in providing Shariah compliant financial services with customer care and employee focus, at the heart of our business ethos together with innovation and technology being the pillars of our growth.

Values

ایمان اور یقین

صداقت اور امانت

باہمی تعاون

جدّت

خدمت



Corporate Information as of December 31, 2022

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

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

Chief Financial Officer

Syed Majid Ali

Company Secretary & Head of Legal

Mr. Aurangzeb Amin

Auditors

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

Legal Advisors

M/s. Mohsin Tayebaly
& Co, Advocate

Registered Office

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

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

Tel : (92-21) 3279-5200

Fax : (92-21) 3279-5226

Website: www.faysalbank.com

Share Registrar

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

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

Fax: (92-21) 34326053

Email: info@cdcsrsl.com



faysalbank فيصل بنيتك



Ownership Structure



Faysal Bank Limited was incorporated in Pakistan in October 1994 as a public limited company. Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities.

Faysal Asset Management Limited (Subsidiary)

99.99%

Faysal Asset Management Limited (FAML) was incorporated in Pakistan in August 2003 as an unlisted public limited company.

FAML is a Non-Banking Finance Company (NBFC), licensed to carry out asset management and investment advisory services. It currently manages various conventional and Shari'ah compliant open end investment schemes.

Faysal Savings Growth Fund (Associate)

29.02%

Faysal Islamic Savings Growth Fund (Associate)

24.08%

Faysal Stock Fund (Associate)

31.63%

Faysal Islamic Stock Fund (Associate)

20.79%

The Group considers these open end funds managed by FAML as its associates. The country of establishment in respect of all of the below funds is Pakistan. Further, all the funds are individual open-end schemes and have been established by execution of trust deeds between FAML and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The objective of these Funds is to seek maximum possible preservation of capital and a reasonable rate of return.

Products & Services

Consumer Finance

Unsecured Business

- FBL Noor Card encapsulates the Chip & Contactless Technology combined with our exquisite Instant Reward Redemption program. It carries unmatched features that provide enhanced purchasing power and worldwide acceptance. Our customers can monitor Noor Card transactions through instant SMS facility and avoid any misuse of their credit cards Noor Card. We are offering wide range of cards to cater the different requirements of our esteemed clientele. i.e. Velocity & Blaze Gold: entry level financial tools to build engagement & replace cash. Titanium, Platinum & World: fully loaded cards with rich benefits, targeting the Premium segments. These cards also offer financial and payment flexibility through Perfect Installment Plans at 0%, request for a Banker's cheque through a Dial a Draft option or even takeover of balances from other banks cards. Bill payments can be done via a number of options including Cash, Cheques, Internet and Mobile banking. Customers can also make payments through other banks Internet Banking, Mobile Banking and ATMs.
- Faysal Islami Noor Card offers not only instant SmilePoints (rewards) redemption, delicious discounts at your favorite eateries, Local & International offers to amplify your lifestyle, but also earns you double SmilePoints (rewards) every time you conduct an international transaction. Furthermore, Noor Card customers can earn 3x reward points when they give donations to any charitable organization using their Faysal Islami Noor Card.
- Faysal Islami Noor World Card customers can avail up to 6 complimentary visits at select golf clubs.
- An exciting flat 50% discount is offered to Noor card customers at select eateries.
- FBL Cards portfolio converted from conventional cards to Noor Cards in December 2022.
- Faysal Islami Personal Finance was launched in January 2022 as a Shariah Compliant personal financing product under the Islamic Product structure of Tawarruq. This is a limit-based facility that would provide the eligible masses a comprehensive, affordable and hassle-free financing option to fulfill their needs such as education, wedding and hospitalization.

Secured Business

- Despite the COVID-19 Pandemic, Faysal Car Finance successfully maintained and balanced ENR in the year 2020 in comparison with same period last year.
- To increase acquisitions and to capitalize in the current market, Faysal Car Finance promoted its PaySmart feature through digital platforms which resulted in 1000+ leads in a span of a week reflecting customer interest.

- As a result of commendable performance of the Audi Rate Break Campaign in 2017, Faysal Car Finance relaunched its promotional campaign for newly launched Audi e-tron and other Audi Variants providing rate break to all Audi customers. This campaign is beneficial for overall sales increase and building brand equity for Faysal Car Finance in the segment of high profile customers.
- In order to acknowledge the dedication and courage portrayed by our Doctors and Paramedics Staff in this unprecedented crisis, Faysal Car Finance launched "Principal Payment Holiday and Free Life Takaful Coverage" campaign solely for this particular segment as a token of appreciation. Under this campaign the customer was provided with a number of benefits including 1st year principal payment holiday and more importantly Free Life Takaful coverage of up to 5 Million valid throughout the financing tenure.
- To capitalize the market and increase acquisitions, Suzuki 'SAVE BIG' Campaign was launched providing customers with discounted pricing and takaful rate on all Suzuki variants along with Free Registration and one-year maintenance on Alto AGS, WagonR AGS and VXL.
- Faysal Tabeer was launched under Low Cost Housing Scheme supported by Government of Pakistan and State Bank of Pakistan offering Housing Finance facility at affordable rates to meet customer residential needs.
- Faysal Islami enters in a strategic alliance with Zameen.com, Pakistan's largest real estate online portal to provide Free Real Estate Advisory to Faysal Home Finance and Low Cost Housing customers ensuring smooth processing and a complete home finance solution.

Products and Services offered by Consumer Finance include:

Credit Cards

Get the Most out of Life with a Faysal Bank Credit Card!

Faysal Bank welcomes you to the world of convenience and flexibility. Our wide range of credit cards is designed to ensure matchless services and discount offers every time you travel, shop, and dine out. Reward yourself with our premium privileges to complement your lifestyle!

- Complete credit card product suite Velocity, Blaze, Titanium, Platinum & World
- Amazing Lifestyle and Flavours discount programs
- Instant Reward redemption at partner outlets
- 0% installment Plans

Faysal Bank Credit Card is a convenient payment tool to match consumer lifestyle and fulfill a variety of financial needs from making a long awaited purchase to making daily expenditures such as fuel and groceries.

Faysal Flexi Credit

The Power to Maintain Life's Momentum!

Faysal Flexi Credit lets you enjoy yourself while we take care of all your rainy days. It is your personal line of credit; quick money when and where you want it! Flexi Credit is your one stop payment shop that takes care of all your financial needs, your aspirational needs and unplanned expenses. Flexi Credit is the most convenient, flexible, economical and easy-to-use loan facility designed to suit your needs and gives you the power to control your finances. It brings you a variety of features that provides you the spending convenience you deserve.

Personal Installment Loans

Har Khwahish Possible!

Make your dreams come true with Faysal Personal Installment Loan. Now you can get a loan starting from PKR 50,000 and pay easy installments, as low as Rs. 1,500 a month. So it's time to fulfill your wishes as now all is possible.

Upgrade your lifestyle: Get what you want, may it be home appliances, a brand new watch or a smart phone.

Long awaited vacations: Choose an ultimate destination and travel around the world with your loved ones.

Educational expenses: Pay for your child's education or enroll yourself for advanced studies or professional certifications.

House renovation: Build the house of your dreams by remodeling and enhancing existing spaces in the house.

Unexpected expenses: Take care of your unexpected expenses as well as consolidate your debt or outstanding bill amounts.

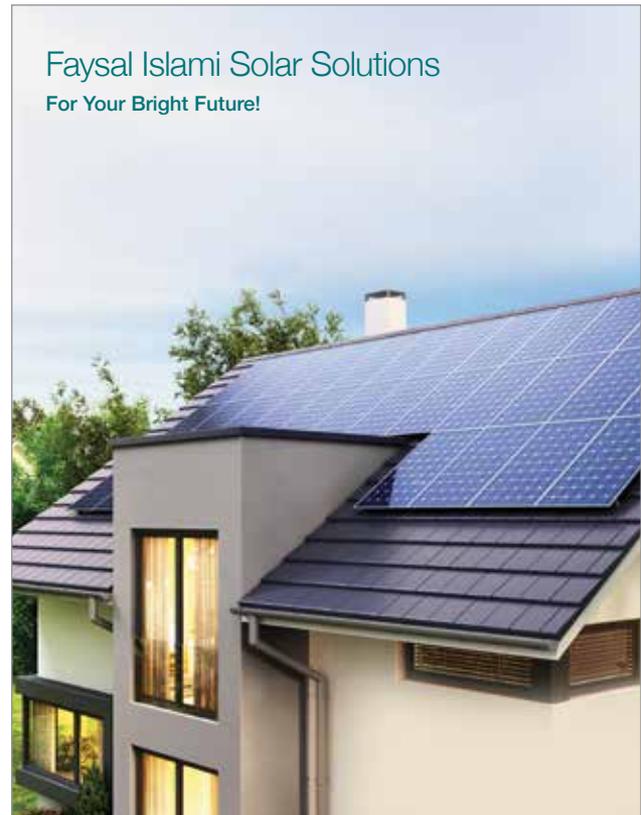
Spend with ease: Enjoy complimentary current account facility and a Faysal Pocketmate Visa Debit Card for cash withdrawal and shopping worldwide and much more.

Faysal Bank offers Loan Top Up/ Enhancement facility to its existing Personal Installment Loan customers, a facility where you can avail an additional loan on your existing PIL amount based on your current income, Debt Burden Ratio (DBR) and repayment history.

Faysal Takmeel

Ab dil ki kyun taalain!

Live a life of upgraded luxury with Faysal Takmeel, a Shariah compliant facility through Musawamah financing. Now you can choose the best in consumer durable goods such as home appliances, room décor, air conditioners, TVs, laptops, motorcycles and others through easy, fixed monthly installments and change the way you live, today!



Faysal Auto Cash

The cash is yours and so is your car.

Faysal AutoCash is an opportunity to avail a personal loan against your car's worth to fulfill any financial needs for up to 5 years. This product best suits today's customer as it helps borrow money when in need of funds against the value of their vehicle.

Car Finance

Drive your Dream Car Today!

Now drive your dream car today with Faysal Car Finance. A facility extended to individuals based on the principles of Diminishing Musharakah for purchase of new as well as used vehicle(s). Choose from a range of vehicles available locally as well as imported.

Home Finance

We help you unlock your dreams.

A Shariah compliant product based on the principles of Diminishing Musharakah which allows to Buy, Build or Renovate your dream house on competitive pricing with quick processing and easy documentation.

Trade

Faysal Trade Products:

Faysal Bank provides all types of funded & non funded trade finance facilities to its clients. This includes opening of all types of L/Cs, advising, confirmation, documentary collection, and issuance of bank guarantees. Faysal Trade Products provide a wide range of standard as well as tailor-made products and solutions to trade customers from all walks of life. It includes:

- Export L/C Advising & Confirmation services
- Export Bills for collection
- Export Advance payments
- Export bills Negotiation
- Currency Salam (alternate for Export Bill Discounting)
- Pre-Shipment and Post-Shipment Short Term financing

Waad: (Alternate of Forward Booking)

Faysal Barkat offers purchase of foreign currencies against trade transactions upon getting an offer and acceptance from client. Our expert team facilitate the exporters with expert advice to hedge their foreign exchange risk while foreseeing the foreign exchange volatility.

SBP Refinancing Schemes For Short Term / Long Term Financing:

Short Term Working Capital Financing Facilities:

Export Pre-Shipment and Post-Shipment financing on Islamic modes of financing (IERS Part I & II):

Offers refinance facilities to Customers with an aim to support industrial growth and exports with the ultimate objective of promoting overall economic development of the country. SBP introduced special schemes under its refinance window to ensure adequate supply of financing at subsidized rates. Financing is available to direct exporters including manufacturers, trading companies, new exporters and indirect exporters. Financing can be availed at pre-shipment and/or post-shipment stage against firm export contract / LCs.

Islamic Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises

The Islamic Refinance Scheme for Working Capital financing of Small Enterprises and Low-End Medium Enterprises (IWCF) has been offered to Small and Low-end Medium Enterprises to cater the working capital requirements of exporters.

Long Term project financing under Islamic mode of financing: Islamic Long Term finance facility (ILTFF):

Faysal Barkat offers Long Term project finance facility namely Islamic Long Term Financing Facility (ILTFF) for Imported and Locally Manufactured New Plant & Machinery to promote export led industrial growth in the country.

Islamic Financing Facility for Renewable Energy (IFRE):

Faysal Barkat has introduced the Islamic Financing Facility for Renewable Energy (IFRE) to facilitate and support the energy sector of the country via new and alternate energy projects to fulfill the individual and industry need of the energy. Financing under IFRE shall be available for power projects / installations using alternative / renewable energy sources (solar, wind, hydro, biogas, bio-fuels, bagasse cogeneration, and geothermal as fuel).

SBP Re-Financing Facility for Storage of Agricultural produce:

Financing is available for local purchase/import of new plant & machinery/new generators used in Silos, Warehouses & Cold Storages facilities for storing Agricultural produce.

SBP Refinancing Facilities Under Covid:

Islamic Temporary Economic Refinance Facility (ITERF)

Faysal Barkat offers Long term finance facility for purchase of new imported and locally manufactured plant & machinery for setting of new projects/existing units BMR.

Faysal Islamic
Life Plus Savings Account
A Golden Opportunity
for Your Golden Years.



Bank Guarantee

A bank guarantee issued at the request of a customer may be defined as an obligation of the issuing bank to pay a sum of money in the event of non-performance or non-fulfillment of stated obligation by its customer. The guarantee is a separate obligation independent of the principal or the contractual relationship between the creditor and the principal debtor. Bank Guarantees are generally payable on first demand from the beneficiary made within the validity of the guarantee.

FBL offers the facility of issuance of guarantees to its customers generally in the following forms:

1. Bid Bonds (GBB)

A Bid Bond substantiates the financial standing of a person submitting a bid. It is issued in connection with submission of a tender for supply of goods or services and its normal characteristic is an undertaking to pay to the beneficiary a fixed amount, generally a small percentage of the total value of the Order, within a stated period on his simple written demand if the applicant withdraws his obligations after acceptance of his bid.

2. Performance Guarantee (PBG)

In a performance guarantee the Bank undertakes on behalf of a customer to pay a fixed amount, generally a higher percentage than the Bid Bond, in case the customer fails to discharge his obligations under a particular Order or contract. Upon issuance of Performance Guarantee the Bid Bond issued earlier for the same contract is returned and cancelled.

3. Advance Payment Guarantee (GAP)

Contracts, particularly those awarded by government departments, agencies and autonomous bodies such as Water and Power Development Authority (WAPDA), Karachi Electric Supply Corporation (KESC) etc., sometimes provide for an advance payment to be made to contractors for purposes such as mobilizing manpower, material, and equipment and infra-structure facilities on site. In order to obtain this payment, the contractor is required to produce an advance payment bank guarantee. This advance payment is generally deducted proportionately from proceeds paid to the applicant for work done during the contract period.

4. Shipping Guarantees (SGS & SGU)

A shipping guarantee is required by a customer (importer) when the ship carrying the consignment reaches the port of destination and discharges the goods before the Bills of Lading & other shipping documents are received at importer's bank.

5. Financial Guarantee – Others (BGO)

Bank guarantees whose main characteristic is that it is an undertaking by the issuing bank to meet any claim from the beneficiary up to a fixed sum on simple demand stating that the named customer, on whose behalf the Guarantee is issued, has defaulted in timely payment or discharge of his specified liabilities. Other financial guarantees may be issued for the release of Retention money to the contractor before completion of a contract.

6. Financial Guarantee - Financial Institutions Outside Pakistan (FGT)

A Guarantee to Financial Institutions outside Pakistan in the shape of a Bid Bond or Performance Bond issued by the Bank on behalf of customers dealing in exports, an Engineering or consultancy firm etc. to make good a loss incurred by the beneficiary abroad as a result of non-fulfillment of the contract obligations by the applicant within the specified period.

7. Financial Guarantee - Financial Institutions within Pakistan (FGT)

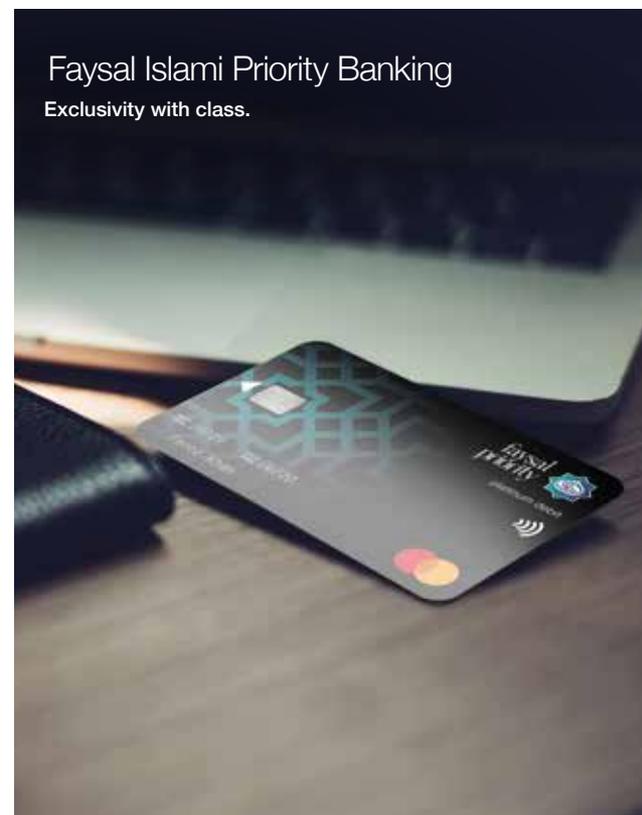
A guarantee issued in favor of a financial institution within Pakistan to make good on first simple demand a default of the customer due to non-repayment of the finance extended by the financial institution within the specified period as incorporated in their mutual agreement up to a fixed sum.

Imports

1) Letter of Credit

A Letter of Credit is an obligation taken by a bank (as the issuing bank) on behalf of a buyer of goods & services (the applicant) to pay a certain sum of money to the seller of such goods & services (beneficiary) if the documents called for in the letter of credit are presented strictly in compliance with the terms and conditions of the Letter of Credit.

Letters of Credit activities are presently governed by International Chamber of Commerce Uniform Customs and Practices for Documentary Credits Publication No. 600 (2007 revision).



2) Documentary Collection

Documentary collection is a form of trade finance in which an exporter is paid for its goods by an importer after the two parties' banks exchange the required documents. The exporter's bank collects funds from the importer's bank in exchange for documents releasing title to the shipped merchandise, usually after the goods arrive at the importer's location

3) Import Advance Payment

Advance payment is a payment method in which the price of goods is collected in advance prior to the shipment of the goods which are subject to import and the exporter ships the goods, the payment of which is already made, to the importer later on.

4) Open Account

An open account is an arrangement between a business and a customer, where the customer can buy goods and services on a deferred payment basis. The customer then pays the business at a later date.

5) Import Financing

Import financing is a specialized Trade Finance Solution used to finance the purchase of goods which are being exported from one country for the purpose of being imported into another country.

Corporate Banking

Faysal Bank's Corporate & Investment Banking Group (CIBG) is fully geared to meet the challenges of the dynamic economic environment in Pakistan. Our aim is to fuel growth and progress by filling in the role of financial advisors and financiers by providing a range of diverse financial services (including tailor made solutions) to corporate clients by partnering with them and build long term sustainable relationships.

Our in-house expertise of product specialists is well versed in providing financing solutions to meet our customer's credit, trade, foreign exchange, investment banking and various other business requirements in a hassle free, effective and efficient manner across a diverse range of industries.

Financing options include working capital loans, term loans, trade based finance services (letters of credit, foreign & local currency trade bill discounting, guarantees, import & export loans and Export Refinance and Long Term Finance), financing under SBP schemes and furthermore, depository options are also offered under various schemes.

It also includes arrangement of cross border trade confirmations and trade related commercial & country risk syndications. Our onshore specialized trade services include supply chain solutions for our corporate customer base, including vendor/ supplier & distributor focused structured trade financing solutions.

Our Corporate Banking relationship teams also liaison with Treasury, Cash Management, Trade, Investment Banking and Consumer Banking departments to develop and deliver offerings that are used across diverse businesses.

Faysal Islami Burraq Digital Freelancer Account

Your complete digital banking experience is now just a click away!



Investment Banking

FBL offers full suite of Investment Banking services ranging from equity & advisory, syndications and debt capital markets to Project and structured finance. FBL's Investment Banking works in close coordination with Corporate and Retail Banking to facilitate their clients with its services.

- **Project & Structured Finance (PSF):**
Project & Structured Finance team provides advisory and debt arrangement services for structuring and financing of long-term greenfield and brownfield projects on non-recourse or limited recourse basis. The PSF team offers advisory, structuring, execution and monitoring services for projects of national and strategic significance.
- **Syndications & Debt Capital Markets (DCM):**
The Syndications & Debt Capital Markets team offers a variety of highly customized products to a diverse set of customers as per their needs. These requirements may include medium to long-term financing for capital expenditure, capacity expansion and mergers & acquisitions. FBL's DCM team also enables credit risk distribution with other financial institutions through syndicated financing arrangements along with speedy access to local and offshore debt capital markets.
- **Equity & Advisory (E&A):**
Our E&A desk provides sell-side and buy-side advisory on merger & acquisition (M&A) transactions, facilitates in business valuations & price discovery along with providing access to equity capital markets. This includes underwriting services for initial public offerings (IPOs), right shares etc. Moreover, FBL has also acted in its capacity as the Bankers to the Issue (BTI) for various transactions.

Agri Banking

Faysal Khushaal Kisan Scheme offers

Production Loans to meet

- Cost of agri inputs (seed, fertilizer, pesticides, diesel, labor), storage, transportation and other working capital requirements of crop farming, orchards, nurseries, Vegetable farming, floriculture etc.

Development Loans to finance

- Farm Power (tractors, combine harvesters, threshers, alternate energy installations including solar energy plants etc.).
- Farm Machinery and Equipment (Ploughs, Cultivators, laser levelers, processing machinery, tunnel structures etc.).
- Farm Transport (Pickup, trailers, mini trucks etc.).
- Farm Irrigation (Installation of tube wells and Solar Pumps, turbines, power lines, transformers, sprinklers, drip irrigation systems, lining or alignment of water channels etc.).
- Land improvement (land leveling, clearance of jungle and land reclamation etc.).
- Godowns, Silos and Cold Storages (cost of construction, machinery and working capital requirements).
- Working capital requirements of Seed Processing Units.

Financing to meet needs of

- Dairy Farms (cost of sheds, milking animals, feed, medicine and other working capital requirements).
- Livestock Farms and Feed Units (cost of animal sheds, feed, medicine and other working capital requirements).
- Poultry Farms and Feed Units (cost of poultry sheds, machinery, equipment, chicks, feed, medicine and other working capital requirements).

Fish Farms (cost of fish ponds, tube wells, fish seed, feed and other working capital requirements).

Cash Management

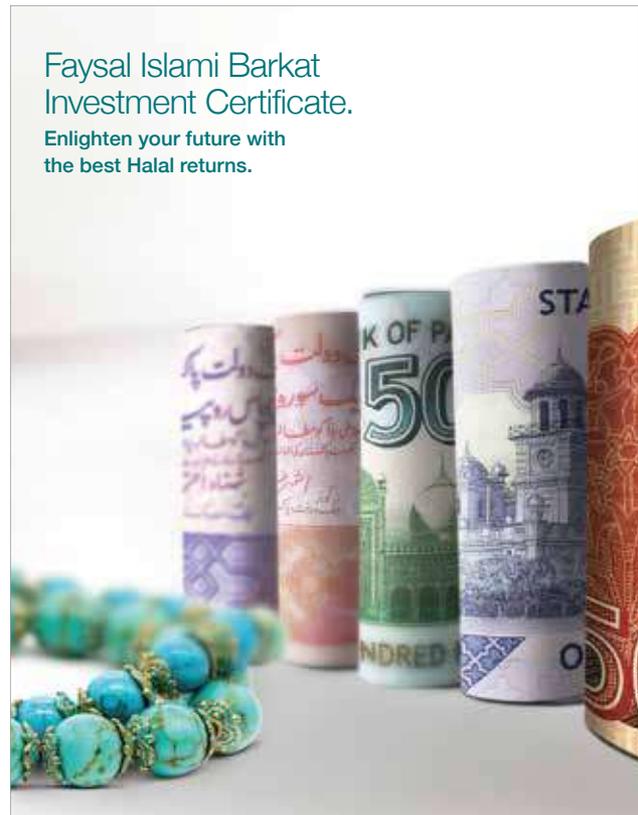
FBL offers full range of Cash Management services aimed at enhancing clients' liquidity position, reducing operational cost and improving financial control via accurate and timely reporting.

Faysal Transact OTC Collections

All cleared funds received at our branches automatically sweep into collection account for onward credit to main designated account, backed by comprehensive Real time MIS via MIS Scheduler service, real time alerts on each transaction deposit at any branch, maintenance of depositor data to eliminate data entry errors by branch for accurate Real Time MIS availability and support unit to ensure quick processing and attend queries on priority

Cash / Cheque Pick-up and Delivery

In conjunction with leading CIT (cash in transit) companies and courier services in Pakistan, we successfully process cash pickup / delivery requests from client's location(s), as per requirements.



Right Issue / IPO / Bonus Shares Tax Collections

Our entire branch network spread across 100+ cities nationwide are tagged for the collection of Right Shares/IPO application and Bonus Shares Tax collections. Funds received are credited in the designated account of client.

E-IPO processing

This initiative launched in collaboration with CDC and 1Link is a state of the art facility which uses our Internet Banking/Mobile and ATM platform to provide our customers convenience to apply for Equity/Share applications through these channels without standing in queues at branches and without any restriction of banking hours.

Phone Banking (IVR)

Our Phone Banking agents are available to facilitate clients for routing their distributor/ franchisee collection, maintaining accounts with the Bank, and any other related query.

Standing Instruction via Debit Authority (SIDA)

This product allows your distributors/dealers to issue one time Standing Instructions to FBL, authorizing FBL to debit their account with designated FBL branch(s), whenever stocks/goods are released and invoices are raised by you.

E-Collections

We provide e-collection via ADC channels, such as Internet Banking, Mobile Banking and ATMs. It allows quick and easy receipt of funds, eco-friendly due to paperless receivables & immediate transfer.

Payment Services

We provide a web based solution – Faysal Transact that can meet the challenges of a rapidly growing domestic payments system. Faysal Transact has the capability and capacity to cater different types of payment transactions.

Corporate Cheques – payable at any branch in Pakistan, electronic signatures of authorized signatories printed on instrument.

Payment Orders (PO) – payable at any FBL branch in Pakistan, delivery / dispatch arrangements

Internal Transfer – real time transfer to FBL account holders

Inter Bank Funds Transfer (IBFT) – Bulk transfers to other bank accounts, immediate reflection in account

Real Time Gross Settlement (RTGS) processing – paperless instructions processing via Faysal Transact

Dividend Payouts

FBL provides a complete and comprehensive dividend solution to customers, from printing of dividend warrants to dividend delivery to the customers and their subsequent encashment through FBL branches.

Payroll Proposition – Faysal@work

This tailor-made solution to suit your organization and employees' everyday banking and lifestyle needs, enhances productivity of your employees by bringing banking to their workplace. Faysal@work payroll proposition is available in both variants: Conventional & Islamic Banking.

Home Remittance

FBL has state of the art solutions to manage home remittances, and a constantly increasing number of global relationships. FBL home remittance beneficiaries may receive payments sent by our dedicated partners via the following payment modes:

- Cash-over-Counter payments for walk-in customers at Faysal Bank branches
- Instant Account Credit to Faysal Bank Ltd account holders
- Instant Account Credit to 1Link member bank account holders through IBFT
- Same Day Account Credit to other bank account holders via PRISM / RTGS

Treasury

The focus of our Treasury Department is predominantly client centric where we use extensive experience and expertise in providing balance sheet solutions to our vast and diverse client base by offering a wide range of Fixed Income and Foreign Exchange products.

Faysal Bank takes pride in also providing the first of its kind online

trading platform “Faysal – Self invest” wherein our Faysal digibank customers have the opportunity to manage their own Government of Pakistan Securities portfolio with Faysal Bank. Faysal – Self Invest enables customers to experience end to end process of Investors Portfolio Securities services from IPS account opening to transacting in Government Securities on real time basis.

Commercial & SME

Financing Facilities

1- Overdraft – Running Finance

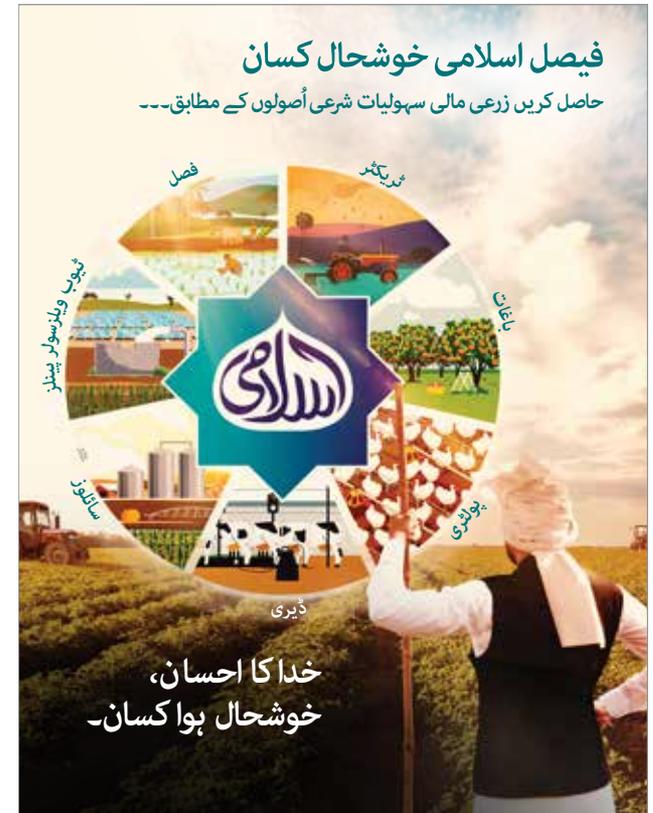
Running finance or overdraft facility is a short term finance provided to customers to fulfill their working capital needs by allowing withdrawals from their account in excess of the credit balance, maintained with the Bank.

2- Pledge Financing

The pledge financing facility is offered to customers against delivery of goods to the Bank. The goods are held as security and are placed under the custody of the Bank's approved Mucaddum. Drawing power is determined on the basis of value of the goods placed under pledge along with stipulated margin.

3- Long Term Exposure

Long Term finance facility (LTF) is offered for financing fixed assets like immovable properties i.e. land and buildings, machinery, vehicles etc.



Trade Facilities

In order to facilitate trade business of SMEs, FBL offers a number of products to its customers:

a) Letter of Credit –Foreign & Inland

FBL offers to issue letter of credits (LCs) on behalf of SME clients for routing their imports through the Bank. Sight & Usance are two of the main types of LCs offered to the customers.

b) Finance against Imported Merchandise (FIM)

FIM is a short term facility offered by FBL to the importers for retirement of Sight-LC. The facility is given against the pledge of imported goods. FIM is settled through release of pledged goods against gradual or lump sum payments made by borrower.

c) Finance Against Trust Receipt (FATR)

FATR is a type of import financing offered to FBL customers. In FATR deals, the imported goods are released to the importer on the basis of a trust receipt. This is a short term facility for financing imported goods.

d) Export Finance Facilities

The exporters usually require financing for production and supply of goods as per their contracts with the buyers. In order to support the export business, Bank offers Pre & Post Shipment financing (own sources), SBP Refinance (Pre/post) and bill discounting facilities.

e) Pre-shipment (own sources)

Pre-shipment Finance or 'Packing credit' is offered to exporters for catering their financing needs for purchasing, processing, manufacturing or packing of goods prior to shipment.

f) Post shipment (own sources)

Post-shipment (own) is the financing facility offered to manufacturers and exporters of goods after shipment of goods till the date of realization of export or local proceeds.

g) Export Refinance Finance Facility under SBP

As per directives from State Bank of Pakistan, FBL offers Export finance facility under SBP ERF scheme to support export oriented companies. Both pre-shipment and post shipment finance facilities are available at subsidized rates communicated by SBP.

h) Bank Guarantees

Different types of guarantees like Bid Bonds, Performance Bonds and guarantees against advance payments are offered by FBL.

Digital Banking

Digi Mall

To adapt and cater to the demands of a fast changing world, where shopping is limited due to Covid or due to lack of access or choice (such as in semi-urban and rural areas), FBL has launched DigiMall,



an online payment platform whereby FBL customers can shop for thousands of products & services using their accounts and cards for products such as mobile phones, appliances, fashion etc. on full payments and instalments.

We envision making Pakistan's ecommerce & digital payment's system more secure, smarter and build customer experience and confidence in performing financial transactions digitally.

Internet Banking

Faysal Bank provides a cutting-edge Online Internet Banking Platform to deepen its Digital Banking imprint in the world. FBL Internet Banking is equipped with a robust security system & a user-friendly Interface allowing millions of users, the convenience to manage their accounts and avail all the Banking facilities remotely.

Mobile Banking

As the world transitions into Digital Banking, Faysal Bank has proved itself to become one of the major Banks providing Digital Banking Services. Faysal Digibank App provides a secure and convenient way to Transfer Funds, Inquire Balance, Pay Bills, conduct Mobile Top-ups, View Mini-Statements, and the newly added features of QR Payments & Virtual Cards. The application provides a variety of new fields to explore in the Digital World for its users, which amount to 100,000 + downloads of the App on both Android Play Store and App Store (IOS). Stay tuned for more updates & exciting features of the App.

Faysal Bank ATMs

Faysal Bank offers simple and convenient access to your bank accounts around the clock. You can enjoy the Faysal Bank ATM services including cash withdrawals, fund transfers (Internal & Inter Bank), Bill payments and various other request services.

Faysal SMS Alert

Faysal Bank has 560K plus registered customers of SMS Alert Services. Faysal SMS Alerts, a service that enables you to keep track of your transactions. You can receive real-time SMS updates for transactions conducted on your account to stay on top of your finances with confidence. SMS Alert facility is offered on all transactions conducted in branch by customer and the Bank.

Faysal E-Statement

Faysal e-Statement facility enables you to view your Credit Card and accounts activity along with your Debit Card activities 24 hours a day, 365 days a year from anywhere in the world.

Faysal Bank offers e-statement on Daily, weekly, fortnightly, monthly and half-yearly periods. The facility is secure, convenient and free of cost.

Digibank Virtual Cards

Faysal Digibank Virtual Card is a digital stored-value card that allows you to make online e-commerce purchases worldwide. Faysal Digibank Virtual Card, powered by MasterCard, can be generated instantly by customer through Faysal Digibank Internet Banking. It works as a reloadable and / or a one-time usage stored-value card, where you can select your card limits.

Call Center

Faysal Bank contact center aspires to be the best in class, efficient and an optimized contact center. It offers a wide range of transactional and inquiry based services to its customers. There are 2 independent functions operating within the contact center – Inbound and Outbound.

Inbound Function

Faysal Bank Inbound Unit is providing 24/7 non-stop services to the bank's customers through 2 dedicated UAN numbers.

1. 111-06-06-06 – General Banking Customers
2. 111-11-71-71 – World Card & Platinum Credit Card Customers

The overall call volume of Inbound Center has reached to 2.2 Million+ per year whereas the average per month call volume is 190,000+ calls. The center provides wide range of services including inquiries and request management i.e. Financial, Non-financial requests & complaints logging. Approx. 120+ requests of different products are processed through Inbound Unit with an average volume of 55,000+ transactions each month.

Outbound Function

The outbound function has a sub division into Business Development Unit and Tele Sales Unit - involved in driving sales and revenue for the bank through outbound calls to the ETB and NTB customers. Key business areas of Outbound function are listed below:

- Consumer Finance ENR buildup: 3 Billion+ ENR buildup on Credit Card
- Value Added Services: SMS Alerts: 60,000+ | Supplementary Credit Card: 2,500+ | Credit Card
- Retention: 12,000+
- Tele Sales Unit: NTB acquisition of 800+ Credit Card

Faysal Islami WhatsApp Banking

Faysal Bank living up to its reputation of being the most rapidly growing innovative & progressive bank by taking an advantage of introducing several customer facing self-serve channel including Faysal Islami WhatsApp Banking for the customers. Currently, we have 200K plus registered customers of WhatsApp Banking and these customers are carrying a significant share in bank's overall active CASA.

This is important to mention here that the Faysal Bank's WhatsApp Banking channel is one of the fastest growing channel that is enabling customers in terms of self-serve banking by its unique feature offering and user-friendly UI & UX, wide range of non-financial and financial services including Donation payments, Roshan Digital Account, Noor Card Request, Debit Card Management, Customer Information update request, Discount Offers, Account Balance, Account Statement, Digital Mall Services, Apply for Consumer Financing, Nearest ATMs and Branches, SOC Download, Complaints, Service Request, DigiBank Last FPIN/OTP and Conversion to Islamic Product. Furthermore, by the introduction of this channel, Faysal Bank has made banking just a few clicks away on our mobile devices as well as on web without any indulgence of branch visit and call center interaction.



Retail Banking

Faysal Bank provides customers with a wide range of Islamic Deposit Products for their daily banking requirements that comply with Shariah principles. Our products are designed keeping in view customer needs and requirements for personal and business banking needs. From simple day-to-day accounts to high value investments, you can choose the product that suits your need the best to get attractive halal returns. Retail Liability Products also provide you maximum flexibility, transactional convenience and easy access to your funds through our Nationwide Online Faysal Islami branches, ATM network, Debit / Virtual Cards and through Faysal Digibank at all times.

Islamic Current Deposit Accounts

Our value-added Islami current account products enable you to derive benefits from your deposits. Current Account products are a suitable solution for individuals as well as business entities looking for a checking account based on Islamic Financing Principles. Islami Current Accounts are based upon Qard, (Loan on demand) and Remunerative Mudarabah principles which makes products free of Riba (interest) and the principle is guaranteed to you, the depositor.

Islamic Savings Accounts

Our Islami Saving accounts are opened on the basis of 'Mudarabah', where Faysal Islamic Banking is the 'Mudarib' (manager of the funds) and you, the customers are the 'Rabb-ul-Maal' (owner of funds). These deposits are deployed in Shariah compliant modes such as Ijarah, Murabaha and Musharakah etc. The rate of profit on your deposit will be determined through Shariah approved mechanism for calculation of weightages which will be announced at the beginning of each calendar month and shall be applicable for that month only. Faysal Islamic Saving deposits will share in the profit earned by the Islamic Banking Branches of Faysal Bank. Losses, if any, will be shared in the proportion of investment by each depositor. Monthly weightages for profit distribution shall be calculated and displayed at all Faysal Islamic Banking branches as well as our website.

Term Deposit Products

Faysal Islamic Barkat Investment Certificates offer you convenient financial solutions under the arrangement of 'Mudarabah', where Faysal Banking is the 'Mudarib' (manager of the funds) and you, the customers, are the 'Rabb-ul-Maal' (owner of the funds). These deposits are deployed in Shariah-compliant modes such as Ijarah, Murabaha, and Musharakah. The rate of profit on your deposit will be determined through a Shariah approved mechanism for calculation of weightages which will be announced at the beginning of each calendar month and shall be applicable for that month only. Faysal Islamic Barkat Investment Certificates will share in the profit earned through financing in different Islamic modes of financing. Losses, if any, will be shared in the proportion of investment by each depositor. Monthly weightages for profit distribution shall be calculated and displayed at all Faysal Islamic Banking branches as well as our website.

Faysal Bank Islami offers a wide range of Current, Saving and Term Deposit products for various customer segments based on their transactional and investment needs, details of Islamic Banking products are appended below:

Current Account Product Suite

Islamic Rehmat Individual Account

Faysal Islamic Rehmat account opened on the basis Mudarabah embraces the Islamic value of compassion (Rahma). Upon maintaining a Rehmat Individual Account, Faysal Bank pays for the treatment of underprivileged patients without any deductions from the customer's account. Moreover, customers can enjoy a host of unmatched free services and transactional benefits for all Individual needs.

Islamic Rehmat Business Account

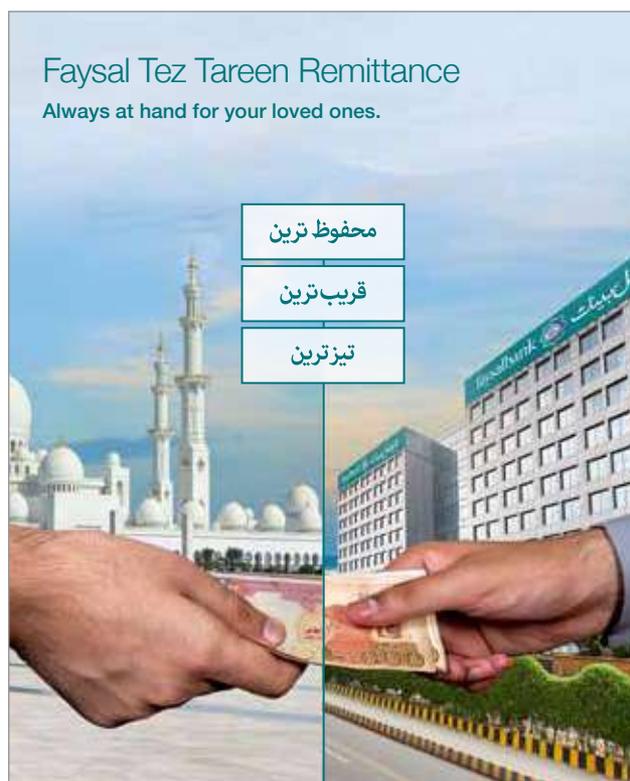
Faysal Islamic Rehmat Account opened on the basis Mudarabah embraces the Islamic value of compassion (Rahma). Upon maintaining a Rehmat Business Account, Faysal Bank pays for the treatment of underprivileged patients without any deductions from the account. Moreover, customers can enjoy a host of unmatched free services and transactional benefits for all business needs.

Islamic Asaan Current Account

Asaan Current Account is designed for unbanked and underbanked segment or the low income group. Asaan Account can be opened with a single CNIC. There is no minimum balance requirement in Asaan accounts. Faysal Islamic Asaan Account is an easy solution for individuals who are looking for banking needs in a secured manner. Moreover, it is opened on the basis of Qard (loan).

Islamic Tez Tareen Asaan Remittance Account

Faysal Islamic Tez Tareen Asaan Remittance Account is a remunerative current account based on the principle of Mudarabah, specifically designed to receive remittances from abroad directly. Customers can withdraw/ transfer funds, pay bills, check account balance using ATM, branch counter, Internet and Faysal Digibank Mobile App.



Islamic Basic Banking Account

Basic Banking Account is a Shariah-Compliant current account that provides customers the comfort of banking in a secure and customer friendly environment. Opened on the basis of Qard. No minimum balance maintenance charges are required and has 2 free deposits and 2 free withdrawals per month through cash/clearing.

Islamic Asaan Saving Account

Asaan savings account is designed for unbanked and underbanked segment low income group. Asaan account can be opened with just CNIC, no other documentation requirement. There is no minimum balance requirement in Asaan accounts. This account is based on Remunerative Mudarabah.

Islamic Current Account

A transactional account that provides the ease of conducting unlimited transactions with frequent access to funds based on Islamic Financing principles. This account is based upon Qard (Loan on demand) which makes it free of interest and the principle is guaranteed to the depositor.

Islamic Amal Women Priority Plus Account

Faysal Islami Amal Women Priority Plus Account is a Shariah Compliant Account that provides women financial independence by offering Transactional Convenience, Health Benefits, Financing Facilities, Payment Solutions and Takaful Coverages all under one roof.

Saving Account Product Suite

Islamic Savings Account

An account that provides greater returns on your investments and is a suitable solution for individuals as well as business entities that are looking for competitive returns on their savings based on Islamic Financing principles. Opened on the basis of 'Mudarabah'.

Islamic Muntazim Savings Account

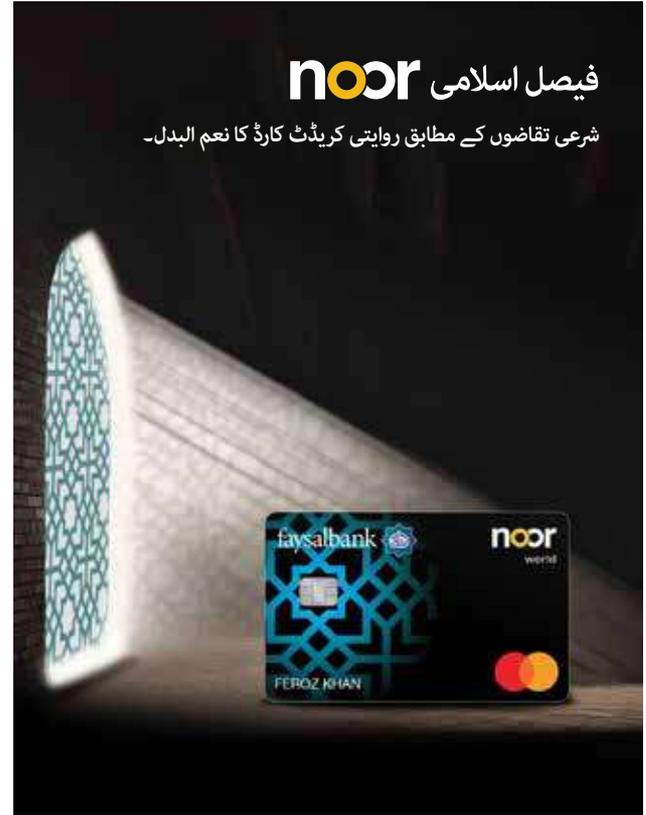
A saving account opened on the basis of Mudarabah that provides the comfort of saving, managing their day to day banking transaction needs with ease. in accordance with Islamic principles, enjoying Halal returns and managing day to day banking transaction needs with ease.

Islamic Asaan Saving Account

Asaan Saving account is designed for unbanked and underbanked segment or the low income group. Asaan account can be opened with just a CNIC. There is no minimum balance requirement in Asaan accounts. Faysal Islamic Asaan Account is an easy solution for individuals looking for banking needs in a secure manner along with halal returns.

Islamic Amal Women Saving Account

Faysal Islami Amal Women Saving Account is a Shariah Compliant saving account that provides women financial independence by offering Transactional Convenience, Health Benefits, Financing Facilities, Payment Solutions along with halal profits all under one roof.



Islamic Life Plus Savings Account

Faysal Islamic Life Plus Savings Account is a Shariah Compliant offering designed to cater to the financial needs of senior citizens for the maximization of their hard-earned savings. This account also provides unique health and hospitalization benefits through its Health Card feature.

Islamic Manzil Account

Faysal Islami Manzil is a savings account which provides customers a solution to save for medium to long term financial goals such as savings for their Kid's Education, Hajj / Umrah, Wedding etc. by depositing periodic investments on agreed frequency. Along with the competitive Halal returns on savings it also provides free of cost Takaful Coverage throughout the plan. This account is opened on the basis of Mudarabah.

Term Deposit Product Suite

Islamic Barkat Investment Certificates

Faysal Islamic Barkat Investment Certificates offer customers convenient financial solutions under the arrangement of 'Mudarabah', where Faysal Banking is the 'Mudarib'. Range of tenures from 1 month up to 5 years. Premature withdrawal option available with no penalty charge. Islamic Barkat Certificates offer attractive returns.

Islamic Life Plus Investment Certificates

Opened the basis of 'Mudarabah, Life Plus Investment Certificates are an ideal shariah compliant investment avenue for senior citizens to maximize their hard-earned savings with 1 Year placements with monthly and at maturity profit payment options.

Roshan Digital Accounts

Faysal Islami offers various types of Shariah compliant accounts in Current and Savings categories and Shariah compliant investment opportunities to Overseas Pakistanis with digital account opening from anywhere in the world. Customers can easily repatriate funds back to their home countries, invest in attractive Shariah compliant avenues, pay utility bills, get mobile top-ups and much more.

- **Roshan Samaaji Khidmat**

Roshan Samaaji Khidmat provides Non-Resident Pakistanis (NRPs) having a Roshan Digital Account a convenient and one-stop payment platform to fulfil all their charitable giving, donation and Zakat needs in Pakistan. They can even carry out Qurbani in Pakistan from anywhere in the world through reputed organizations. Donating is a selfless act, with Faysal Digibank App and Internet Banking, help impact lives of those in need. Donate to your preferred charitable organization from anywhere in a quick, secure & convenient way.

- **Roshan Apni Car**

Non-Resident Pakistanis can now get Car Financing at very attractive rates to provide cars for their family members in Pakistan. Faysal Islami Car Finance is based on the principles of Diminishing Musharakah. This is a medium and long term financing product, where the Bank and the customer jointly purchase an asset and create joint ownership in the asset. The Bank rent out its share in the asset to the customer while the customer periodically purchases units of ownership in the asset from the Bank. After purchase of all the units, the customer becomes the sole owner of the asset.

- **Roshan Apna Ghar**

An exclusive product for Non Resident Pakistanis (NRPs) and Pakistani Origin Card (POC) holders to digitally and remotely buy a property, build or renovate a house in Pakistan through their own investment or bank financing.

Priority Banking

As a Faysal Priority customer, we are committed to provide you an enhanced banking experience and look forward to supporting you in achieving your financial goals. Some of the exclusive benefits associated with our Priority Banking proposition include:

- **Exclusive Priority Banking Experience**

Unlimited Access to our Priority Lounges and facilities across the country for all your financial needs. Faysal priority lounges provide banking luxury and transactional convenience to our priority customers.

- **Financial Advisory and Assistance**

Dedicated Priority Relationship Managers assigned to cater to all your financial requirements and manage your Wealth portfolio.

- **Faysal Priority Platinum Debit Card**

As a Faysal Priority customer, you are entitled to a complimentary Faysal Priority Islamic Debit Card that comes equipped with a suite of features and benefits designed to match your exclusive lifestyle. Enjoy discounts at more than 300 retail outlets across Pakistan

- **Travel with Comfort**

Complimentary Access to Airport CIP and Majestic lounges, along with exclusive access to over 1200 airport lounges internationally using MasterCard Airport Pass App

- **Transactional Privileges**

Host of free services, such as Unlimited Free Cheque Books, Free SMS Alerts, Free Demand Drafts and Pay Orders, Free Intercity Cheque Clearing, Inter Bank Funds Transfer (IBFT), 50% waiver on Annual Locker Rental, and many more

- **Preferential rates on Islamic Financing**

As a Faysal Priority customer, avail our Islamic facilities at preferential rates. This includes Auto Financing, Mortgages and other Islamic Financing. Please get in touch with your dedicated relationship manager for further details.

- **Dedicated Customer Care**

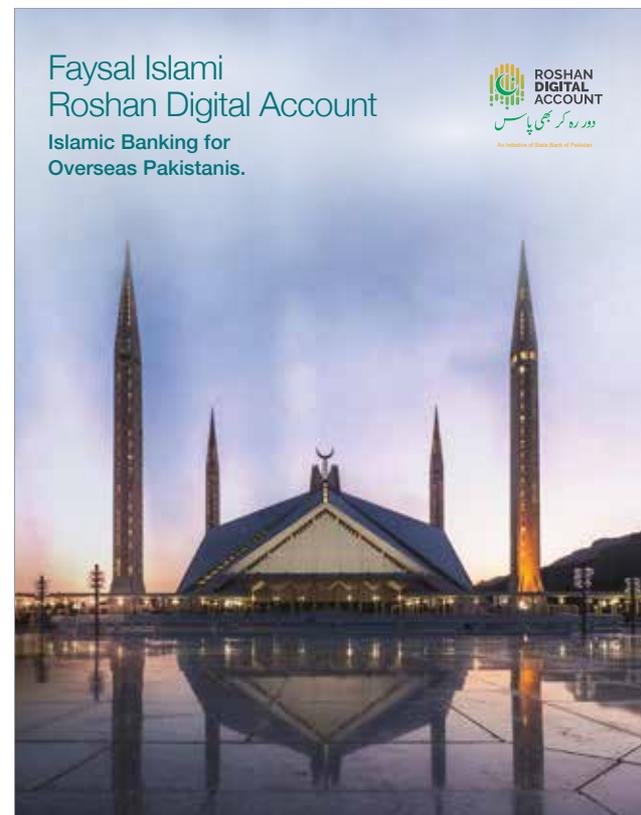
Exclusive 24-Hour Faysal Priority helpline at 111-11-71-71 where our qualified and dedicated teams are focused and ready to service you at any time of the day. Customer service teams can assist you with your queries, complaints, reporting of lost or stolen cards and activation of your Faysal Priority Islamic Debit Card

- **Valet Services**

Free Valet Parking facility at our Priority Lounges for Priority Banking customers

- **Family Membership**

Exclusive membership for parents, spouse & children of Priority Banking Customers



Faysal Kafeel Finance

Faysal Kafeel Finance is a product offering and would cater to customers who desire to obtain non-funded financing facility (i.e. LC & LG) without having to liquidate their long term savings. Customers will typically be allowed to avail the facility against lien over LCY/FCY current and saving accounts, term deposit or eligible Islamic government securities (subject to compliance with SBP restrictions and Shariah Board guidelines, conveyed from time to time) or any other permissible security under Credit Financing Policy.

Letter of Guarantee

Bank Guarantee is an irrevocable undertaking of a bank (guarantor) to effect payment against presentation of written statement of the guarantee holder (beneficiary) if a contractually agreed obligation has not been fulfilled by the customer (applicant). Broadly classified as:

Bank Guarantee broadly classified in to following:

1. Performance Bank
2. Bid Bond
3. Advance Payment Guarantee

Letter of Credit

A Letter of Credit is a document issued by the Bank on behalf of a customer, authorizing a beneficiary to draw a draft (or sometimes without requirement of a draft), which will be honored on presentation by the Bank if drawn in accordance with terms and conditions specified in the letter of credit. It is a written undertaking by the issuing bank given to the seller (beneficiary) at the request and on the instructions of the buyer (applicant) to pay at sight or at a determinable future date a stated sum of money against the required documents.

Broadly, L/Cs may be classified as under:

- a. Sight - Letters of Credit (L/C - Sight)
- b. Usance Letters of Credit (L/C - Usance)

In case of L/C - Sight, the underlying draft is drawn at sight and the relevant documents are held by the Bank as security, until the same are retired by the applicant.

In case of L/C - Usance, the underlying draft is for a tenor stipulated in the L/C payable by the customer on the due date. The imported goods are released to the applicant upon his acceptance to make the payment at maturity.

Wealth Management

Faysal Bank offers you an extensive menu of Wealth Management solutions tailored to suit your needs. With one of the most robust propositions in the industry, we are ideally positioned to meet all your financial needs based on your individual risk appetite and expectations.

BancaTakaful Solutions

During the course of your financial life, you face an inherent uncertainty and risk associated with your health and well-being. In

order to ensure your continued peace of mind we offer you a wide array of Shariah compliant saving and protection products to help achieve your financial goals in life.

- **Saving and Protection Plans**

Our Saving and Protection plans have been developed under distribution agreements with some of the leading life Takaful providers in Pakistan. Our suite of BancaTakaful solutions is tailored to allow you to save on a regular basis and plan towards achieving your life's goals. These plans provide you a high level of Life Takaful coverage in order to safeguard the future of your loved ones while at the same time directing your savings towards professionally managed funds which offer you positive returns against your investments. All products have the flexibility to be customized to cater your specific needs. Whatever your requirements, we have the right solution for you!

- **Health Takaful**

Our health is our greatest asset and with the increasing cost of health care, it is essential to plan ahead to ensure the best possible health care for ourselves and our loved ones. Faysal Bank offers you a diverse selection of Health Takaful solutions developed in association with the leading Health Takaful companies in Pakistan. Our products are designed to provide you comprehensive health coverage at leading network hospitals across the country to give you the peace of mind that you truly deserve!

- **Protection Plans**

In order to provide financial security and a stress free lifestyle to our customers, Faysal Bank has introduced, pure Takaful protection based plans in conjunction with selected insurance partners. By simply paying a very nominal amount, you can now avail a significant insurance coverage on an annual basis to safeguard the needs of your loved ones. These insurance policies provide you a range of covers including Life coverage and multiple additional General Takaful covers such as home content, wallet and cash withdrawal etc.

Mutual Fund solutions

In order to support you towards better managing your financial portfolio and to further grow your wealth, we offer you a full menu of Shariah compliant mutual funds through our distribution partner Faysal Funds (a subsidiary of Faysal Bank Ltd.). Based on your individual risk appetite and investment goals, you can select the right investment solution to enter your market of choice and make healthy returns! In addition to investment benefits, these mutual fund placements also entitle you to tax benefits in line with prevalent tax laws. With multiple open-ended and closed ended funds with varying investment strategies, you can easily find one best suited to your financial needs!

Our Network



700
Total
Branches

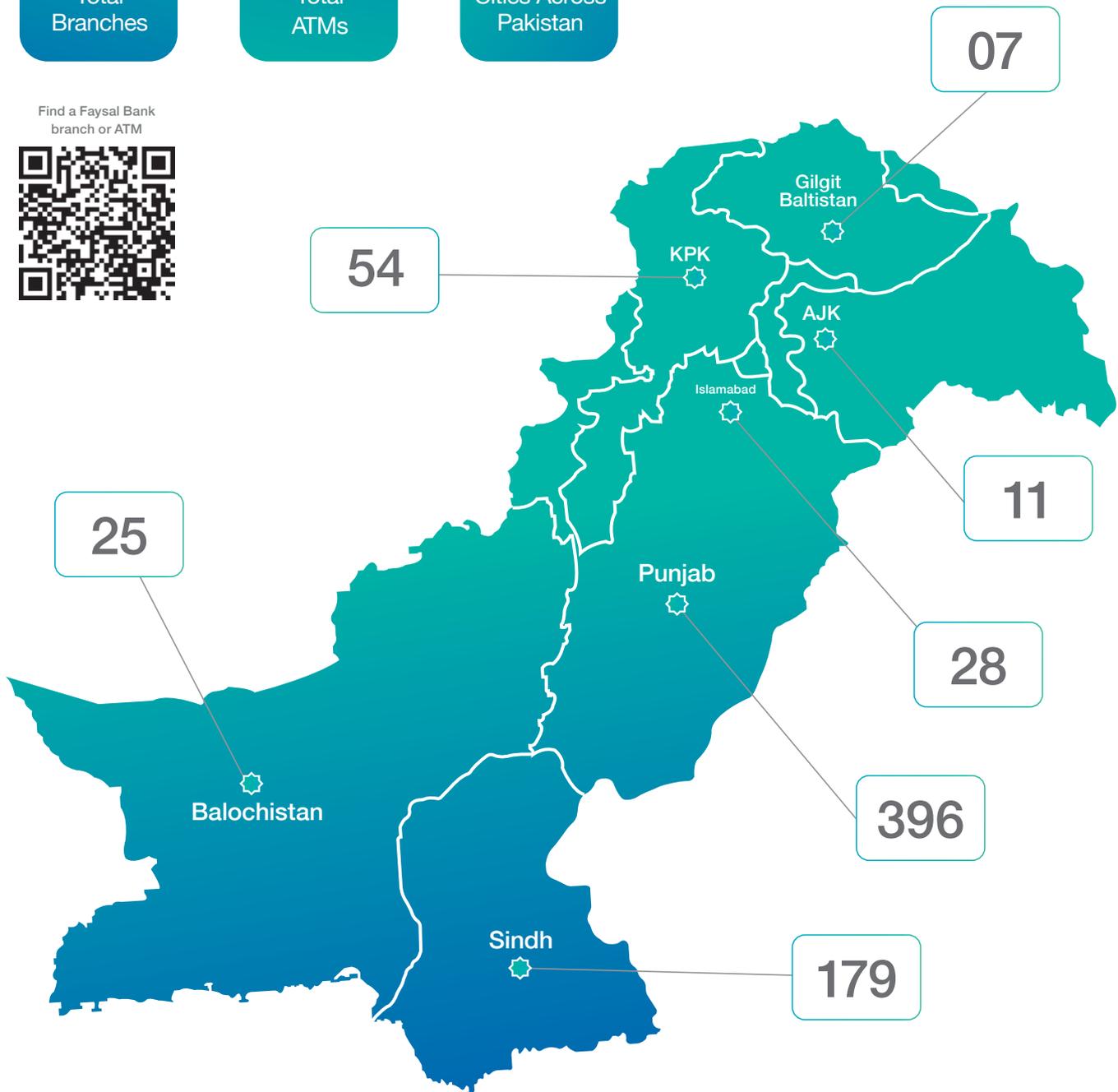


630+
Total
ATMs



270+
Cities Across
Pakistan

Find a Faysal Bank
branch or ATM



مکمل اسلامک بینک
اسلامک بینکنگ لائسنس کے ساتھ۔

faysalbank  فیصل بینک

Competitive Landscape



01

The large amounts of capital required to setup a bank along with the length of time consumed to establish a significant brand loyalty and the need to adhere to strict regulatory stipulations serve as strong entry barrier for new entrants.

However, the domestic landscape has been evolving to include Fintech participants that are focusing on transactional services and innovative digital solutions for revolutionizing the customer banking experience.

Despite the imminent threat of new entrants and emerging Fintech disruptions, FBL is countering these threats by engaging in the following activities: improving customer-brand relationship that goes beyond the minimum transactional services to retain customer loyalty; investing substantially in digital platforms for improving customer convenience; launching new products and services that cater to a diversified customer base; and adhering with all regulatory guidelines with a view to ensure the highest levels of compliance.

02

FBL's suppliers primarily comprise of its deposit-holders who are the Bank's key resource for capital and its employees, i.e., human capital.

In an industry scenario with low differentiation, it is easy for the primary deposit-holder group to switch to other banks, tempted by higher rates and better service standards.

Further, share of deposits is highly concentrated, which gives them excess bargaining power.

With a view to fund gaps in the Bank's borrowings, The Bank mobilizes debt from other financial institutions, with rates being largely market-driven. Hence, their bargaining power is often considered to be medium to high. When it comes to the bargaining power of suppliers of labor, individual employees baring major executives have little bargaining power.

FBL has embraced following strategies in order to derive an edge over its supplier relationships:

providing a high degree safety to its capital providers including investors, deposit-holders and other banking partners; a point further re-enforced by Bank's high credit ratings of AA/A1+ for long term and short term respectively;

creating mutually-beneficial solutions across the entire engagement spectrum; and sustaining employee retention focus by offering a challenging, learning, and conducive work environment which is duly complemented by career progression opportunities and market competitive salary and benefit packages.

03

Some of the largest threats of substitution are not from rival banks but from non-financial competitors.

The industry does not suffer any real threat of substitutes as far as deposits or withdrawals; however, insurances, mutual funds, and fixed income securities are some of the many banking services that are also offered by non-banking companies.

FBL strives to strengthen its suite of products and services. With a renewed focus on bancassurance, investment management and mutual funds.

Faysal Asset Management Limited, a subsidiary of FBL, has acquired Private Fund Management and REIT Management licenses during the year, broadening its realm of business.

04

It is reasonably easy for retail customers to switch to other banks fully, or even avail part of their service requirements alternatively due to the low switching costs involved, hence shrinking the size of banking engagement. However, their bargaining power stays limited due to the minimal impact on the Bank's bottom line.

The bargaining power of larger groups, corporate clients and high net worth individuals is comparatively greater since the rising competition has increased customers price sensitivity and the loss of sizable accounts and sources of revenue from them can substantially impact bank's profitability.

FBL addresses the issue of customer bargaining power primarily by focusing on clearly directed customer retention and acquisition strategies; customer service standards are being continuously augmented, services are being tailored to suit individual needs, innovative solutions are being devised to make customer experiences more enjoyable, convenient, and hassle-free and market competitive rates are being offered to effectively increase switching costs for customers.

05

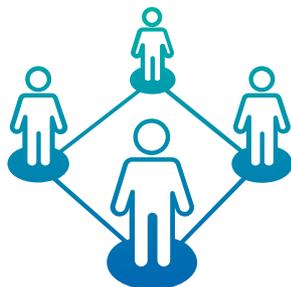
Intensity of competition within the domestic banking sector has grown over the years. Banks have focused on developing a wide range of asset and liability product offerings at competitive rates to reinforce their customer acquisition strategies and attract existing market share.

The relatively low switching cost from one bank to another has further intensified the importance of competition within the industry, especially in the retail and commercial banking spheres.

FBL has initiated following measures with a view to consolidating and further improving its market share:

by distinguishing itself in the marketplace primarily based on its history, experience, and brand image; and staying on the cutting edge of offering customer convenience and low-cost banking solutions.

SWOT



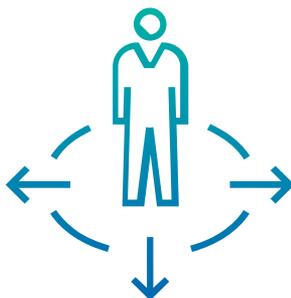
Strengths

- Teams of highly qualified professionals
- Esteemed Scholars in Shariah Board to improve Islamic Banking Business
- Launch and successful growth of Islamic Noor card for maximum customer facilitation
- FBL has improved its digital banking services through launch of WhatsApp banking with the objective of increasing customer convenience.
- Diversified business segments
- Strong compliance culture across all operational areas
- First ever bank, globally, to convert its whole portfolio to Islamic



Weaknesses

- Increased market share in deposits must be strengthened
- Lower International Presence / Global Footprint Compared to Peer Banks
- Not being able to facilitate the certain category of physically challenged customers at some branches



Opportunities

- Scope in digital financial inclusion
- Standardized Product Lines Throughout the Banking Sector
- Wider Market Potential for Services Offered Through Digital Products and Channels
- Increasing the number of advisory and other services available to clients and investors.
- The appreciation and recognition made by the regulators towards FBL on achieving a milestone of Islamic conversion.



Threats

- High inflation-Low purchasing power of customers
- Rising online frauds
- Data security risks
- The current economic conditions has caused the staff to relocate towards a stable economy for a better living standard, this brain drain has caused high staff turnover in the entire banking industry.
- Emergence of disruptive FinTech
- The undergoing economic crisis has not only distracted foreign investor but had also closed several startups.
- The customer information is highly sensitive, therefore there is always a risk that any breach could result in significant action from regulators including penalties.

Fulfill your dreams with
Faysal Islami Car Ijarah.



Value Chain & Business Model

Input

07 Social & Relationship Capital

Number of customers: 1 Mln+
DigiBank users: 450K+
Followers on Social Media: 600K+

01 Institutional Capital

Long term rating AA
Short term rating A1+
Awards: Best Islamic Retail Bank 2022

02 Financial Capital

Total Equity PKR 70 Bln
Deposits PKR 782 Bln
Strong CET1 Capital Ratio: 15.47%; well above Minimum Regulatory Requirements.

06 Natural Capital

Striving for paperless operations and forwarding Green Banking practices.
Environmental risk management and environmental consciousness



03 Intellectual Capital

Risk Management Framework
Unique product portfolio

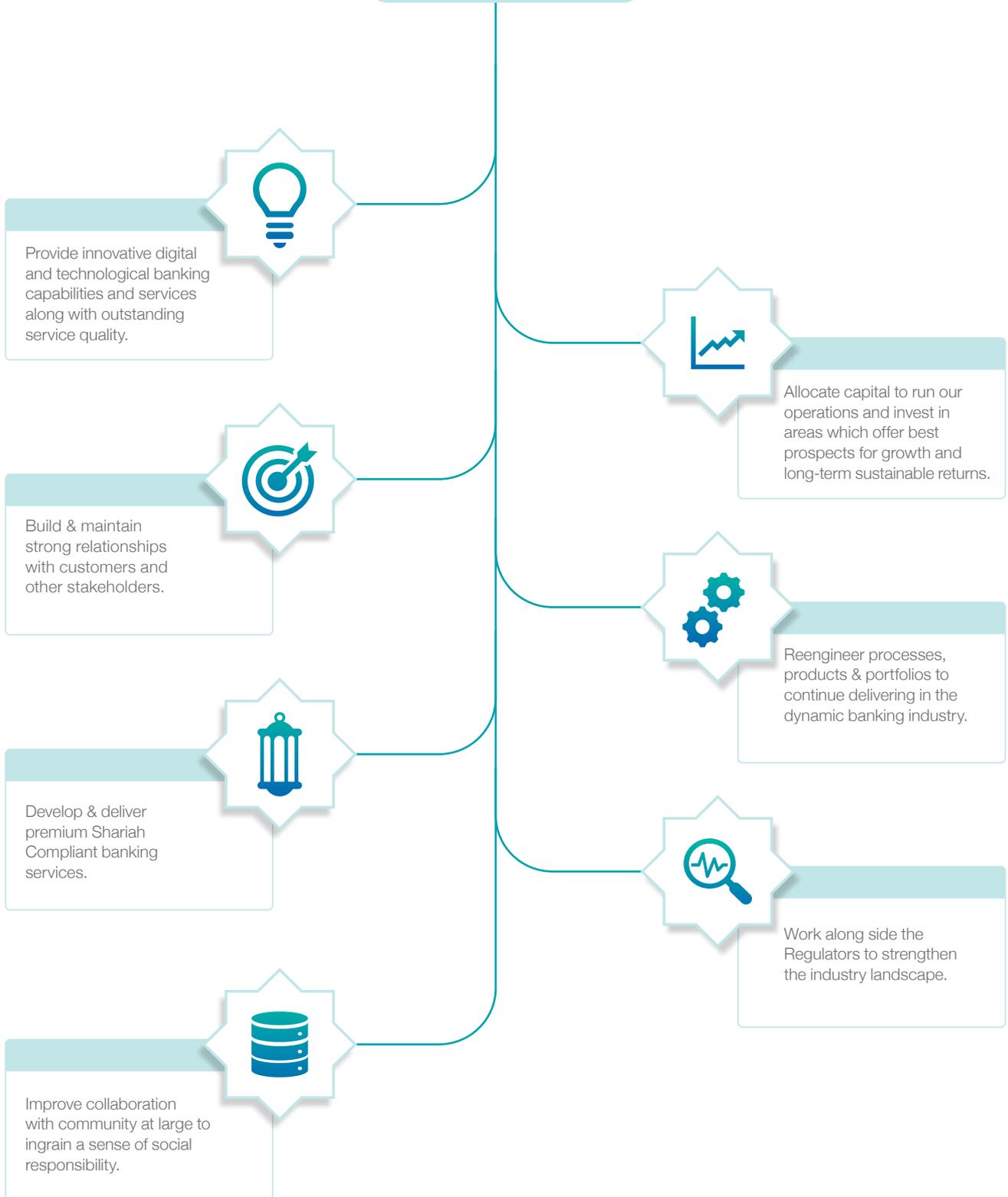
05 Manufactured Capital

Number of Branches: 700
Number of ATMs: 630+
Cards issued: 1,000K+

04 Human Capital

Over 8,011 dedicated staff members
Over 1,520 females

Value Creation



Output

01



Investors

- Delivered strong and healthy 19.01% return on equity
- 70% payout ratio

02



Customers

- The only Bank offering Islamic credit card.
- Offered a varied range of products to meet each customer's demand.

03



Employees

- Paid PKR 10 Bln as salaries and wages
 - Organised 500+ Trainings
 - A thriving culture for nourishing valuable human capital
- Our work for creating value for employees at page 83

04



Community

- Spent PKR 88 Mln on CSR to uplift the lives of community and contributing to basic public good.
- Our work in communities at page 88

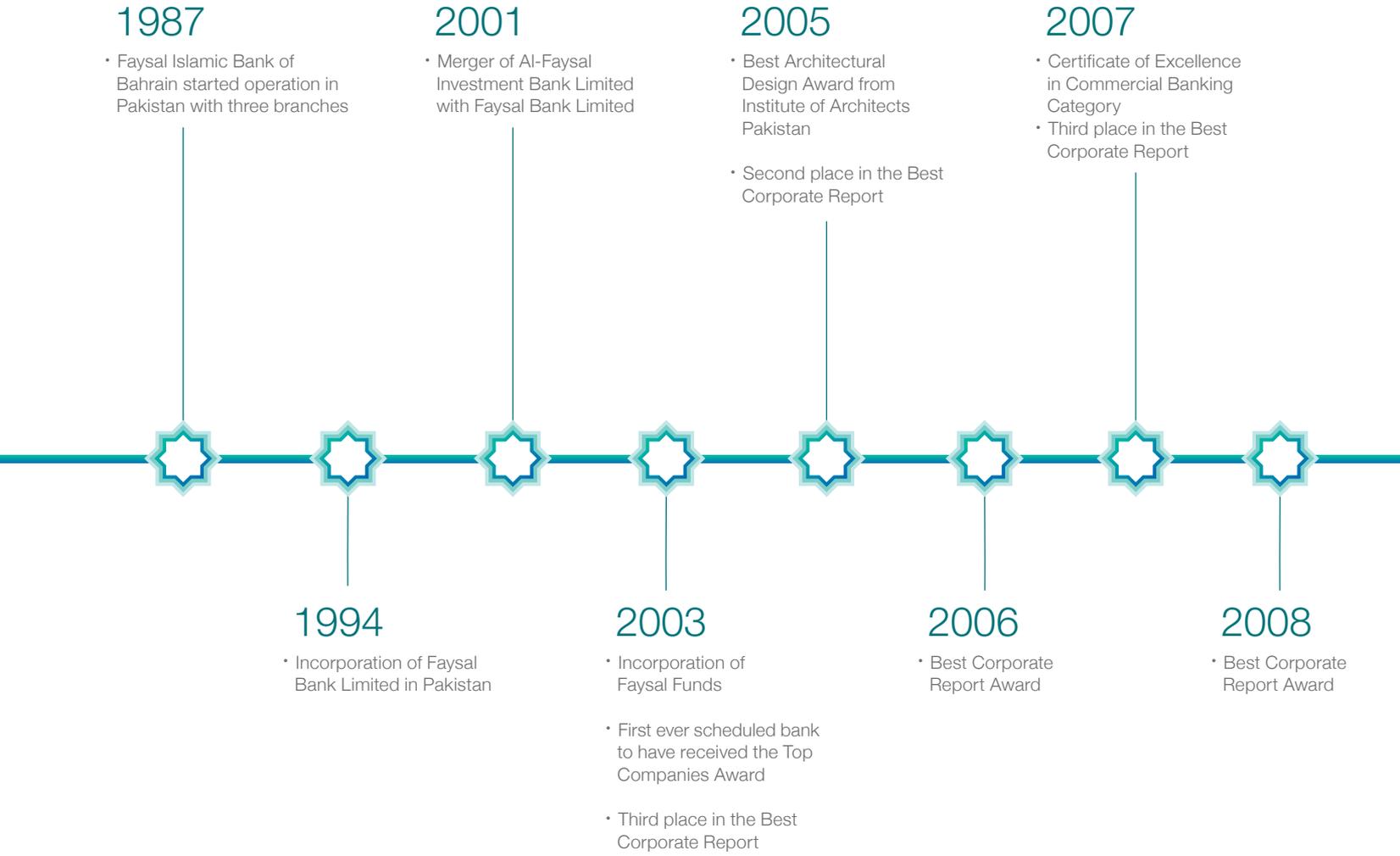
05



Environment

- Protecting the environment through reduced impacts
- Our work as socially responsible company at page 89

History of Major Events



2010

- Amalgamation of Royal Bank of Scotland Limited (RBS Pakistan) with and into Faysal Bank Limited
- Branch network reached 226, making FBL one of the top ten banks in Pakistan.
- Cash Management (CM) developed a new web-based payment solution enabling straight-through processing for corporate clients.
- Priority banking services were introduced under the name of Solitaire Wealth Management
- The bank's annual report for 2010 was awarded 4th position in the Best Corporate Reports Award in the financial sector category

2012

- During 2012 FBL became the first financial institution to register under the Debt Securities Trustee Regulations 2012. By adapting under the regulations FBL equipped itself to handle the fiduciary role in an efficient and watchful manner, safeguarding the interest of the Bank in particular and investors in debt instruments in general.
- Faysal Bank partnered with China UnionPay to launch the first UnionPay Debit card in Pakistan.
- FBL introduced the Mobile Banking service
- Launched the Solitaire Platinum Debit Card.
- Faysal Bank announced its corporate brand promise and official tagline Bank on Ambition through a 360-degree communication campaign.

2015

- Expanded Bank's premium product suite with the launch of "World Credit Card" and enhancing our existing value proposition with the launch of Lifestyles program.

2017

- The successful completion of 30 years of presence in Pakistan.
- The addition of 50 Islamic Banking branches during 2017 increased the Islamic branch network to 197 branches, making it the largest network of dedicated Islamic Branches amongst all conventional banks in the country
- Developed a comprehensive environmental policy. Additionally, FBL has taken initiatives to reduce its energy consumption and carbon emission footprint and save precious energy resources.
- The Board of Directors approved an investment of Rs. 225 million in Faysal Asset Management Limited (FAML) to increase shareholding from 30% to 80% through acquisition of 50% shareholding of FAML from Islamic Investment Company of the Gulf (Bahamas) Limited.

2011

- Barkat Islamic Banking delivered on its aggressive growth strategy by increasing its footprint across Pakistan from 13 branches in 8 cities to 45 branches in 20 cities
- Cash Management developed a web-based Remittance processing and payment system for Home Remittance transactions.
- The CEO club was launched in June 2011. This is a program designed to recognize top performers from across the bank with incentive for sustainable top performance.

2013

- Introduced Mobile Banking service Mobit
- Formally entered the social media age with the launch of FBL's Facebook page
- L&D launched first annual learning calendar

2016

- presence in more than 100 cities
- Over 100 Islamic branches
- Deposits have crossed PKR 340 billion having Current Account component of over PKR 110 billion.

2019

- Completed the biggest ever branch expansion in our history by opening 100 new Islamic branches
- Best Emerging Islamic Bank 2019 awarded by CEO Summit Asia
- Banks footprint reached to 200 cities across Pakistan crossed 500 branches mark
- Launched an employee program under the umbrella “we care”
- Won the ‘Most improved score award’ at the 11th Best Place to Work Awards
- Rebranded and launched a new Islamic brand
- Developed Green Banking Policy

2021

- The Asset Triple A Islamic Finance Awards 2021 – Renewable Energy Deal of the Year –Lakeside Energy Limited;
- The Asset Triple A Islamic Finance Awards 2021 – Best Green Financing – Amreli Steels Limited;
- The Asset Triple A Islamic Finance Awards 2021 – Best Restructuring – Fauji Foods Limited;
- ABF Corporate & Investment Banking Awards 2021- Innovative Deal of the Year Pakistan – Fauji Foods Limited
- Best Islamic Bank for Transformation & Innovation 2021 awarded by Global Islamic Finance Awards
- Best Bank of the year 2021 by CFA Society Pakistan

2018

- Acquisition of 69.99% shareholding of Faysal Asset Management Limited (FAML), taking the total interest of FBL to 99.99%

2020

- The Bank’s endeavor to be the leading Islamic bank in Pakistan was recognized by Global Islamic Finance Awards with Best Emerging Islamic Bank 2020 and Pakistan Banking Awards with the Best Emerging Bank 2020
- A mobile App and a new internet banking platform under the brand name ‘Digibank’ launched
- Received 5 Global Diversity, Equity & Inclusion Awards
- Best Emerging Islamic Bank 2020 awarded by Global Islamic Finance Awards
- Merit Award in the Best Corporate Report 2020 awarded by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost & Management Accountant of Pakistan (ICMAP)

2022

- Conversion to a full-fledged Islamic Bank
- 1 trillion mark in total assets.
- Best Islamic Retail Bank in Pakistan awarded by Cambridge IFA
- Received 7 Global Diversity, Equity & Inclusion Awards
- 700 Branches Network

Major events during the year

December 6, 2022
CFA Society has declared Faysal Bank Limited (FBL) as the best bank of the year 2021



December 14, 2022
Faysal Bank declared Best Islamic Retail Bank in Pakistan 2022



December 30, 2022

Faysal Bank branches now 100% Islamic; awarded Islamic Banking license



Significant changes from prior years

There have been no significant changes from prior years.

Governance



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Directors' Profile

Mr. Farooq Rahmatullah Khan Chairman

Mr. Farooq Rahmatullah is a Law graduate. He joined Burma Shell Oil & Distribution Company in 1968 and worked in different roles in Chemicals, Human Resources, Marketing, Supply, Distribution, Retail, etc. He was transferred to Shell International London in 1994 as a Manager in the Business Strategy Division and was involved in various portfolios covering over 140 countries. On his return in 1998, he was appointed as Head of Operations of Shell Pakistan and was looking after Middle East and South Asia (MESA). In 2001, he was appointed as Chairman of Shell Companies in Pakistan and Managing Director of Shell Pakistan Limited.

He is currently leading an Expert Energy group which has developed a 25-year Integrated Energy Plan (first time ever in the history of energy planning) for the country. This plan has been in principle accepted by the Government, Pakistan Business Council, international agencies and some other stakeholders.

Key Positions Held:

- Chairman of Shell Companies in Pakistan and Managing Director of Shell Pakistan Limited
- Founding Member of PAPCO (Pak Arab Pipeline Company Limited)
- Director General of Civil Aviation Authority of Pakistan
- Chairman of Oil and Gas Development Company Limited
- Chairman of LEADS Pakistan
- Founding Member of Pakistan Human Development Fund
- Member of the Economic Advisory Council, Ministry of Finance, Government of Pakistan
- Member of National Commission of Government Reforms
- Director on the Boards of PCB, PIA and Pakistan Stone Development Company
- Resource Development Committee of Aga Khan University Hospital

He is serving on the Boards of Directors of:

- Faysal Bank Limited
- Society for Sustainable Development

At present he is a Member of the Economic Advisory Council, Ministry of Finance, Government of Pakistan.



Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Vice Chairman

Mr. Ahmed Abdulrahim Bucheery holds an MBA from the University of Glamorgan, Wales (UK), and is a Fellow Member of the Institute of Financial Accountants, London (UK) and the Institute of Public Accountants, Australia. He also holds an Executive Management Diploma from the University of Bahrain and an Advance Banking Diploma from the Bahrain Institute of Banking and Finance. He is also a certified Director from the Pakistan Institute of Corporate Governance.

Till 30 September 2022, Ahmed Bucheery was the Chief Executive Officer of Ithmaar Group, including Ithmaar Bank, and retired on 1 October 2022. He started his career in the Accounting Department with Aluminum Bahrain followed by Chase Manhattan Bank (currently J.P. Morgan) as Head of Financial Control. He then joined the National Bank of Bahrain where he served for 28 years in various executive levels and in different capacities, including Manager of Foreign Exchange and Funding, Chief Internal Auditor and Assistant General Manager of Corporate Services Group.

Ahmed Bucheery held simultaneously dual roles of Deputy Chief Executive Officer at Shamil Bank and Chief Operating Officer at Ithmaar Bank for approximately four years. In 2013 he was appointed as CEO, Ithmaar Bank. Currently, Ahmed Bucheery serves as Vice Chairman of Faysal Bank Limited (Pakistan) and Vice Chairman of Naseej (Bahrain).



Mr. Yousaf Hussain
President & CEO

Mr. Yousaf Hussain, President & CEO Faysal Bank since 2017, has around 30 years of rich professional experience. He has been associated with Faysal Bank since August 2008 and previously held senior management positions within Corporate & Investment Banking, Special Assets Management and Risk Management Groups.

His earlier assignments have primarily been with ABN AMRO Bank, where he held multiple senior managerial positions, mainly within Corporate Banking.

Under his leadership, Faysal Bank has been able to fully transform from a conventional interest-based bank to a full-fledged Islamic bank. The transformation has been independently validated by the International Islamic Rating Agency as the World's largest Islamic Banking transformation to date.

Additionally, over the past five years, the Bank successfully implemented a customer-focused growth plan which was based on significant expansion of its branch network, introduction of a diverse range of Islamic banking products, and launch of user-friendly digital channels utilizing the latest technology platforms. As a result of its conversion and ongoing growth, Faysal Bank is now positioned as a leading Islamic bank in Pakistan, with a widespread network of 700 branches spread across 270 cities.

Yousaf is an Electrical engineer with an MBA from LUMS. He is a member of the Executive Committee of Pakistan Banking Association, a Council Member of the Institute of Bankers-Pakistan, Director at Pakistan Business Council and Pakistan Institute of Corporate Governance. He is also a member of the Management Committee of IBA- CEIF (Centre for Excellence in Islamic Finance).



Mian Muhammad Younis

Director

Mian Mohammad Younis possesses over 38 years of experience in Public Finance, Banking and Financial Sector reforms with extensive knowledge of Corporate Sector Governance, Rules, Regulations and Audit Procedures. During his career, he was Head, Inter-Governmental Finance Wing (IGF), Regulation Wing (RW), and Human Resource Wing (HRW) of Finance Division as Additional Finance Secretary (AFS). He was Secretary to National Finance Commission (NFC) from 2003 to 2010 and was the first Chief Operating Officer (COO) of Khushal Pakistan Fund Limited (KPF) under Finance Division.

Mian Younis established new ventures in the financial & Public Sector Entities (PSEs), through mergers along with a team of experts. He contributed towards policy formulation as a member of boards of various Corporate Sector entities and banks. He carried out the financial restructuring of several Non-Banking Financial Institutions (NBFI) as a member of Financial Sector Reforms Committee. Affected recovery of loans extended to Provincial Governments and other Public Sector entities by the Federal Government and also assisted State Bank of Pakistan (SBP) in managing the overdraft position of provinces, AJK, and various Public Sector Corporations from 2003 to 2011. He supervised not only the Expenditure Budget of the Federal Government but also implemented Public Sector Development Programs of Finance Division from 2001 to 2011.

He was on the Board of Directors of Meezan Bank Limited and also its Chairman Board Audit Committee & member Risk Management Committee, for about three years. He completed the process of liquidation of Federal Bank for Cooperative (FBC) and Agriculture Marketing and Storage Limited (AMSL) as liquidator.

Mian Younis served in the Public Sector for a long time, while holding positions in different Government, Semi Government and Autonomous Bodies i.e. FBR, Economic Affairs Division (EAD), M/O F&A, BOI, Pakistan Software Export Board (PSEB) and Finance Division. He gained vast experience in HR management through formulation of HR Policies, Rules, Regulations Procedures and their implementation, while Heading Regulation Wing of Finance Division, mandated for fixation of remuneration, perks and privileges of Parliamentarians, Judiciary, Public Sector Entities and their HR Policies, Rules and Regulations. He established various Funds including "Relief Funds" and was instrumental in framing their accounting procedures, Financial / Investment Rules in consultation with Controller General Accounts (CGA) and Auditor General of Pakistan's Office.

At present, he is on the Board of Directors of Faysal Bank Limited since April 2014, Chairman Board Audit and Corporate Governance Committee and member Remuneration and HR Committee. He was also given the membership in Board Risk Management Committee by the BOD in Feb, 2021. He holds a Master's Degree in Economics and is also qualified in Project Appraisal & Risk Management (Duke, USA), Assessing Financial System Stability (IMF Institute, Singapore), Promotion of Direct Foreign Investment (Osaka, Japan), Promotion of Agro Based Industry (Manila Philippines), and Islamic Banking (Kuala Lumpur, Malaysia). He is a certified expert in Corporate Governance & Leadership Skills from Pakistan Institute of Corporate Governance (PICG) and has attended a number of workshops and seminars on Anti-Money Laundering & Corporate Governance.



Mr. Imtiaz Ahmad Pervez

Director

Mr. Imtiaz Ahmad Pervez has over 35 years' work experience in the field of banking in the United Kingdom, Bahrain and Pakistan. His last position was that of the Chief Operating Officer of the Faysal Islamic Bank of Bahrain BSC., till 1994. He was also the first CEO of the former Faysal Investment Bank Limited, Pakistan (later merged with Faysal Bank Limited, Pakistan). Additionally, he has served on the boards of banks including the Ithmaar Bank BSC, Bahrain, AlBaraka Bank Pakistan Limited, Faysal Islamic Bank of Bahrain BSC, Faysal Investment Bank of Bahrain EC and the Faysal Investment Bank Limited, Pakistan. He holds B.A. degree from the University of the Punjab and fellowship of the Institute of Islamic Banking and Insurance, London, U.K.



Mr. Ali Munir

Director

Mr. Ali Munir has a BA degree from Government College Lahore and an LLB Degree From The University of Punjab, Lahore. He has over thirty years' experience as a Chartered Accountant. He is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Pakistan. He was also a member of Investment Management Regulatory Organisation and the Securities Association (now known as the SFA) in England. He joined MCB Bank Ltd. in 1999 and has previously held senior positions at Citibank, Saudi American Bank and Habib Bank. In 2005, he was awarded the M.A Mozaffar Memorial Gold Medal from the SBP and Institute of Bankers in relation to his services to banking reforms in Pakistan and Agriculture Finance. He was previously the Chairman of the SBP Committee for Agricultural Finance and also the Chairman of the SBP Committee for Islamic Banking.



Mr. Juma Hasan Ali Abul

Director

Mr. Juma Hasan Ali Abul is a fellow member of the Association of Chartered Certified Accountants, England, certified Director from the Pakistan Institute of Corporate Governance and holds a Bachelors Degree in Accounting, from Cairo (1980).

Key Positions Held:

- Fellow member of the Chartered Association of Certified Accountants, England
- Certified Director from the Pakistan Institute of Corporate Governance
- Bachelor Degree in Accounting, Cairo (1980).
- Executive General Manager, Ithmaar Bank BSC, Bahrain (2010-2013).
- General Manager MFAI (Jersey) (2000 – 2010), then (2013 – Present), wholly owned subsidiary of the DMI Group.
- Executive Senior Manager, Shamil Bank of Bahrain BSC (formerly, Faysal Islamic Bank of Bahrain) 1988-2000.
- Board Memberships: Faysal Bank, Pakistan; CITIC International Asset Management, Hong Kong; Chairman of Egyptian Investments Co, Egypt; Gulf Investors Asset Management Co., Saudi Arabia (until 2021); United Bank of Albania (until 2011); in addition to entities ranging from trading, industrial, real estate development in Bahrain, Cayman, and Egypt.
- Worked with Touché Ross, London (now Deloitte), and Peat Marwick Mitchell Bahrain (now KPMG) –Chartered Accountants
- Lead restructuring of Group institutions as well as major Mergers & Acquisitions



Mr. Abdulelah Ebrahim Mohamed AlQasimi

Director

Mr. Abdulelah AlQasimi has more than 38 years of diversified management experience. His previous positions include Chief Executive of the Labor Fund (Tamkeen), from which he resigned in May 2010, Deputy Chief Executive Officer of Labor Fund Project at the Bahrain Economic Development Board, Assistant Undersecretary for Training at the Bahrain Ministry of Labor and Social Affairs, Director of Engineering and Maintenance at the Bahrain Ministry of Health. He has also served as the Chairman of the Bahrain Qualifications Framework Steering Committee and the Steering Committee of Career Expo and was a Board member of the Bahrain Society of Engineers and the Bahrain Consumer Protection Society.

He is currently a Chairman of Ithmaar Dilmunia General Partner Co. and Member of the Board of Naseej BSC, Faysal Bank Limited (Pakistan) and a member of the Board of Trustees of Arabian Pearl Gulf School.

Abdulelah AlQasimi holds a BSc in Civil Engineering from Queen Mary College University of London, UK, and MSc in Health Facility Planning from the University of North London, UK, and a Diploma in Health Care Management from the Royal College of Surgeons in Ireland, Bahrain. He is also a certified Director from the Pakistan Institute of Corporate Governance.



Mr. Abdulla Abdulaziz Ali Taleb

Director

Mr. Abdulla Abdulaziz Ali Taleb has more than 21 years of experience in banking and currently he is the Chief Executive Officer of Ithmaar Holding B.S.C., Ithmaar Bank B.S.C. (c) & IB Capital B.S.C. (c), Bahrain. Besides that, he has a strong work experience in a number of banking functions; including Islamic financial services, corporate banking, capital markets and credits. Prior to joining Ithmaar Bank, he held senior positions in various banks and financial institutions including BMI Bank, First Investment Bank, Shamil Bank and Khaleej Finance & Investments.

Abdulla Taleb is a certified Arbitrator by G.C.C. Commercial Arbitration Centre specialized in Banking & Finance and has a Master's in Business Administration from DePaul University, a Bachelor's Degree in Banking & Finance from Kingdom University and Associate Diploma in Economics Banking and Finance from University of Bahrain. He also holds an Advanced Diploma in Islamic Banking from Bahrain Institute of Banking and Finance. In addition Abdulla is a certified Director from the Pakistan Institute of Corporate Governance.



Ms. Fatima Asad Khan

Director

Fatima Asad-Said is the CEO of Abacus Consulting Technology, a leading international professional services firm committed to transforming clients by delivering world class technology, consulting, and outsourcing solutions through high performing people and global strategic partnerships. Over 24 years, Fatima's professional experience embodies thought leadership, value creation, and delivering transformative solutions in Corporate Governance, Digital Transformation, Enterprise Technology Solutions, Strategic Change, Human Capital Management across multiple sectors and industries. Through partnering with leading solution providers such as SAP, Google Cloud, Huawei, UiPath, Mercer, and other providers, she leads Abacus towards sustaining the transformation partner of choice position.

A MBA graduate from LUMS, she started her career with Coopers & Lybrand International and then PricewaterhouseCoopers. Her leadership journey includes serving on various Boards as an independent director such as Lahore University of Management Sciences (LUMS), Faysal Bank, Kashf Foundation, Bata Pakistan and Kaarvan Crafts Foundation. She also holds a Corporate Director Certification from Harvard Business School and PICG, and a member of Diversity and Inclusion Hub Leadership Council, Women Executives on Boards and YPO Global forums.



Mr. Mohsin Tariq

Director

Mr. Mohsin Tariq has more than 12 years of diversified professional experience in the Petro-Chemicals and Chemical Industries. He provided very ardent leadership in the capacity of Executive Director of Nimir Chemicals Pakistan Limited whose financial statements posted unprecedented numbers under his governance.

Mr. Mohsin Tariq graduated with his B.Sc. degree in Business Management from Brunel University, West London and M.Sc. degree in International Management from University of London School of Oriental and African Studies (SOAS).

He has been elected as an Independent Director on the Board of Faysal Bank Limited in May 2020. At Faysal Bank Limited, presently Mr. Mohsin Tariq is a member of Board's strategy & IT Committee.

He has been on the board (2015 - 2018) of another chemical company namely M/s NIMIR INDUSTRIAL CHEMICALS LTD and is also present on the board of Nimir Trading (Pvt) Ltd.

He is inherited to keep himself abreast with the recklessly changing business, financial and economic challenges and way forwards by recurrently attending the national and international conferences, courses, seminars, public and private meetings. He has also attended Directors' Training Program at LUMS.

He is also an enthusiastic member of civil society and is also associated with various reputed charitable organizations.



Senior Management Profiles

Mr. Yousaf Hussain

President & CEO

Mr. Yousaf Hussain has around 29 years of professional experience, primarily at ABN AMRO Bank where he held multiple senior managerial positions including those within the Corporate / Credit and Transaction Banking functions. He has been with Faysal Bank since August 2008, with a significant contribution to the franchise in his previous positions as Chief Risk Officer, Regional Corporate Banking Head-North and Head of Special Assets Management Group. His experience also includes a senior role with Samba Bank and earlier assignments with Mashreq Bank and Mobilink / Motorola. Mr. Yousaf has a Bachelor of Science degree in Electrical Engineering and has done his MBA from Lahore University of Management Sciences.



Mr. Raheel Ijaz

Chief Operating Officer

Mr. Raheel Ijaz has over four decades of work experience. Before assuming this position, he accumulated a rich banking experience in institutions like MCB Bank Limited as Group Head Compliance and Controls, Country Head Sri Lanka, Head Corporate North & Public Sector; United Bank Limited as Regional Chief Executive North and also held key positions in Faysal Bank, Prime Commercial Bank and Emirates Bank International. His last role with Faysal Bank Limited was as Head Compliance. Mr. Raheel holds an MBA degree from Quaid-e-Azam International University.



Mr. Salman Ahmed Usmani
Head, Treasury & ECM

Mr. Salman Usmani has a rich experience of over three decades in the local as well as multinational banking sector. His broad expertise covers Treasury and Risk Management, Asset and Liability Management, Strategic Planning, Corporate Restructuring, Strategic Negotiations, Acquisitions and Strategic Alliances and International Operations. His vast skill set has been instrumental in the design and implementation of the in-house developed Treasury System, which is capable of meeting front, middle and back-office business requirements and generates a host of MIS while retaining the flexibility to adapt to an evolving product suite. Prior to joining Faysal Bank Limited, he was associated with MCB Bank Limited as Global Treasurer and Head Investment Banking Group. His past experience has been with organizations such as ANZ Grindlays, American Express, Bank of America, Mashreq Bank, United Bank Limited & MCB Bank Limited. He is also serving as a director at Faysal Asset Management Limited. He holds an MBA Degree from Grand Valley State University, USA.

Mr. Syed Majid Ali
Chief Financial Officer

Mr. Majid Ali is a fellow member of the Institute of Chartered Accountants of Pakistan and has over three decades of experience in the field of accounts and finance disciplines of banking with exposure in IT and HR activities. He has been associated as CFO at Saudi Pak Commercial Bank Limited (now Silk Bank Limited) and Emirates Bank International PJSC (Pakistan operations). He has also served as Partner in KPMG Taseer Hadi & Co, Chartered Accountants. Mr. Majid has rich experience in Banking Finance amid mergers and acquisitions. He has also supervised Strategy, Technology and Administration Functions at Faysal Bank Limited.



Mr. Nasir Islam
Head, Internal Audit

Mr. Nasir Islam is a fellow member of the Institute of Chartered Accountants of Pakistan. He is a senior professional with more than 30 years of Banking experience having lead Internal Audit, Compliance and Finance functions. He has also been leading Business Process Re-engineering, Change Management and Acquisition / Integration projects. He has been working as a Senior Executive in senior management committees and been instrumental in formulation and implementation of the risk and control environment including the creation of various risk & control committees allowing senior executives to understand and mitigate risk issues across their respective areas / functions. He has also been working with Board and its Committees in implementing good Corporate Governance practices and setting up corporate governance, risk management and compliance policies within the organization.



Mr. Jaudat Hussain
Head, Retail Banking

Mr. Jaudat Hussain brings with him over 26 years of professional experience in Retail, Commercial and Consumer Branch Banking. Prior to joining Faysal Bank Limited, he has served at key positions in Standard Chartered, MCB Bank Limited, United Bank Limited, NIB Bank and Habib Bank Limited. Prior to his current appointment as Head Retail Banking, he has also held the position of Head Branch Distribution at Faysal Bank Limited. He holds a Master of Business Administration degree from Indiana University of Pennsylvania, USA, and International Capital Markets Qualifications from Securities Institute London, U.K.



Mian Salman Ali
Chief Risk Officer

Mr. Salman Ali brings with him a banking experience of over 19 years in large local and multinational banks. During his career, he has held various leadership/supervisory roles in business and control functions. He has a diversified experience in the field of Corporate Banking, Commercial / SME Banking & Credit / Risk Management and serves as a director at Faysal Asset Management Limited. Prior to joining Faysal Bank Limited, he has been associated with ABN AMRO Pakistan and Allied Bank Limited. Mian Salman holds a Master's of Business Administration degree from Lahore School of Economics. He is also a certified Islamic Banking Professional from NIBAF.

Mr. Muhammad Aurangzeb Amin
Company Secretary & Head, Legal

Mr. Aurangzeb Amin brings with him over 26 years of experience in the Financial Sector and Legal Consultancies both in Pakistan and in the USA. During his career, he has worked with NIB Bank and Pak-Kuwait Investment Co. as Company Secretary and Head Legal. He has also worked with law firms locally and internationally, namely Orr, Dignam & Co. and Surridge & Beecheno. He has a Master of Laws degree from Temple University, USA.



Syed Muhammad Fraz Zaidi
Head Operations and Strategy

Mr. Fraz Zaidi brings with him over 18 years of experience in the financial services sector, where he has held leadership roles in Finance, Risk Advisory and Strategy. Prior to joining Faysal Bank Limited, he has been associated with organizations such as H & H Exchange Co. (Pvt.), A. F. Ferguson & Co. and United Bank Limited. His last assignment was Head Operational Risk & Basel-II Division at United Bank Limited. Mr. Fraz is a Chartered Accountant from the Institute of Chartered Accountants, Pakistan and serves as a director at Faysal Asset Management Limited.



Mr. Monis Mirza
Head Human Resources

Mr. Monis Mirza has over 26 years of leadership experience in Human Capital Management, Mergers & Acquisitions, Cultural Integration and Business Growth in multiple geographies. During his career, he has held key positions in Procter and Gamble (P&G), Standard Chartered Bank in Pakistan and Tenova Canada. He remained Director of Human Resources and a Management Committee member for SCB Pakistan for over a decade, and helped the bank manage organic and inorganic business growth, drive productivity through engagement and organizational design efficiencies. His last assignment was with HRS Global as Chief Executive Officer – Recruiting. Monis Mirza acquired his B.E. Electrical Engineering degree from University of Buffalo, USA and MBA degree in Human Resources from Institute of Business Administration, Karachi. He has also completed an advance diploma in Human Resources from McMaster University, Canada.



Mr. Bashir Ahmed Sheikh
Head Special Assets Management

Mr. Bashir Ahmed Sheikh has five decades of diversified domestic as well as international banking experience of Operations, Corporate Banking, Commercial/Retail Banking, Investment and Risk Management, with a proven record of superior performance throughout his career. He has strong skills in Syndications, Advisory Services, Acquisitions, Mergers, Privatizations, Agriculture Financing, Remedial Management, Compliance and dealing with the Regulators amid other relevant agencies. Before joining Faysal Bank Limited in 2018, he has been associated with United Bank Limited, Union National Bank, BCCI, Indus Bank, Askari Bank, Faysal Bank and Bank Alfalah. His last assignment was Group Head Special Assets Management at Bank Alfalah. Mr. Bashir Ahmed Sheikh holds a graduation degree from University of Punjab. He is also a Graduate of Executive Development Program, Johnson Graduate School of Management, USA.

Mr. Ali Waqar
Head Corporate & Investment Banking

Mr. Ali Waqar has over 20 years of professional experience, primarily in the field of Corporate & Investment Banking, and Commercial Banking. Throughout his professional career, he has been instrumental in driving the organization's profitability through a diverse mix of transactions including Structured Finance, Project Finance, Mergers & Acquisitions and Derivatives. He has served at key positions in leading multinationals as well as local organizations including ABN AMRO Bank N.V., Barclays Bank Plc. and Faysal Bank Limited. Prior to his current assignment, Mr. Ali spearheaded Faysal Bank's Regional Corporate Banking franchise for 9 years as the 'Corporate Head-Central' where he contributed significantly towards sustainable portfolio and revenue growth. Mr. Ali holds an M.Sc. degree in Economics and Finance from Lahore School of Economics.



Mr. Aneeq Malik
Head Consumer Finance

Mr. Aneeq Malik is a solutions-focused banker with over 21 years of rich experience overseeing the compliance function, branch operations and consumer finance. Prior to joining Faysal Bank Limited, he has been associated with banks like ABN AMRO and MCB. Mr. Aneeq is recognized for being both reactive to developments in the regulatory and governance environment and proactive in areas related to compliance education and training. Highly adept in identifying gaps and / or risk exposure in operations as well as developing and implementing strong systems of check and balances. He holds a graduation degree from Punjab University, Lahore. He is a certified expert in Corporate Governance & Leadership Skills from Pakistan Institute of Corporate Governance (PICG). He is also certified from NIBAF in Islamic Banking. He is on the Board of Directors of M/s. 1Link (Guarantee) Ltd., as a nominee director from Faysal Bank Limited as well.



Mr. Abadullah
Chief Compliance Officer

Mr. Abadullah brings with him over three decades of diversified experience of Branch Banking, Trade, Operations and Compliance. Prior to joining Faysal Bank Limited, he has been associated with Standard Chartered, ANZ Grindlays and United Bank Limited. His last assignment with SCB was as Head Corporate Service Delivery. Prior to his current appointment as Chief Compliance Officer, he has also held the position of Head Operations at Faysal Bank Limited. Mr. Abadullah has been instrumental in implementing various projects and had led teams which migrated core banking systems in Faysal Bank. He is a certified GRC professional from GRCP International and diploma holder from Institute of Bankers in Pakistan. He holds a Master of Business Administration (Finance) degree from IBA, University of Punjab and is a certified director from ICMA Pakistan.



Syed Hasan Jafri
Head Information Technology

Mr. Hasan Jafri brings with him over 37 years of diversified experience in both financial and non-financial sectors. Mr. Hasan is an accomplished technology professional having experience in Networking, Software design, Product development, Information security, Internet and Telecommunication technologies. Prior to joining Faysal Bank, he has been associated with organizations such as Shahnawaz Limited, Karachi Stock Exchange, Arif Habib Corporation, Summit Bank and Allied Bank Limited. His last assignment was Group Head Information Technology at Allied Bank Limited. Mr. Hasan holds a Master of Information Technology degree from PIMSAT, Karachi.



Mr. Muhammad Faisal Shaikh
Head Islamic Banking

Mr. Faisal Shaikh is a graduate of Institute of Business Administration, Karachi with over 21 years of experience in the field of Shariah Structuring and Shariah Compliant Product Development. Prior to joining Faysal Bank Limited, he was associated with BankIslami Pakistan Ltd. and Meezan Bank Ltd. He has been instrumental in the development of various pioneering Islamic Corporate & Consumer Banking Products and Sukuk structures in Pakistan including Islamic Export Refinance Scheme of State Bank of Pakistan and Pakistan's inaugural sovereign International Sukuk. He led the team which converted conventional assets and liabilities of KASB Bank Ltd. after its acquisition by BankIslami Pakistan Ltd. Prior to this, his team structured acquisition and conversion of Citibank's conventional housing finance portfolio by BankIslami Pakistan Ltd. He was an active member of the team responsible for conversion and merger of Pakistan operations of Societe Generale into Meezan Bank Ltd. He has also served as a member of different advisory committees of State Bank of Pakistan on Islamic Banking.



Mr. Amin ur Rehman

Chief Digital Officer

Mr. Amin has a rich experience of over 20 years in both financial and non-financial sectors and holds a Hons and Master's degree from Institute of Business Administration. Having worked in the Banking industry, Public Utility and Global Payment Schemes, he has a diversified exposure where prior to joining Faysal Bank, he was associated with UBL, Visa Worldwide, K-Electric, Atlas Bank and HBL. His experience in the digital domain includes collaborating with Fintechs in developing their go-to-market strategy and has played a key role in expanding digital merchant acceptance while driving business sustainability. At Faysal Bank, he is currently spear-heading the digital transformation journey by focusing on increasing the Bank's digital foot-print and create digital enablement for key business verticals across the Bank.



Shariah Board Profiles

Mufti Muhammad Mohib ul Haq Siddiqui Chairman Shariah Board

Mufti Mohib ul Haq is a prominent and a well-recognized Shariah scholar of international repute. His credentials include a specialized degree in Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Al-Takhassus fial-Iftaa' (Specialization in Islamic Jurisprudence and Fatwa) from the esteemed Jamia Darul Uloom, Karachi.

Mufti Mohib ul Haq has a diversified experience of more than 19 years in Islamic Finance Industry. He has been associated with Faysal Islamic Banking since 2011, as the Shariah Advisor, prior to his appointment as the Chairman Shariah Board. He is also a Shariah Board Member of Bank Alfalah Limited-Islamic Banking and Bank Al Habib Limited- Islamic Banking.

Previously, he has served as the Shariah Advisor / Shariah Board Member at various Financial Institutions which include:

- Bank Al Habib Limited
- Takaful Pakistan Limited
- Royal Bank of Scotland Berhad, Malaysia
- JS Islamic Mutual Fund
- Shariah Advisor, Faysal Bank Limited- Islamic Banking

Mufti Mohib ul Haq has significant research experience related to Islamic Finance and other Shariah related subjects. Further, he is also a member of the State Bank of Pakistan's Committee for Shariah review, standardization of Islamic products and processes, and formalization of Accounting & Auditing Organization for Islamic Financial Institutions ("AAOIFI") Shariah standards for the Pakistan banking industry. He is also an experienced lecturer and trainer in the field of Islamic Finance, Fiqh and Islamic Financial Laws at various institutions which include:

- Jamia Darul Uloom, Karachi
- Centre for Islamic Economics ("CIE")
- National Institute of Banking and Finance ("NIBAF") – SBP
- Institute of Cost and Management Accountants of Pakistan ("ICMA")
- Institution of Business Administration- Centre for Excellence in Islamic Finance ("CEIF")

Mufti Muhammad Abdullah Resident Shariah Board Member

Mufti Muhammad Abdullah is serving Faysal Bank Limited – Islamic Banking as Resident Shariah Board Member since 2018. Prior to his joining at Faysal Bank – Islamic Banking, he has worked as Resident Shariah Board Member and Head Shariah Compliance Department in Standard Chartered Bank Pakistan Limited (Saadiq Division). Further, Mufti Abdullah has worked as a member of the Shariah Compliance Department of Albaraka Bank Pakistan Limited. He has wide and diversified professional experience in Islamic finance industry.

In addition to above, he has significant experience in the field of teaching for Social Sciences, Management Sciences and Islamic Finance in renowned educational Institutions including National University of Computer and Emerging Sciences (NUCES – FAST), DHA Suffa University and IQRA University.

Mufti Abdullah possesses both contemporary as well as religious academic qualifications. He holds Shadat-ul-Aalamia from Jamia-tul-Uloom-ul-Islamiyyah, Binori Town, Karachi (Equivalency of Degree: M.A. Islamic Studies and Arabic awarded by University of Karachi & Higher Education Commission - Pakistan) and Al-Takhassus Fil Fiqh Al Islami (specialization in Islamic Jurisprudence) from Jamia Darul-Uloom Rasheedia, Karachi.

He also holds Master's degrees in Arabic, Economics & Finance and General History from University of Karachi, Islamic Studies, History from Federal Urdu University and Muslim History from University of Sind. Moreover, he has been awarded "Certificate of Director Education" in "Corporate Governance Leadership Skills (CGLS)" from "Pakistan Institute of Corporate Governance (PICG)" and also awarded "Certified Shariah Advisor & Auditor" (CSAA) from "Accounting and Auditing Organization for Islamic Financial Institutions" (AAOIFI) and he is also registered as a Shariah Advisor in Security Exchange Commission of Pakistan (SECP).

Dr. Mufti Khalil Ahmad Aazami

Shariah Board Member

Dr. Mufti Khalil Ahmad Aazami is a renowned Shariah Scholar in the Islamic Banking industry. Dr. Aazami has graduated from Jamia Darul Uloom, Karachi. He obtained his Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Al-Takhassus fi al-Iftaa' (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi. Further Dr. Aazami holds a Doctorate (PhD.) degree in "Islamic Jurisprudence" from University of Karachi.

Dr. Aazami is working with Bank Alfalah Limited-Islamic Banking since 2003 in the capacity of Shariah Advisor and now serving Bank Alfalah Limited-Islamic Banking as Chairperson Shariah Board since 2015. He is also a Shariah Board Member of National Bank of Pakistan-Islamic Banking and Faysal Bank Limited-Islamic Banking, furthermore, he is also a Shariah Advisor of Alfalah Insurance - Window Takaful Operations since 2015

Dr. Aazami has served as Shariah Advisor / Shariah Board Member in different financial institutions including:

- Takaful Pakistan Limited (2005 - 2014)
- Alfalah GHP Islamic Fund (2007 - 2014)
- Shariah Advisor, Bank Alfalah Ltd-Islamic Banking, (2003-2015)

Dr. Aazami has significant research experience related to Islamic Finance and other Shariah related subjects. Furthermore, he is the member of AAOIFI Shariah Standards Committee (Karachi). He is an author of numerous publications. He is also an experienced lecturer and trainer in the field of Islamic Finance, Economics, Fiqh, Islamic Financial Laws and General Islamic Science at various institutions which include:

- Jamia Darul Uloom, Karachi
- Centre for Islamic Economics ("CIE")
- National Institute of Banking and Finance ("NIBAF") – SBP
- Sheikh Zayed Islamic Centre - University of Karachi
- Institution of Business Administration- Centre for Excellence in Islamic Finance ("CEIF")

Mufti Muhammad Ashja Khan

Shariah Board Member

Mufti Ashja Khan is serving Faysal Bank Limited-Islamic banking as Shariah Board Member since July 2021. Prior to his joining the Shariah Board, he has served as Shariah Scholar (Manager Shariah Compliance) at Shariah Compliance Department Faysal Bank Limited-Islamic banking. Further, Mufti Ashja Khan has worked as Shariah Consultant in EY Ford Rhodes. He has diversified professional experience in Shariah audits and Shariah compliance in Islamic finance.

Mufti Ashja Khan possesses both contemporary as well as religious academic qualifications. He holds Shadat-ul-Aalamia from Jamia-Ma'ahadul Khalil Al-Islami, and Takhassus Fil Ifta from Jamia Darul-Uloom Karachi. In addition to above, he has wide experience in Fatwa writing and research work during his educational career in Jamia Darul Uloom Karachi. He also holds graduation degree from Allam Iqbal Open University in the field of Arts

He also holds certificate of 'Certified Shariah Adviser & Auditor' ("CSAA") from Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Bahrain. Further, He also holds certificate of 'NIBAF Islamic Banking Certificate Course - Capacity Building of Shariah Scholars' organized by National Institute of Banking And Finance State Bank of Pakistan.

Mufti Abdul Basit

Shariah Board Member

Mufti Abdul Basit is serving Faysal Bank Limited-Islamic banking as Shariah Board Member since July 2021. Prior to his joining the Shariah Board, he has served as Shariah Scholar (Assistant Manager Shariah Support) at Product Management and Development Department Faysal Bank Limited-Islamic Banking.

Mufti Abdul Basit possesses both contemporary as well as religious academic qualifications. He holds Shadat-ul-Aalamia (Masters in Islamic Studies & Arabic) from the esteemed Jamia Darul Uloom, Karachi and Takhassus Fiqh-ul-Muamlaat from Jamia Tur Rasheed, Karachi. He also holds graduation degree from University of Karachi in the field of Commerce.

Mufti Abdul Basit has wide and diversified professional and educational experience. He has extensive experience in Islamic Banking in product development with Faysal Bank limited. He has significant experience in the field of teaching at renowned institutions as a Permanent and Visiting Faculty Member of various Institutions such as:

- Sheikh Zayed Islamic Centre - University of Karachi
- AL – Ihsan Courses

He also holds certificate of 'Certified Shariah Adviser & Auditor' ("CSAA") from Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Bahrain. Further, He also holds certificate of 'NIBAF Islamic Banking Certificate Course - Capacity Building of Shariah Scholars' organized by National Institute of Banking And Finance State Bank of Pakistan.

Senior Management and Internal Committees

Senior Management Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Syed Majid Ali
Member & Secretary

Salman Ahmed Usmani
Member

Jaudat Hussain
Member

Abadullah
Member

Ali Waqar
Member

Mian Salman Ali
Member

Bashir Ahmed Sheikh
Member

Syed Muhammad Fraz Zaidi
Member

Monis Mirza
Member

Aneeq Malik
Member

Syed Hasan Jafri
Member

Muhammad Faisal Shaikh
Member

Syed Amin Ur Rehman
Member

Conversion to Islamic Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Syed Majid Ali
Member & Secretary

Mufti Muhammad Mohib ul Haq Siddiq
Member

Mufti Muhammad Abdullah
Member

Muhammad Faisal Shaikh
Member

Salman Ahmed Usmani
Member

Jaudat Hussain
Member

Ali Waqar
Member

Abadullah
Member

Mian Salman Ali
Member

Syed Hasan Jafri
Member

Syed Muhammad Fraz Zaidi
Member

Aneeq Malik
Member

Monis Mirza
Member

IT Steering Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Syed Majid Ali
Member

Mian Salman Ali
Member

Muhammad Maad
Member

Muhammad Abadullah
Member

Syed Hasan Jafri
Member

Syed Tahir Rizavi
Member

Imran Saeed Chaudhry
Member & Secretary

Syed Muhammad Fraz Zaidi
Member

Syed Amin Ur Rehman
Member

Asset & Liability Committee

Yousaf Hussain
Chairman

Salman Ahmed Usmani
Member & Secretary

Jaudat Hussain
Member

Ali Waqar
Member

Mian Salman Ali
Member

Syed Majid Ali
Member

Syed Muhammad Fraz Zaidi
Member

Muhammad Faisal Shaikh
Member

Investment Committee

Yousaf Hussain
Chairman

Salman Ahmed Usmani
Member & Secretary

Ali Waqar
Member

Mian Salman Ali
Member

Syed Majid Ali
Member

Syed Muhammad Fraz Zaidi
Member

Country Credit Committee

Yousaf Hussain
Chairman

Mian Salman Ali
Member & Secretary

Ali Waqar
Member

Jaudat Hussain
Member

Compliance & Fraud Risk Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Abadullah
Member & Secretary

Syed Majid Ali
Member

Mian Salman Ali
Member

Syed Muhammad Fraz Zaidi
Member

Jaudat Hussain
Member

Monis Mirza
Member

Enterprise Risk Management Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Salman Ahmed Usmani
Member

Syed Majid Ali
Member

Mian Salman Ali
Member

Syed Muhammad Fraz Zaidi
Member

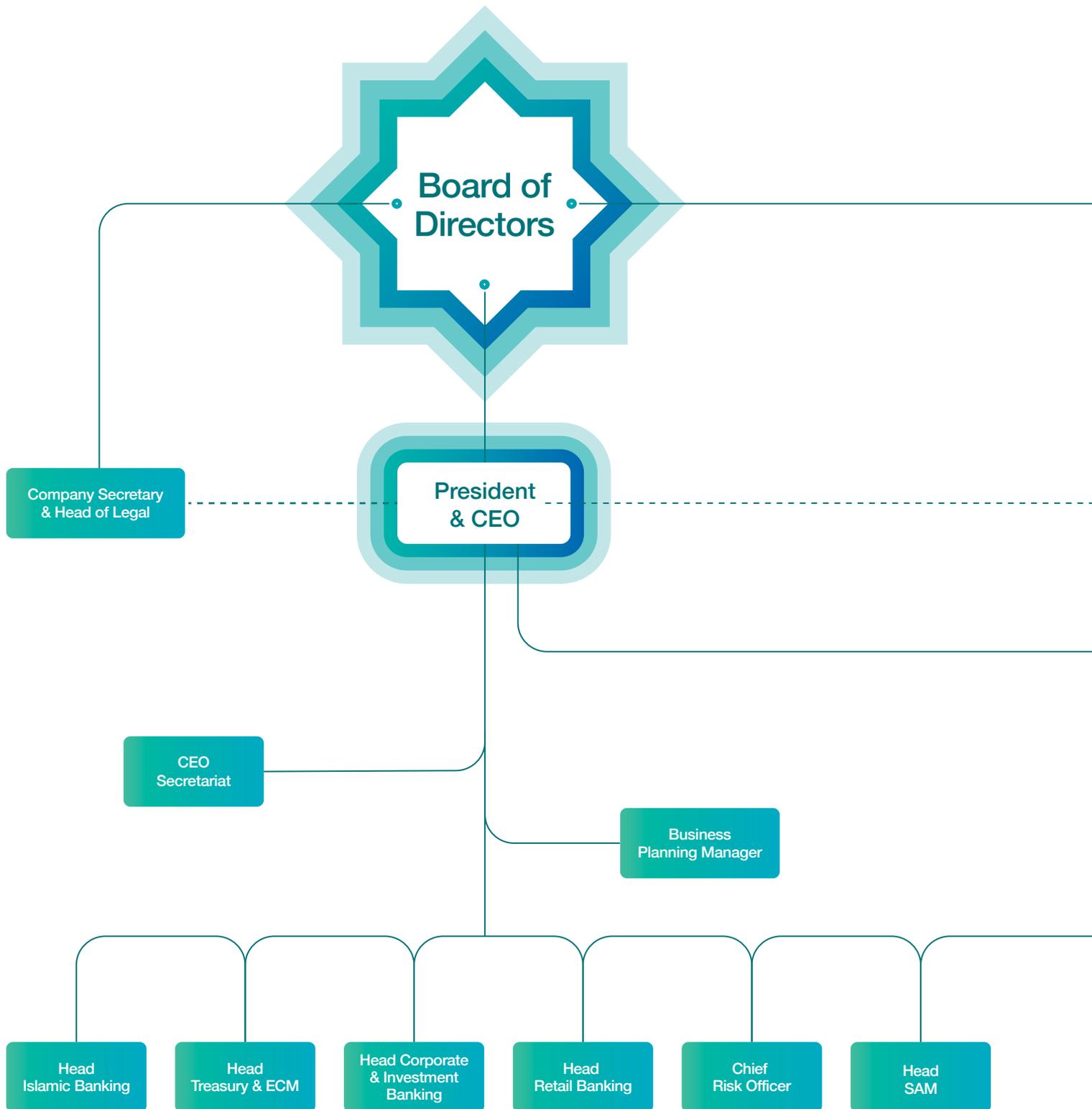
Abadullah
Member

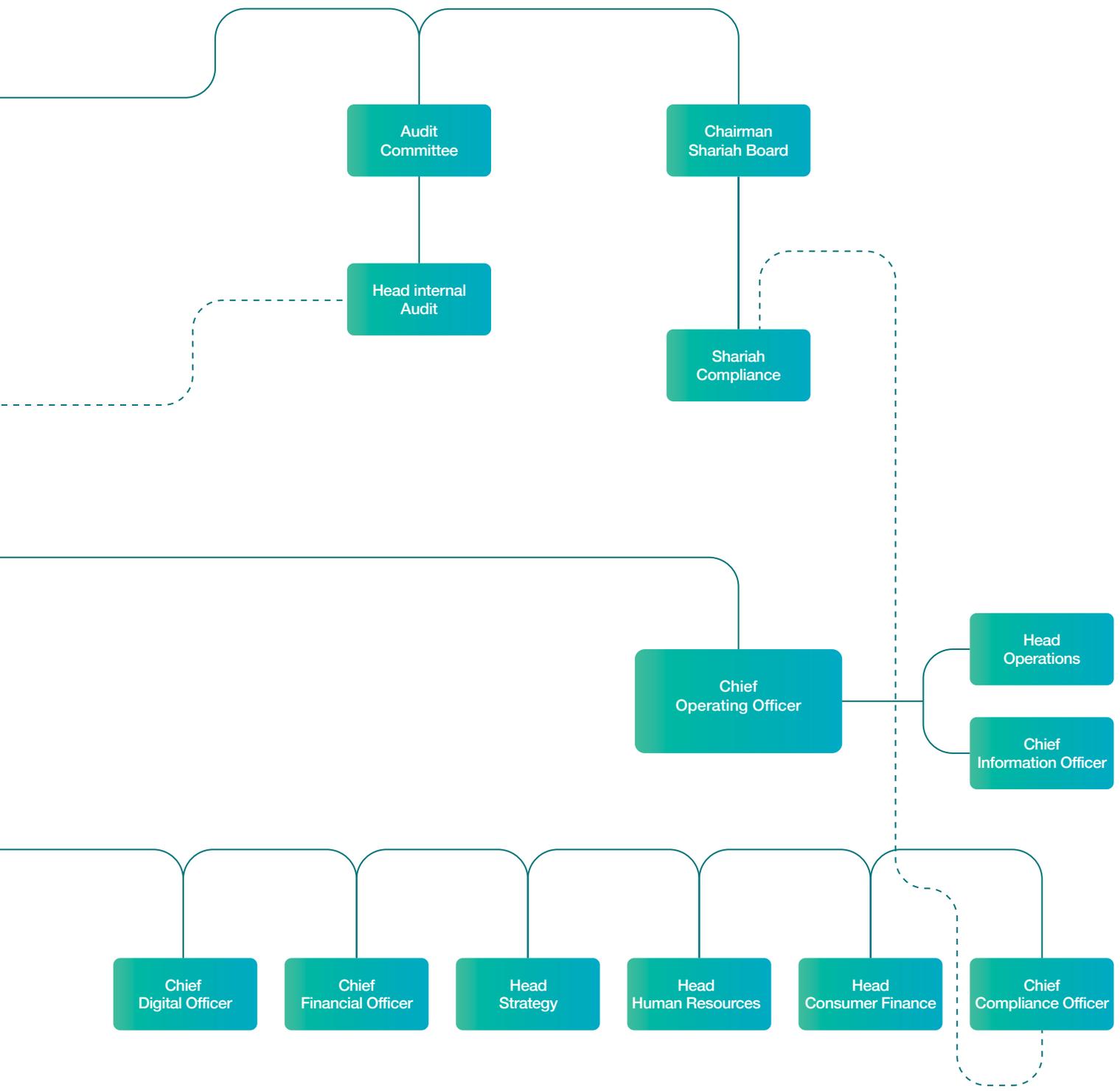
Muhammad Maad
Member

Sheikh Muhammad Asif
Member

Sheraz Nasir
Secretary

Organisational Structure





Board Committees and Their Terms of Reference

Board Audit & Corporate Governance Committee (BACGC)

- To oversee the integrity of the accounting and financial reporting processes as well as of the Financial Statements with focus on compliance with applicable accounting and reporting standards to give a true and fair view of the financial position and performance of the Bank.
- To oversee the Bank's compliance with legal and regulatory requirements.
- To oversee the Internal Control Framework (both policies as well as procedures), established by the Management, to ensure the compliance of applicable Laws and Regulations and to ensure the adherence of Accounting and Reporting Standards.
- To oversee adherence of employees and management to Bank's Control Framework and Code of Conduct.
- Selection and recommendation of the External Auditor to the BOD, after, thorough analysis of qualification and competence, and ensuring its independence from the Management.
- Establishment and smooth functioning of an independent, objective and competent Internal Audit Group supported by adequate resources.
- To review the performance of Internal Audit Department (IAD) and External Auditors.
- Review and recommend to the Board of Directors the amendments in the internal audit policy.
- Approval of the Audit Manual, Assurance Level and Audit Rating System, prepared and presented by Head of IAD, after thorough discussion and analysis, with prime focus on Risk Based Audit Approach.
- To ensure that IAD is independent of the activities it audited and from the everyday internal control process and is adequately structured to achieve its chartered objectives and responsibilities.
- To oversee Shariah Audit Function, Credit Risk Review of Corporate portfolio and Management's actions for identification of gaps and implementation of controls as a preventive measure against frauds as stated in the fraud preventive policy.
- Review and discuss with Head IAD and Management, the status of implementation of the Committee's Decisions and reasons for any significant delay(s) together with Committee's direction for necessary actions.
- Formulation and approval of Key Performance Indicators (KPIs) of Head Internal of Audit.
- To ensure independence of any investigation/disciplinary action against Head of Internal Audit or Internal Auditors.
- To review effectiveness of Whistle Blow mechanism of the Bank.
- Provision of reports to the Board regarding any other matter as per the requirement of BOD further communication with the relevant sub-committees of the Board/BOD regarding significant findings by Internal Audit or External Audit and their implementation status relating to their respective areas for consideration and follow-up for corrective actions thereon.
- Fulfillment of any other task/responsibility assigned by the Board as well as by the Regulators.

Board Strategic Planning and Business Transformation Committee (BSC)

Strategy Related Matters:

- Review periodically and make recommendations to the Board regarding:
 - Bank's Vision & Mission statements and strategic goals & objectives.
 - Bank's Strategic Plan and overall Strategy.
 - Matters of strategic importance including items such as mergers and acquisitions, potential new business avenues & strategic partnerships/ alliances, modifications to business & operating models, opportunities for growth & expansion of business, changes in technology and marketing strategies, enhanced customer experience etc.
- Assist management in the development of Bank's Corporate Strategy, including reviewing and discussing with the management the strategic direction, initiatives, key performance indicators (KPIs) and the risks associated with the Bank's strategy.

- Review the process for development, approval and modification of the Bank's strategy and Strategic Plan.
- Review key issues, risks and external developments impacting the Bank's strategy, and advise management in adopting the viable/ suitable options, based on management recommendations. Review tactical changes in strategic plan and initiatives, in response to key issues, risks and external developments, as recommended by the management.
- Review progress against strategic plan and key performance indicators to monitor Bank's progress against its strategic goals.
- Seek, review and make recommendations on performance measurement and recognition practices so that it remains aligned with the Bank's strategic objectives.
- Review and approve capital expenditure, recurring and operating expenses and write-offs as per defined thresholds.
- Review, obtain updates and recommend annual branch network expansion plans including plans for overseas operations, setting-up companies/operations/offices in new overseas locations, for approval to the Board.
- Review and recommend Shariah Board reports in compliance with SBP Shariah Governance Framework, for approval to the Board.
- Review and recommend matters relating to the shareholders and related parties to the board, in consultation with the Chairman.
- Seek, review and make recommendations on Bank's resource allocation plan so that they remain aligned with Banks strategic objectives.
- Engage external consultants and seek expert advice on key strategic matters and plans, where-ever required.

Business Transformation Related Matters:

- Provide guidance to the management in conversion of FBL into an Islamic bank.
- Approve appointment of legal, accounting, Sharia's, tax and other consultants for this project.
- Review and approve Business Transformation Plan and Financials.
- Review progress on implementation of Business Transformation Plan and approve deviations from the plan.
- Recommend to the Board, approval of sale of products and businesses, not viable under the Islamic setup, if any.

Board Risk Management Committee (BRMC)

- To establish and maintain a system to oversee risk management policies and principles.
- To review the adequacy and effectiveness of the risk management process across the Bank.
- To establish and maintain a risk management framework to identify risks and to evaluate the alignment and effectiveness of risk management activities.
- To review the Bank's strategy from a risk perspective and ensure that it is prepared in accordance with the Bank's policies.
- To review and recommend to Board the Bank's overall risk appetite and delineating risk tolerance in relation to credit, market, liquidity, operational (including trade based money laundering risk, Shari'ah risk, legal risk, outsourcing risk, etc.), approve the exposure limits in relation to risk management strategies, and review compliance with these limits.
- To ensure a system to identify any exceptions to the appetite/ limits and the risk management policies and procedures; and to take timely corrective measures.
- To review Risk Management Information System reports, evaluate the findings and the appropriateness of the remedial measures and direct necessary actions, besides approving Credit related policies, Internal Risk rating policy and recommend the same for Board approval.
- Reviewing Product Programmes of lending/investment/derivative and Product Programmes related to new line of business and recommend them to the Board.
- Recommending to Board, delegation of authorities to management committees for achieving Board mandated strategic direction.

Board Information Technology Committee (BITC)

- To review and recommend IT Strategy and Digital Strategy of the Bank to the Board for approval.
- To advise and report to the Board on the status of technology activities and digital initiatives in the banks. To review and monitor the implementation of SBP 'Enterprise Technology Governance and Risk Management Framework'.
- To monitor the overall impact with regard to business, customer, control as well as the impact of Information Technology infrastructure and applications, to assess and address strategic gaps and issues.
- To monitor, oversee and optimize technology related investments and capital expenditure related to Information Technology and to recommend IT budget to the Board for approval.
- To reinforce Information Technology roles and responsibilities through relevant policies and to issue high level policy guidelines.
- To ensure that effective Risk Management strategies are designed and implemented to achieve resilience, including the ability to effectively respond to wide-scale disruptions, cyber-attacks and attacks on critical infrastructure.
- To monitor and track all major Technology related projects, ITG performance and IT Services Delivery.
- To review IT Capacity Planning and Resource Management (including financial, data & information, infrastructure & assets, human resource staff development, recruitment and the retention of skilled staff, vendors, etc.).

Recruitment, Nomination & Remuneration Committee (RN&RC)

- To ensure that HR policies and practices are in line with the market dynamics and business objectives of the Bank.
- To design competitive compensation programs that attract, retain and motivate staff to achieve business objectives of the organisation, while enhancing and sustaining shareholder value.
- To review the implementation of the revised State Bank's remuneration guidelines, and ensure that remuneration policy is align with the requirements of the guidelines.
- To periodically examine the Bank's remuneration policy.
- To review and recommend the HR policies of the Bank to the Board. Ensure development of new policies to help attract, retain, develop and motivate talent.
- To review the Management Structure/Organogram of the Bank.
- To review and recommend the selection/ appointment/ reappointment, evaluation, compensation, increments, performance bonuses, fringe benefits, including retirement benefits, and terms and conditions of service agreement of the CEO to the Board.
- To review and recommend to the Board the selection, evaluation and compensation of key executives of the Bank.
- To review and confirm the Job Descriptions of key executives, review and recommend the appointment and promotions of all key executives and general managers.
- To investigate and recommend resolutions to the Board of major violations of the code of business conduct and ethics that may relate to personnel or internal controls relating to human resource policies or benefits.
- To consider/review and recommend to the Board, the remunerations to be paid to the non-executive Directors of the Bank for attended Board and Board Committee meetings.
- To review and monitor the training and development budget.
- To look after any other matters relating to Human Resource Management.

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Board Meetings and Attendance

Attendance of Board of Directors Meetings during the year 2022

Attended by / Meeting Date	23-02-22	27-04-22	03-08-22	25-08-22	27-10-22	25-11-22	29-12-22
Farooq Rahmatullah Khan	✓	✓	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓	✓
Imtiaz Ahmad Pervez	✓	✓	✓	✓	✓	✓	✓
Ali Munir	✓	✓	✓	✓	✓	✓	✓
Abdulah Ebrahim Mohamed Al Qasimi	✓	✓	✓	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓	✓	✓	✓
Fatima Asad Khan	✓	✓	✓	✓	✓	✓	✓
Mohsin Tariq	Leave of Absence	✓	✓	✓	✓	✓	✓

Attendance of Board Audit & Corporate Governance Committee Meetings during the year 2022

Attended by / Meeting Date	22-02-22	24-04-22	24-08-22	26-10-22
Mian Muhammad Younis	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓
Ali Munir	✓	✓	✓	✓

Attendance of Board Risk Management Committee Meetings during the year 2022

Attended by / Meeting Date	21-02-22	26-04-22	23-08-22	25-10-22
Imtiaz Ahmad Pervez	✓	✓	✓	✓
Abdulah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓

Attendance of Recruitment, Nomination and Remuneration Committee Meetings during the year 2022

Attended by / Meeting Date	26-01-22	22-02-22	26-04-22	24-08-22	26-10-22	28-12-22
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓
Ali Munir	✓	✓	✓	✓	✓	✓
Fatima Asad Khan	✓	✓	✓	✓	✓	✓

Attendance of Board Strategy Committee Meetings during the year 2022

Attended by / Meeting Date	21-02-22	25-04-22	23-08-22	25-10-22	27-12-22
Farooq Rahmatullah Khan	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓	✓
Fatima Asad Khan	✓	✓	✓	✓	✓
Mohsin Tariq	✓	✓	✓	✓	✓

Attendance of Board IT Committee Meetings during the year 2022

Attended by / Meeting Date	21-02-22	25-04-22	23-08-22	25-10-22	19-12-22
Ali Munir	✓	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓	✓
Mohsin Tariq	✓	✓	✓	✓	✓

Attendance of Shariah Board Meetings during the year 2022

Attended by / Meeting Date	03-02-22	06-06-22	28-09-22	22-12-22
Mufti Muhammad Mohib ul Haq Siddiqui	✓	✓	✓	✓
Dr. Mufti Khalil Ahmad Aazami	✓	✓	✓	✓
Mufti Muhammad Ashja Khan	✓	✓	✓	✓
Mufti Abdul Basit	✓	✓	✓	✓
Mufti Muhammad Abdullah	✓	✓	✓	✓

The Role of the Board of Directors

The Board of Directors (BOD) is responsible for the oversight of Management of the Faysal Bank Limited (of the Bank). It accomplishes this function acting directly and through the principal standing BOD Committees. It provides entrepreneurial leadership and direction for the Management within a framework of prudent and effective controls. It promotes collective vision of the Bank's purpose, its culture, its values and also demonstrates ethical leadership. The collective wisdom of the Board is translated into its decisions which form the basis for Management to achieve its targets. The primary role of the BOD of the Bank is to enhance shareholder value.

The Board is concerned with strategic matters and overseeing the business of the Bank in light of emerging risks and opportunities, on a regular basis and also involved in establishing and reviewing the strategies, yearly targets and financial objectives of the Bank. All the strategic decisions of the Bank have been taken by the Board.

Significant Issues/Matters discussed/approved by the Board of Directors:

During the year 2022, the Board of Directors deliberated upon and/or approved the following Significant Issues / Matters:

- Annual Budget for the year 2023;
- Bank's Policies including periodic reviews and amendments thereto;
- Implementation status of the Bank's Strategic Plan for FY 2023-27.
- Budget for FY 2022 and its implementation status.
- Periodical review of Terms of Reference ("TORs") of Board's Sub-Committees;
- Un- Consolidated and Consolidated Financial Statements of the Bank on Quarterly, Half-yearly and Annual basis together with Directors' and Auditors' Reports along with Statement of Compliance of the Code of Corporate Governance;
- Related Party Transactions of the Bank ;
- Amendments in the Articles of Association keeping in view the completion of conversion from Conventional Bank to an Islamic Bank.
- Management Letter issued by the External Auditors of the Bank and its compliance status;
- Performance evaluation of the of the Board's Sub-Committees;
- Matters as recommended by Board's Sub- Committees;
- Appointment of External Auditors of the Bank for the year 2022;
- Various SBP Inspection Reports along with Action Plan thereon;
- Performance Evaluation of the Board & its Sub- Committees ;
- Matters pertaining to Faysal Asset Management Limited, subsidiary of the Bank;
- Various strategic equity investments by the Bank. ;
- Quarterly and Annual Reports on Fraud & Forgery Cases;
- Consumer Lending Business;
- Write-offs/Waivers approved at Different Authority Levels and recoveries thereto;
- Status and implications of all material law suits filed by and against the Bank;
- Annual Branch Expansion Plan of the Bank; and
- Updates on significant Laws, Rules and Regulations.
- Implementation status of the significant regulations issued by the State Bank of Pakistan or the Securities & Exchange Commission of Pakistan.

Annual Evaluation of the Board of Directors

In line with the best practices of the corporate governance FBL's Board since 2012 has conducted self-evaluation exercise on an annual basis by engaging Pakistan Institute of Corporate Governance (PICG) as an external facilitator which is the lead on Corporate Governance and has a team of consultants to conduct Board evaluations for companies and banks.

SBP Guidelines on Performance Evaluation of Board of Directors were implemented in August 2016 and subsequently, FBL's Board in compliance thereof has conducted its self-evaluation for the year 2022 by engaging PICG.

The evaluation covered various aspects of the performance of the Board including but not limited to: Board's role, Committees' performance, Training, Strategy, Risk Management, and Board Meetings. The evaluation covered:

- The Board as a whole
- Individual Director (Independent, Non-Executive and CEO)
- Board Committees

The evaluation was carried out using quantitative method based on subjective assessment, and was conducted via questionnaires developed by the consultants in conformance with the State Bank of Pakistan's Guidelines on Performance Evaluation of Board of Directors. The quantitative technique has the advantage of being specific and measurable. Measurement scale used in FBL's board evaluation is the summated rating on a scale of 1-10 depending on how strongly they agree or disagree with a given statement. The use of this method ensures specific and measurable data that can be benchmarked over time.

Directors' Orientation

As and when new Director is elected or appointed on the Board, the Company Secretariat provides an orientation pack consisting on below mention documents:

1. Minutes of Board of Directors Meeting during the one year
2. Minutes of Board Committees during the one year
3. Minutes of Annual General Meeting during the last three years
4. Memorandum and Articles of Association of the FBL
5. Terms of Reference of Board Committees
6. Code of Conduct of FBL
7. Banking Companies Ordinance, 1962
8. Prudential Regulations
9. Companies Act, 2017
10. Code of Corporate Governance 2019
11. Corporate Governance Regulatory Framework 2021
12. Rule Book of Pakistan Stock Exchange
13. Any other relevant document if required

If desired by the incoming Director, we also arrange meetings with the Group Heads.

At the start of every three years Board of Director terms, we conduct the Directors Orientation Workshop through Pakistan Institute of Corporate Governance (PICG).

The Bank arranged Directors Orientation Workshop for newly elected Board Members through PICG on June 30, 2020.

Directors' Training

As at December 31, 2022 the Bank is compliant in respect of the Directors' Training Requirement as laid down in the Code of Corporate Governance.

Out of Eleven (11) Directors, the following Ten (10) Directors are certified and have completed mandatory Directors Training Program:

1. Mr. Farooq Rahmatullah Khan
2. Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
3. Mr. Yousaf Hussain – President & CEO
4. Mian Muhammad Younis
5. Mr. Ali Munir
6. Mr. Juma Hasan Ali Abul
7. Mr. Abdulelah Ebrahim Mohamed AlQasimi
8. Mr. Abdulla Abdulaziz Ali Taleb
9. Ms. Fatima Asad Khan
10. Mr. Mohsin Tariq

Mr. Imtiaz Ahmed Pervez has attended the Directors' Training, however his final test is pending.

Additionally, the Bank also arranged the following Training for the Board of Directors during the year 2022:

- Islamic Banking (Tawarruq and its Application for Conversion Purposes, a Case Study of Faysal Noor Card) by Mufti Mohib-ul-Haq, Chairman Shariah Board of Faysal Bank Limited on April 27, 2022.
- Briefing on the Board Self-Evaluation Process by Pakistan Institute of Corporate Governance on October 27, 2022.

Oversight over Internal Controls & Systems

Internal audit (IA) in Faysal Bank Limited (FBL) is an independent, objective assurance and consulting activity designed to add value and improve organization operations. It helps FBL to accomplish its objectives by providing assurance to the Board of Directors (BOD) and Senior Management on the adequacy and effectiveness of the bank's internal control, risk management and governance systems and processes.

Faysal Islami Amal Women Account

Empower yourself sign your
path to financial independence.



Application form for Faysal Islami Amal Women Account. The form includes fields for account type, account number, and signature. The name "Amal" is written in the signature field. The form also contains text in Urdu and English, including "Faysal Islami Bank" and "Amal Women Account".



Check for Faysal Islami Amal Women Account. The check is dated 03/03/2022 and is payable to the order of Amal for the amount of PKR 50,000/-. The check number is 1234567. The signature "Amal" is written on the check. The check also includes the text "or bearer" and "Signature".



Check for Faysal Islami Amal Women Account. The check is dated 03/03/2022 and is payable to the order of Amal for the amount of PKR 50,000/-. The check number is 1234567. The signature "Amal" is written on the check. The check also includes the text "or bearer" and "Signature".

Remuneration Policy Disclosures

PURPOSE AND SCOPE

The Bank has developed a fair, objective, transparent and sound Remuneration Policy that is aligned with risks and responsibilities of Financial Intermediation.

The scope of Remuneration Policy covers all employees across the Bank who are materially responsible for risk taking or risk controlling activities.

OBJECTIVES

Following are the main objectives of Remuneration Policy:

- To promote and be consistent with sound and effective risk management and not encourage risk-taking that exceeds the risk thresholds of the Bank.
- To ensure that the remuneration practice is in line with the Bank's objectives, taking into consideration all major risks that the Bank may face, and promotes and supports long-term sustainable performance.
- To align remuneration with risk appetite and with the conduct expectations of the Bank, regulators and stakeholders; and
- To attract, retain and motivate highly qualified employees, but also reward those who promote corporate values with incentives correlated to the long-term value generation.

GOVERNANCE FRAMEWORK

The Bank's Governance Framework with respect to the aforementioned Guidelines, aims at guaranteeing an appropriate control on remuneration practices, ensuring that decisions are taken with sufficient independence and in an informed way, by such authorities and functions, to which different responsibilities are delegated.

The Board of Directors (BOD) reviews, approves and monitors implementation of the Bank-wide remuneration policy, based on the recommendations of Recruitment, Nomination and Remuneration Committee (RNRC). In addition, the BOD through RNRC, shall review remuneration structure including composition of fixed and variable remuneration of President & CEO, Chief Operating Officer (COO) and Senior Management (excluding Head Internal Audit). Whereas BOD through Board Audit & Corporate Governance Committee (BACGC) reviews Head Internal Audit's remuneration structure including composition of fixed and variable remuneration.

The RNRC oversees the Bank's remuneration program along with its other approved Terms of Reference. One of its key responsibilities is to approve the list of employees identified as MRTs and MRCs, in accordance with the specified criteria.

The President & CEO provides support to HR in the development and implementation of Remuneration policy amid review and recommend compensation structures of the Senior Management Team and approve structures for other MRTs/MRCs. The President & CEO also reviews and recommends to RNRC, malus application for withholding deferred compensation of MRTs/MRCs (including Senior Management), in case of any event resulting in loss to the Bank that is directly attributable to the respective MRT/MRC.

The Business groups and support functions provide adequate support to HR in implementation of this policy.

HR bears primary responsibility for the development, dissemination, coordination and consistent application of the Remuneration policy. Some of its key responsibilities include; Determination of compensation structures, deferrals percentages and periods for all MRTs and MRCs; and Finalization of the deferral pool mechanism through an established Fund and ensuring close coordination with the Trustees of Fund, for deferral compensation management.

MRT/MRC INCLUSION CRITERIA

The inclusion criteria have been developed in accordance with the Guidelines and applicable best practices, and comprise of two sections, namely, the Qualitative and Quantitative MRT/MRC criteria.

Qualitative Inclusion Criteria

The following qualitative criteria has been applied for identification of MRTs and MRCs:

- President & CEO and COO;
- Members of the Senior Management;
- Members of critical Management Committees;
- Heads of critical functions responsible for managing business amid risks and controls; and
- CEO of Faysal Asset Management Limited (a subsidiary of FBL).

Quantitative Inclusion Criteria

The Bank has carried out detailed assessment of individuals subjecting the Bank to significant risks. The materiality of significant risks has been determined through the quantitative criteria for each major risk type i.e., i) Credit Risk; ii) Market Risk; iii) Operational Risk; iv) Liquidity Risk; and v) Financial Expenditure Approval Authority.

ANNUAL MRT/ MRC ASSESSMENTS

HR conducts risk assessments for identification of MRTs and MRCs as per the quantitative and qualitative criteria and present to the President & CEO for review and recommending to the BACGC/RNRC for onward submission to BOD for approval.

COMPENSATION STRUCTURE

The Bank offers a compensation structure with a balanced mix of fixed and variable elements, in order to encourage behaviors focused on the achievement of long-term sustainable results, as detailed below: -

Fixed Remuneration

Fixed remuneration comprises of base salary (including annual increment therein) and role-based fixed allowances, if applicable. Fixed remuneration shall not vary with performance and is payable, in accordance with HR Policies.

Variable Performance Based Remuneration

Variable remuneration takes into account Bank's performance, Group's performance, business unit/ product's performance and individual's performance. Underachievement of financial performance, taking excessive or undue risks, customer experience, audit/internal controls/compliance issues etc. are generally considered for determining risk-adjusted variable remuneration.

Other Benefits

Other benefits are awarded on the basis of individual employment contracts and local market practices. These may include staff financing, expense allowances/ reimbursements, life takaful, medical care and relocation allowances etc. These benefits shall not be subject to deferment requirements for MRTs and MRCs.

PERFORMANCE MEASUREMENT OF MRTs AND MRCs

Performance management is a core people management process at FBL which aligns individual performance objectives with the Bank's strategy and priorities, to achieve sustainable and successful performance. Significant points of Performance Management are given below: -

Risk-adjusted Balanced Scorecards for Performance Evaluation of MRTs/ MRCs

FBL has developed risk-adjusted balanced scorecards for all MRTs and MRCs for their performance measurement, which ensures establishing a correlation between and alignment of risks and rewards. These risk-adjusted balanced scorecards are prepared at individual levels, incorporating various financial, non-financial/ qualitative and risk-adjusting factors.

The performance measurement through risk-adjusted balanced scorecards is also subject to application of an overriding/adjusting factor by the relevant scoring authorities/ assessors to account for any circumstances not in control of the individual MRT/MRC whose performance is being assessed.

Further, the assessor may also consider reducing, or zero rising the variable compensation of the individual MRT/MRC, in case the individual does not achieve reasonable minimum/hurdle score in any of the critical factor, category or on an overall basis. In addition to reducing or zero rising variable compensation, disciplinary action may also be initiated in case of significant adverse performance against any risk adjusting factor.

DEFERRAL MECHANISM

A certain portion of variable compensation of the MRTs and MRCs is subject to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance.

Deferral Period & Percentages

The deferred amount is withheld for a defined period whereas remaining portion of the variable compensation is paid upfront to the MRT/MRC. The deferred remuneration vests proportionately over the deferral period following the year of variable remuneration award. The deferred portion of the variable remuneration along with the interest accrued shall be paid to the MRT/ MRC on vesting, proportionally through yearly installments, during the deferred period in case no malus triggers are applicable. In case of malus and where accountability has been determined, the entire or certain portion of the deferred remuneration is withheld and not paid to the MRT/MRC on it becoming due.

Settlement of Deferred Remuneration

As mentioned above, the amount withheld shall be paid proportionately during the deferral period, even if that individual is no more an employee of the Bank. The Bank continues to make payment of the deferred amount proportionately for the remaining deferral period, regardless of whether the employee has resigned, or has been retired or terminated, except in case of malus. However, the entire deferred remuneration shall be paid immediately in the event of death.

SHARIAH BOARD MEMBERS' REMUNERATION

The services of Shariah Board members have been acquired on fixed period contract basis. They are provided a fixed remuneration comprising of monthly honorarium and allowances/other benefits along with award of Bonus based on their performance, as per their respective contracts. The Other Benefits may include expense allowances/reimbursements, medical care, life takaful, etc.

Policy for Security Clearance of Foreign Directors

Foreign Directors elected on the Board of Bank requires security clearance from Ministry of Interior through SECP. All legal formalities and requirements have been met in this regard.

Governance Practices Exceeding Legal Requirements

FBL respects the country's laws and ensures meticulous compliance of applicable laws, rules & regulations. We have successfully adapted our practices to reflect the changing standards of evolving governance regulations. We are committed to the highest standards of corporate governance. We meet corporate governance legal requirements in Pakistan, as well as the best practices recommended by PSX and SECP.

Following are some of the practices of the Bank which exceed the minimum legal requirement:

- The Board has constituted 5 board committees vis-à-vis the requirement of having 4 board committees and has also from time to time formed board committees for specific assignments with specific targets in order to carryout different roles & responsibilities.
- The Bank has only one Executive Director (President & CEO) though permitted two executive directors by SBP and four (one third of the Board as executive directors) under Listed Companies (Code of Corporate Governance) Regulations – 2019.
- The Board receives and accordingly, reviews the detailed performance report of each Board Committee on a periodic basis.
- The Board receives and considers a detailed report on every meeting of the Board Committees from the Chairmen of the Board Committees.
- The Bank has a comprehensive Code of Conduct along with mechanism for implementing and monitoring the same and has taken necessary steps to disseminate it throughout the Bank along with its supporting policies and procedures.
- The Board has given specific mandate with requisite authorities and powers to the Board Audit & Corporate Governance Committee to monitor and oversee the corporate governance practices, procedures, ethical standards and controls along with legal and regulatory compliances in the Bank.

Diversity, Equity and Inclusion

As part of our strategic objective, we want to be an employer of choice, have an inclusive workplace culture, be an equal opportunity employer at all levels and foster innovation and collaboration.

Faysal Bank Diversity, Equity and Inclusion (DEI) Agenda was formalized in early 2021 when board of directors approved our DEI Vision “With the belief in core Islamic Values of equality, Faysal Bank values diversity and inclusivity as its primary driving force to become the ‘employer of choice’, where we hold gender diversity, equitable opportunities and differently abled inclusion as the cornerstone of our DEI strategy.”

An all-encompassing policy was introduced in 2021 to formalize the DEI Framework which set the stage for analyzing the current state and where we want to be. Even before the introduction of State Banks’ Banking on Equality and Persons with Disability Framework, Faysal Bank launched its DEI framework which set out to

- Encourage equality, diversity, and inclusion in the workplace, to become a truly diverse, equitable and inclusive organization.
- Create a working environment free of bullying, harassment, victimization, and unlawful discrimination, promoting dignity and respect for all
- Recognize and value individual differences and the contributions of all staff
- Faysal Bank’s DEI philosophy based on this framework is reflected in our core HR policies and practices to ensure an inclusive workplace culture.

To this objective Faysal Bank to a number of initiatives to systematically address the same:

- Vision derived from the board and top leadership
- Gender Targets as part of MANCOM KPIs
- Faysal Islami Women Connect forum launched since 2019 to support female staff across the board which now serves as a feedback mechanism also.
- Scooty Loan and Working Mothers Allowance launched to drive inclusion
- Amal Leadership Program in collaboration with KASHF Foundation Launched to support career growth for female staff
- Qabil Internship Program first of its kind was launched in 2021 to support differently abled staff. Faysal Bank now has a strength of 33 PWD staff.
- Collaboration with Youth to work towards Sustainable Development Goals and creating awareness around the same.
- Imbedding awareness around Unconscious biases and behaviors to address unconscious biases.

Faysal Bank is currently at 19% gender diversity which is the highest in Islamic Banking Industry and above industry average of 15% where we want to take this to 25% by 2025.

Faysal bank has also recently won 7 Global Diversity, Equity & Inclusion from HR Metrics in 2022 on

1. Vision, Strategy & Business Impact
2. Leadership & Accountability
3. DEI Structure & Implementation
4. Recruitment
5. Assessment, Measurement & Research
6. Community, Government Relations & Philanthropy
7. Services & Product Development

Conflicts of Interest

The Bank has adopted robust policies and procedures with respect to identifying, reporting and managing conflicts of interest, and the situations that may lead to it. The directors hold fiduciary duties of care and loyalty to the Bank and to protect the shareholders'. One of the key duties includes not placing oneself in a position where the directors' personal interest may possibly conflict with their duty to the company.

Conflict of interest may arise in several situations, and in order to identify, report and manage any possible conflict the Board has adopted several measures which include:

- A policy and procedural framework.
- Board Members and Executive Management disclose their interests, including their interests in other entities, on a periodic basis.
- Board Members at the start of every Meeting confirm to the Chairman whether or not they have any conflict with respect to any agenda item to be discussed in the Board Meeting.
- A Board Member in a conflict of interest situation exits the Boardroom when such a matter is being deliberated upon and refrains from deliberating and discussing on the said issue.
- Any other measure which may be appropriate in light of legal and regulatory guidelines.

Related Party Transactions

The Board of Directors has approved Policy for Related Party Transactions. The Bank's policy is to conduct all the related party transactions on an arm's length basis in the normal course of business. If a transaction is not conducted on arm's length basis, then specific approvals or ratifications are required by the Board on recommendation of the Board Audit & Corporate Governance Committee (BACGC) of the Bank in order to avoid any potential conflict of interest.

The policy specifies that all transactions entered into with related parties shall require Board's approval on the recommendation of the BACGC of the Bank, which is chaired by an independent director of the Bank except for those held with employees as per their terms of employment or a policy of the Bank.

Every director (including their relatives) of the Bank who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank shall provide information about the nature of his concern or interest in the form specified and shall cause it to be disclosed at the meeting of the board held immediately after the date of the notice. No director of the Bank shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank, if he/ she is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his/ her presence count for the purpose of forming a quorum at the time of any such discussion or vote.

During the year, the Bank has entered into transactions and contracts with the related parties i.e. subsidiary company, associates, post-employment benefit plans for the Bank's employees, Key Management Personnel (KMPs), close family members of KMPs and other related entities. Those transactions include financing to , and deposits from the related parties, , acceptances and off balance sheet transactions and provision of other banking and financial services that are carried out in the ordinary course of business on an arm's length basis at commercial rates, except for the transactions that KMPs have availed under HR policy of the Bank. 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.

During the year, no contract or arrangement has been entered into with related parties other than in the ordinary course of business on an arm's length basis.

The Bank has made detailed disclosures about related party transactions in its financial statements annexed with this annual report.

Policy for Safety Records of the Company

Record management is a methodological approach to control the maintenance and disposition of organization's record. Record management ensures that valuable record evidencing an organization's activities that have legal, financial, administrative or historical value are protected and accessible while expired record is systematically destroyed. Thus, for this purpose Faysal Bank has signed an agreement with a service provider to put in place comprehensive process, controls and guidelines as per ISO-15489 standard for handling, protection, retention, retrieval and disposition of recorded business information generated daily which are of ongoing importance to FBL's overall service capability and regulatory compliance. In addition we take the safety and security of our customer's records very seriously. We have implemented a number of policies and procedures to ensure that all bank records are kept confidential and secure at all times. These measures include the use of secure servers and databases, frequent password updates, and strict access controls for employees. In addition, we have trained all of our staff on proper handling and protection of sensitive information. We are committed to ensuring the safety of our customer's bank records and take all necessary steps to protect their privacy

IT Governance Policy

Evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches

The Board remains focused on instigating a culture of cyber resilience as the Bank progress towards the new platforms. This resilience culture is in strict compliance to the pertinent legal & regulatory instructions, as well as leading practices related to cybersecurity risk management. The Board assumes the responsibility of oversight and governance of the cybersecurity risk and ensures that the cybersecurity objectives are met without any major incidents in the Bank.

IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place

The Bank is focused on protecting its most critical assets & remains vigilant to evolving cyber threats. The Bank has established a comprehensive information security program, comprising of information security policy, detailed standards & procedures, and an all-inclusive cybersecurity framework. These policies, standards, and frameworks are kept up to date with evolving technology and digital advancements.

Role of cybersecurity in the board's risk oversight function

The Board has the oversight on cybersecurity matters, whereby key risk items and issues are presented to the Board on periodic basis. Concerns and measures relating to evolving threats is also responded to the Board.

Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.

The Board has mandated the cybersecurity oversight responsibilities to the following Board Sub Committees:

Board Information Technology Committee (BITC):

- To advise and report to the Board on the status of technology activities and digital initiatives in the Bank. To review and monitor the implementation and compliance of SBP 'Enterprise Technology Governance and Risk Management Framework'.
- To ensure that effective Risk Management strategies are designed and implemented to achieve resilience, including the ability to effectively respond to wide-scale disruptions, cyber-attacks, and attacks on critical infrastructure.

Board Risk Management Committee (BRMC):

- To review the adequacy and effectiveness of the risk management process across the Bank.
- To establish and maintain a risk management framework to identify risks and to evaluate the alignment and effectiveness of risk management activities.

Bank's controls and procedures about an "early warning system" that enables the Bank to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.

The Bank has acquired renowned third-party services that provide insights on the activities happening on Surface, Dark, and Deep Web concerning the Bank. Multiple Threat Intelligence (TI) feeds have also been subscribed by the Bank, which assist the cybersecurity function in developing and recommending appropriate controls against risks on the horizon. Using the information from these early warning systems, the Board is apprised of any imminent threat as well as the countermeasures adopted by the Bank.

Policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.

In compliance with regulatory instructions and leading practices, the Bank has a program for comprehensive security assessments of technology environment and third parties, to ensure the maintenance of cyber resilience and desired risk posture. The assessments are undertaken frequently all around the year to ensure that any changes to the technology environment does not pose a challenge to cybersecurity risk of the Bank.

Resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about Bank's cyber insurance.

The Bank has drawn and implemented a comprehensive resilience mechanism that addresses the continuity of service provision to our customers. At the same time, the Bank undertakes frequent drills of a cyber-attack scenario that keep the pertinent staff alert for a real situation.

Advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.

Digital transformation is critical in today's business landscape to not only improve operational efficiency but also more so to create processes which aid in better serving the customers. In line with this spirit, amongst other initiatives, Faysal Islami Bank has catered to this through the introduction of AI-based Chatbots. The aim is to create an inclusive solution which is based on machine-learning with the ability to respond back in the natural flow of language, providing quick and accurate answers. By implementing AI-based chatbots, Faysal Bank's customer service will be further improved while reducing the workload on their support teams.

Faysal Islami Bank's Local Digital Account (LDA) is tailored to address the needs of the new age digital customers, who prefer to operate from the comfort of their own environment. FBL's LDA ensures that all security standards are met, through the integrated digital verification methods. Currently this is achieved through, real-time biometric verification and the liveness check as well. Both these digital verification methods allow the process to be safe, secure and customer friendly. This empowers the idea of self-serve and contactless banking.

Another solution that Faysal Islami Bank is implementing is digital solutions for small and medium-sized enterprises (SMEs). Once fully-implemented this will assist in digitizing the manual-intensive process of catering to the requests of SME customers, especially in the case of lending application evaluations. The concept is to go beyond the traditional territories and create seamless experiences across all touch-points. Traffic migration is another important aspect of the digital transformation agenda for Faysal Islami Bank. This refers to the process of routing customer traffic from the traditional and slow channels, onto the digital platform. Initiatives like Digital Kiosk, where cash can be deposited in the Bank, 24/7, without any human-interaction cuts down customers' time and effort of standing in long queues.

In addition to the above FBL is working on expanding the Contactless Payments foot-print, by making it easier for its customers to make retail everyday payments. Currently this high priority project is in motion, whereby the payments will be able to be made just by tapping the phone on the POS terminal, hence eliminating even the need to carry your wallet. The concept behind all digital initiatives for FBL, is to makes life easier for the customers by making payments for seamless and frictionless.

Education and training efforts of the Bank to mitigate cybersecurity risks.

We continue to develop our internal talent pool and recruit external talent where required to support these critical capabilities. All cybersecurity and IT staff are required to attain training on new technology as well as participate in conferences & seminars to be aware of new trends.

Awarded by CFA Society Pakistan

Best Bank of the Year 2021
(Mid Size Banks)
19th CFA Annual Excellence
Awards - December 2022



19th Annual Excellence Awards

Faysal Bank Limited

Best Bank of the Year 2021 - Mid Size Bank

WINNER

This award is presented by CFA Society Pakistan
at the 19th Annual Excellence Awards Ceremony.

6 December 2022
Karachi

Whistle Blowing Policy

FBL is committed to maintain a culture of the highest ethics, integrity, transparency and competence in its business & customer handling and ensures compliance with its Code of Conduct & Code of Ethics. FBL provides open and safe workplace environment for employees & third parties and encourages Staff and any other person who has a genuine concern about any wrongdoing or misconducts to raise through dedicated whistle blow channels, thereby maintaining public trust and confidence in the integrity and professionalism of the services provided by the Bank.

REPORTABLE MATTERS

FBL does not want to condone and become party to the inappropriate conduct, unethical behavior, fraudulent activities. If an employee, customer or any third party forms a reasonable suspicion; that any of the criminal and unethical conduct have taken place / is taking place / an intent exists to carry out any wrongdoing in the future or any unethical activity has been concealed, then they should immediately speak up. During the year 03 cases were reported through Whistle Blow channels.

WHISTLE BLOW CHANNELS

FBL provides, employees & third parties with access to specific, independent, confidential and secure means to Speak Up.

- **Email:** whistleblowdesk@faysalbank.com
- **Whistle Blow Hot Line:** 021-38733000
- **Intranet:** <http://fblintranet.faysalbank.com/sites/Bankopedia/WhistleBlow>
- **Internet:** <https://www.faysalbank.com/en/whistle-blowing/>
- **Postal address:** "Whistle Blow Desk Faysal House, Business Compliance, Compliance Function, 2nd Floor, ST02 Shahrah-e-Faisal Karachi, Pakistan"

All Speaking Up disclosures are recorded, reviewed and independently investigated by concerned Functions where appropriate. It may also be noted that Abuse of Channel based on false statements and facts are not entertained.

PROTECTION FOR WHISTLE BLOWERS

Faysal Bank will take all reasonable steps to protect whistleblowers from any retaliation, victimization, harassment or penalization that might arise because of whistle blowing and sharing substantial evidences. Speaking Up disclosures, including the identity of the whistle blower and the subject of the Speaking Up disclosure, will be kept confidential.

REPORTING TO EC & BACGC

The Ethics Committee (EC) & Board Audit & Corporate Governance Committee (BACGC) have an oversight on issues related to unethical conduct and whistleblowing complaints. For EC & BACGC consumption, whistle blow complaints along with update on investigations/resolution is quarterly reported.

Human Resource Management Policies

Human Resource Policies are approved by the Bank's Board of Directors on the recommendation of the Recruitment, Nomination and Remuneration Committee, in order to inform and guide all employees of the Bank's rules and regulations.

Faysal Bank prides itself on being an equal opportunity employer and maintains the selection of employees based on merit.

The Bank is committed towards employee development practices which enables all its employees to reach their optimum potential and thereby creating a high-performance organization.

Further, the Bank's Human Resource Policy Manual covers the given below areas:

- Recruitment, Selection and Appointment
- Conditions of Employment
- Diversity, Equity & Inclusion
- Remuneration Policy
- Staff Finance Policy
- Travel Policy
- Training & Development Policy
- HR Helpline
- Protection against Harassment of Women at the Workplace
- Succession Planning Framework
- Working Environment
- Performance Management & Rewards
- Benefits
- Leave Policy
- Relocation Policy
- Employee Grievance Policy
- Code of Conduct

Business Continuity Management

Faysal Bank believes there is no greater value than the one to place our stakeholders on priority who make our business successful. This includes all our employees and associates, customers, vendors and shareholders. It is the policy of Faysal Bank to maintain a BCM program and Business Continuity plans to ensure the prompt and efficient recovery of critical operations of its product and services from any incident or physical disaster which the organization may face, from time to time. To ensure that the program fully meets the current and changing needs of Faysal Bank, all Business Continuity plans are regularly reviewed, updated and tested, and results are presented to Board of Directors.

Enterprise Resource Planning

How it is designed to manage and integrate the functions of core business processes/modules like finance, HR, supply chain and inventory management in a single system

An ERP system consists of software components, or modules, each of which focuses on a distinct business process. ERP is distinguished from standalone applications by its central database that records information from the business transactions and other actions carried out in the modules, and by integration that allows the modules to communicate with each other and with the common database. In Faysal Bank we are using ERP for procure to pay cycle, fixed assets recording and corporate financial reporting.

Management support in the effective implementation and continuous updation

Faysal Bank management continuously reviews process flows for effective implementation and updates are incorporated as and when required.

Details about user training of ERP software

Training employees to use a ERP system effectively, is critical to the success of any implementation or upgrade project. During upgrade phase FBL has conducted user training session to ensures the efficient and effective use of the ERP system by the employees. Training gives users the opportunity to understand their work's relation to other functional areas.

How the company manages risks or control risk factors on ERP projects

The impact of risks on project outcome are determined with the involvement of the representatives of both project team as well as the ERP implementation partner. They devised mitigating strategies for each risk through brainstorming, which are conducted by the project manager. The project manager has overall responsibility for managing all risks and discussing closing actions, due dates, priorities and risk impacts to ensure that risks are being actively managed. High probability and high impact risks are escalated to be analyzed and resolved.

How the company assesses system security, access to sensitive data and segregation of duties

Segregation of Duties are achieved by restricting user access to conflicting activities within the application. It is essential to rely on a reliable information system and to ensure security of the data. In FBL user management and roles assignment are managed by an independent team. Any activity with respect to user management is duly approved by concerned authority. In FBL Oracle E Business Suite is operated on private network to prevent access of financial data from outside.

External Search Consultancy for Directors selection

Non-Executive Directors are appointed through election of Directors at the AGM. The last election took place in 2020. No external search consultancy was required for appointment of the Chairman or Non-Executive Directors, at the time of election.

SCFR (PK) 1
Highest Shariah Rating Attainable
Islamic International Rating Agency.



Corporate Social Responsibility



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Corporate Social Responsibility

The end of year 2022 marked an unprecedented achievement for Faysal Bank, that is completing its conversion to an Islamic bank. Since its inception, Faysal Bank has acknowledged the need of giving back to the society hence the corporate social responsibility footprint has been increasing each year.

This year Bank's CSR Policy was updated considering SDGs and ISO 26000 guidelines. This reinforced Faysal Bank's resolve to stay current with the advancement of the banking landscape across the country. As per the guidance of the Board, Faysal Bank has supported initiatives and institutions within the education sector, health sector and specific programs that would have greater social impact and enhance financial inclusion. To ensure effective governance of CSR spending and monitoring an accreditation from Pakistan Center for Philanthropy was also received this year.

To meet its CSR objectives Faysal Bank partnered with leading charitable organizations by strengthening their efforts across Pakistan. The key highlights of CSR initiatives of 2022 include:

- Supporting Diversity, Equity & Inclusion (DEI)
- Women empowerment
- Making education and healthcare accessible
- Flood relief efforts

Faysal Bank donated a total of PKR 74,627,292 in 2022 through Waqf Faisal and distributed it among areas requiring utmost support.

Education Assistance:

Faysal Bank supported educational institutions from primary to the higher education levels. The core purpose has been to impart quality education to students irrespective of their ability to afford the school or university fee. Beside this FBL has resolved to support early learning programs especially for children that require special attention. These are high impact initiatives yet have not received desired level of attention such as centers for children with down syndrome.

To nurture the growing Islamic banking sector within Pakistan, Faysal Bank has partnered with universities and institutes that offer Islamic courses. By providing need-based scholarships for students, research funding and training scholars Faysal Bank played an important role in cultivating work force that has fair understanding of Islamic Finance. Faysal Bank worked with several educational institutes to support deserving students by sponsoring their educational expenses for primary education, higher education, professional education and vocational training.

Following are the leading institutions that Faysal Bank partnered with for this initiative:

- Centre of Islamic Economics
- Centre of Excellence in Islamic Finance (IM Sciences)
- Karachi Down Syndrome Program
- University of Peshawar

Social Upliftment:

The grass root level training of the increasing workforce is an integral part of poverty alleviation; it leads to the reduction in unemployment rate and creates sustainable social development. Therefore around 34% of the CSR budget has been spent on initiatives pertaining to the social upliftment. In line with this FBL works with multiple entities covering diverse geographies along with a long-term partnership with Special Olympics Pakistan (SOP) and has supported activities arranged for differently abled persons. Faysal Bank has played its part in paving way for athletes across from Pakistan to take part in the National Games through SOP. Faysal Bank went a step further in motivating athletes of SOP by inviting them to the corporate event on Pakistan's Independence Day. Several young children participated in this event with passion to mark 75th Independence Day. They took part in the flag hoisting ceremony and mingled with the senior leadership of the Bank.

Following are the leading institutions that Faysal Bank partnered with for this initiative:

- Special Olympics Pakistan
- Bestway Foundation
- Saylani Welfare Int. Trust
- Family Welfare Society

Healthcare:

Access to the healthcare facilities for financially disadvantaged members of Pakistani society remains a paramount challenge. Faysal Bank realizes this challenge hence several initiatives have been supported by the Bank to help needy patients in meeting their medical expenses. With support received from FBL many poor patients have been able to receive access to quality healthcare for their complex and critical illnesses. In 2022 Faysal Bank allocated 26% of its CSR spend towards social welfare initiatives to play its part in setting up a society as per the Islamic principles. Following are the leading institutions that Faysal Bank partnered with for this initiative:

- Indus Hospital
- Patients' Aid Foundation
- Lahore Businessmen Association for Rehabilitation of the Disabled
- Memon Medical Institute Hospital
- Child Health and Growth Welfare
- Shalamar institute of Health Sciences

Flood Relief:

In 2022, more than 30 million Pakistanis were displaced due floods. Faysal Bank immediately responded to this national disaster and worked with the following organizations in providing immediate relief.

- Akhuwat Foundation
- Saylani Welfare Int. Trust
- Baitussalam Welfare Trust
- Indus Hospital
- The Citizens Foundation
- Alamgir Welfare Trust

Other Initiatives:

Besides supporting the above-mentioned initiatives Faysal Bank also provided ration bags and arranged for sehr and iftar meals during Ramadan for its staff.

Social & Environmental Responsibility Policy

The Bank has created a comprehensive “Green Banking Policy”. The goal of this policy is to instill environmental awareness among the Bank’s personnel and client base.

- Extending financing facilities to customers based on an Environmental Risk Management framework is part of the policy.
- Guidelines for the Bank’s adoption of environmentally friendly policies and procedures.
- Raising customer knowledge of the necessity of environmentally responsible behaviors.

Environmental Risk Management

Faysal Bank has developed an Environmental Risk Management framework that includes the implementation of the Environmental Risk Rating (ERR) model to assess the impact of borrowing relationships on the environment in order to conduct risk categorization of our borrowing customers and gauge environmental impact of lending operations.

Environmental Consciousness

To promote environmental awareness, a training module has been included in the new employee orientation package that outlines the concept of green banking, the fundamental pillars of Faysal Bank’s green banking policy, and raises knowledge of environmental challenges. Employees who join Faysal Bank are subjected to regular training. Additionally, screensavers are used on a regular basis to emphasize the message of energy efficiency and conservation.

Building Design & Operations

While shortlisting vendors/equipment and maintenance tasks, energy efficiency is kept at the forefront of decision-making. The new equipment being purchased for the branches is all energy star certified. To reduce energy consumption and efficiency, the Bank is aiming to replace traditional lights with LED technology, as well as traditional air conditioners with inverters. Furthermore, a comprehensive plan is being implemented to certify all bank cars and generators for pollution control, which will help to reduce carbon emissions.

Paperless Operations

Faysal Bank is aggressively raising awareness about Green Banking activities such as digital banking and e-statement subscriptions. Customers are continually encouraged to switch to paperless transactions through regular trainings for branch personnel, contact centre representatives, and other teams.

Performance & Position



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Six Year Financial Summary - Unconsolidated

		2022	2021	2020	2019	2018	2017
Operational Results		(Rupees in Million)					
Mark-up / return / interest earned		104,521	53,869	55,922	58,398	35,200	28,766
Mark-up / return / interest expensed		64,533	28,035	31,388	37,278	18,925	14,831
Fee, commission, brokerage, FX income, derivatives and other income		9,947	7,735	6,156	7,403	6,363	4,673
Dividend and capital gain / (loss)		(987)	774	2,075	(155)	221	967
Total income		48,947	34,343	32,765	28,367	22,859	19,574
Provisions / (Write-offs)		(940)	48	2,254	843	(422)	(492)
Operating expenses		26,995	20,606	19,401	17,068	14,816	12,608
Operating profit before tax and provision		21,453	13,456	13,025	11,035	7,780	6,800
Profit before taxation		22,393	13,409	10,770	10,192	8,202	7,292
Profit after taxation		11,233	8,153	6,511	6,041	4,837	4,530
Cash dividend	%	70	15	-	-	-	-
Bonus shares	%	-	-	-	-	-	15
Statement of financial position		(Rupees in Million)					
Shareholders' equity		59,435	58,762	51,080	44,516	38,405	33,633
Revaluation reserves		10,649	7,062	9,027	10,748	5,094	5,613
Deposits		781,571	644,089	540,636	457,789	409,384	371,624
Borrowings from financial institutions		150,134	111,190	58,447	72,747	98,352	54,789
Advances - net of provision		454,261	396,295	318,180	309,573	296,445	231,532
Investments - net of provision		469,451	357,471	276,930	204,069	214,186	179,728
Total assets		1,074,353	869,612	709,958	629,853	599,914	494,934
Cashflows		(Rupees in Million)					
Operating activities		141,352	81,090	101,539	6,568	43,545	(16,826)
Investing activities		(130,709)	(79,769)	(101,347)	(13,124)	(38,151)	19,956
Financing activities		(12,878)	(2,958)	(1,832)	(1,806)	(3)	(1,497)
Cash and cash equivalents at end of the year		57,253	59,489	61,126	62,765	44,880	39,489
Other key information							
Imports - local	Rs. Mln	72,106	72,686	24,310	31,825	44,879	32,979
Imports - foreign	USD. Mln	1,461	1,718	1,343	1,129	1,323	1,206
Exports - local	Rs. Mln	59,348	35,893	35,538	53,347	68,431	41,382
Exports - foreign	USD. Mln	402	423	370	373	364	345
Number of employees		8,011	7,120	6,803	6,938	6,141	3,977
Number of branches		700	606	576	555	455	405
Profitability ratios							
Profit before tax ratio	%	21.42	24.89	19.26	17.45	23.30	25.35
Gross spread ratio	%	38.26	47.96	43.87	36.17	46.24	48.44
Return on average equity (ROE)	%	19.01	14.84	13.62	14.57	13.43	14.44
Return on average assets (ROA)	%	1.16	1.03	0.97	0.98	0.88	0.96
Cost to income ratio	%	55.15	60.00	59.21	60.17	64.81	64.41
Gross yield on earning assets	%	11.20	7.15	9.35	11.37	6.85	6.84
Net interest income to total revenue	%	81.70	75.22	74.88	74.45	71.20	71.19
Income to expense ratio	Times	1.81	1.67	1.69	1.66	1.54	1.55

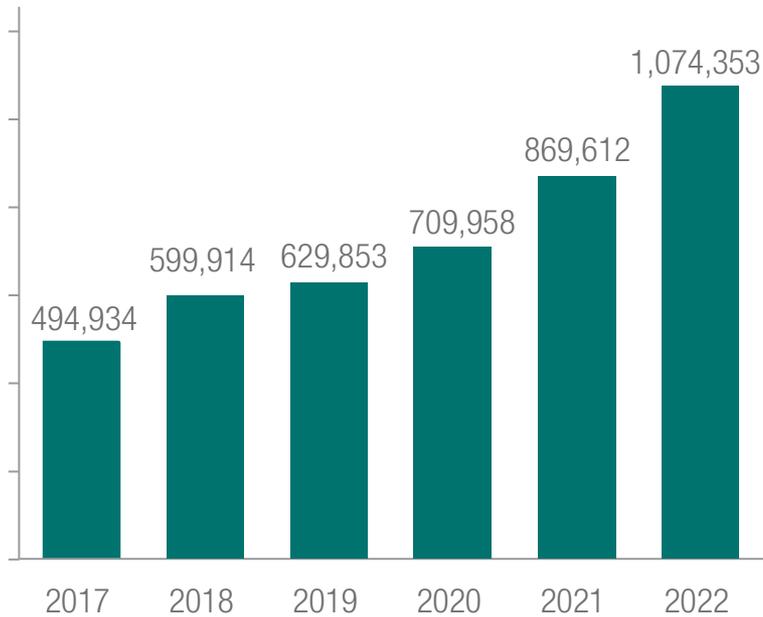
Financial Ratios

		2022	2021	2020	2019	2018	2017
Asset quality & Liquidity ratios							
Current / Quick ratio	Times	0.44	0.53	0.68	0.76	0.82	0.79
CASA to total deposits	%	80.02	75.42	71.75	70.70	68.47	70.14
Gross advances to deposits ratio	%	60.59	64.71	62.84	72.92	78.23	68.84
Net advances to deposits ratio	%	58.12	61.53	58.85	67.62	72.41	62.30
Non-performing loans to gross advances ratio	%	4.58	5.62	7.72	9.11	8.33	10.68
Coverage ratio (specific provision to non-performing loans)	%	85.52	83.50	78.74	77.20	86.69	86.84
Weighted average cost of deposits	%	6.50	3.60	5.30	6.83	3.82	3.35
Earning assets to total assets ratio	%	86.89	86.68	84.24	81.55	85.62	84.91
Liquidity coverage ratio	Times	1.79	2.14	2.11	1.42	1.45	2.12
Net stable funding ratio	%	169.67	171.75	169.28	135.60	130.67	166.48
Share information							
Price earning ratio	%	3.49	4.28	4.03	4.77	7.22	7.14
Earnings per share (EPS)	Rs.	7.40	5.37	4.29	3.98	3.19	2.98
Market value per share	Rs.	25.83	23.00	17.28	19.00	23.00	21.30
High - during the year	Rs.	31.94	29.74	22.95	26.26	30.00	29.90
Low - during the year	Rs.	19.95	15.25	11.21	15.15	20.77	17.32
Book value per share (excl. surplus on revaluation of assets)	Rs.	39.16	38.72	33.66	29.33	25.30	22.16
Book value per share (Inc. surplus on revaluation of assets)	Rs.	46.18	43.37	39.60	36.41	28.66	25.86
Capital structure ratios							
Capital adequacy ratio	%	15.47	17.53	18.67	19.14	16.80	15.90
Tier 1 capital adequacy ratio	%	12.89	15.68	15.95	15.53	14.81	14.00
Leverage ratio	%	4.50	5.46	5.96	5.86	4.89	5.24
Total assets turnover ratio	%	4.56	3.95	4.62	4.50	3.81	3.95
Total assets to fixed assets turnover ratio	Times	30.67	33.02	29.53	26.05	51.66	43.25
Net assets per share	Rs.	46.18	43.37	39.60	36.41	28.66	25.86
DuPont analysis							
Net operating margin	%	22.95	23.74	19.87	21.30	21.16	23.14
Asset utilization	%	5.04	4.35	4.89	4.61	4.18	4.13
Leverage ratio / Equity multiplier	Times	16.45	14.38	14.02	14.83	15.20	15.10
Net assets maturity wise (based on expected withdrawal pattern)							
(Rupees in Million)							
Upto one month		(53,065)	19,003	(19,244)	34,478	13,364	60,106
Over one month to three months		(64,735)	(19,384)	90,164	49,393	72,161	34,959
Over three months to six months		352,874	21,191	12,636	9,434	13,875	6,643
Over six months to one year		32,085	14,893	19,777	10,450	17,776	2,899
Over one year to two years		(31,916)	52,336	3,236	9,811	16,038	7,432
Over two years to three years		(121,630)	866	12,090	7,916	4,512	5,328
Over three years to five years		(4,762)	132,775	20,982	(8,494)	(5,636)	(18,545)
Over five years to ten years		(64,556)	(69,800)	(19,673)	(11,405)	(55,121)	(60,181)
Over ten years		25,788	(86,057)	(59,861)	(46,319)	(33,470)	605
Total net assets		70,083	65,823	60,107	55,264	43,499	39,246

Graphical Presentation of Six Year Financial Summary

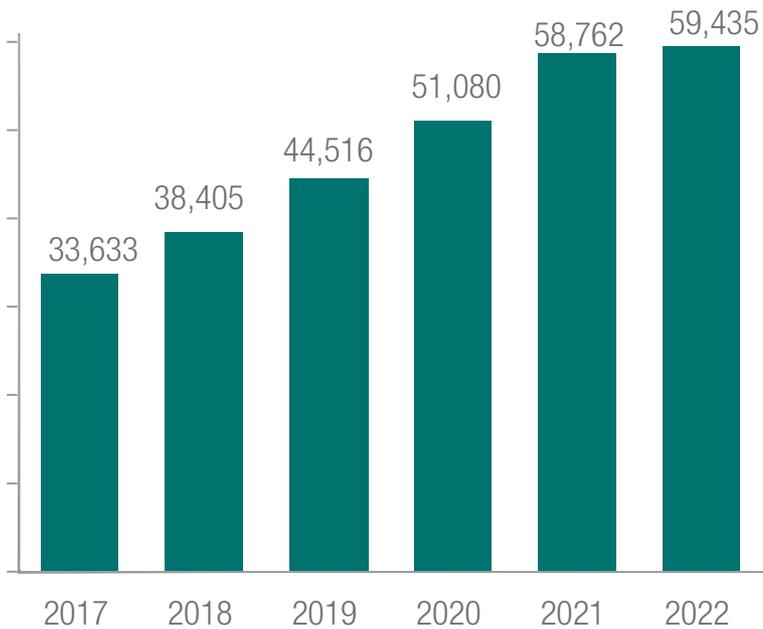
Total assets

Rupees in Million



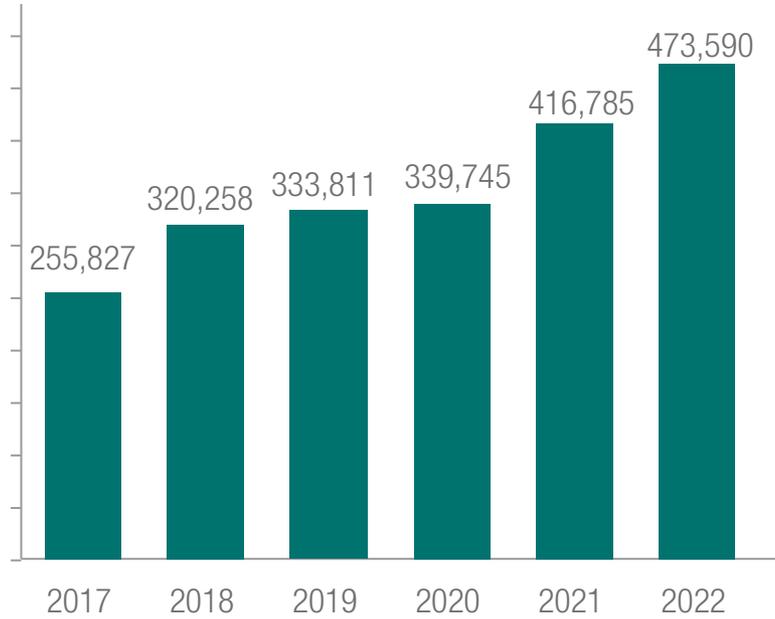
Shareholders' equity

Rupees in Million



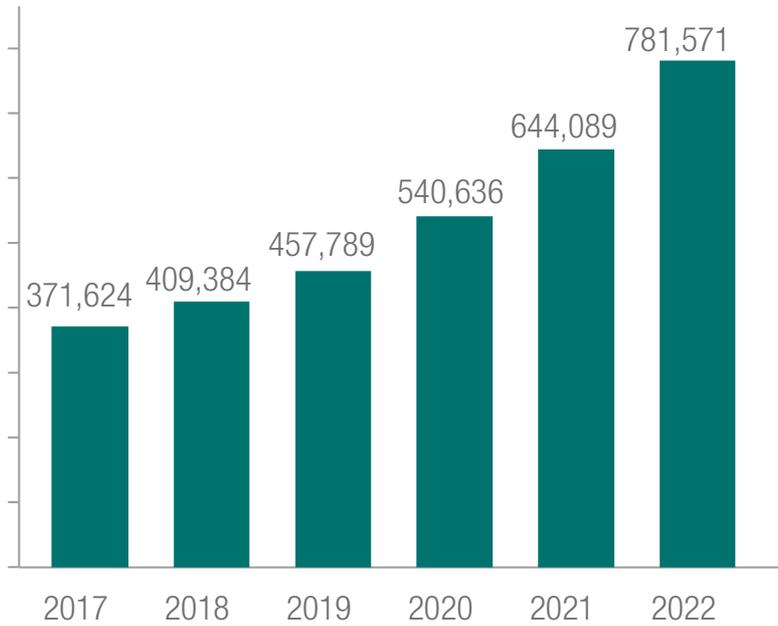
Gross Advances

Rupees in Million

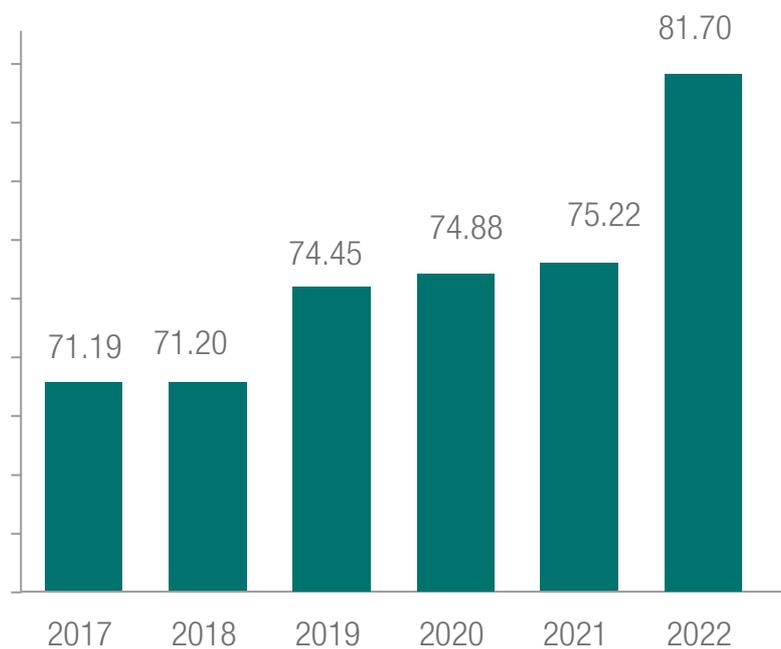


Deposits

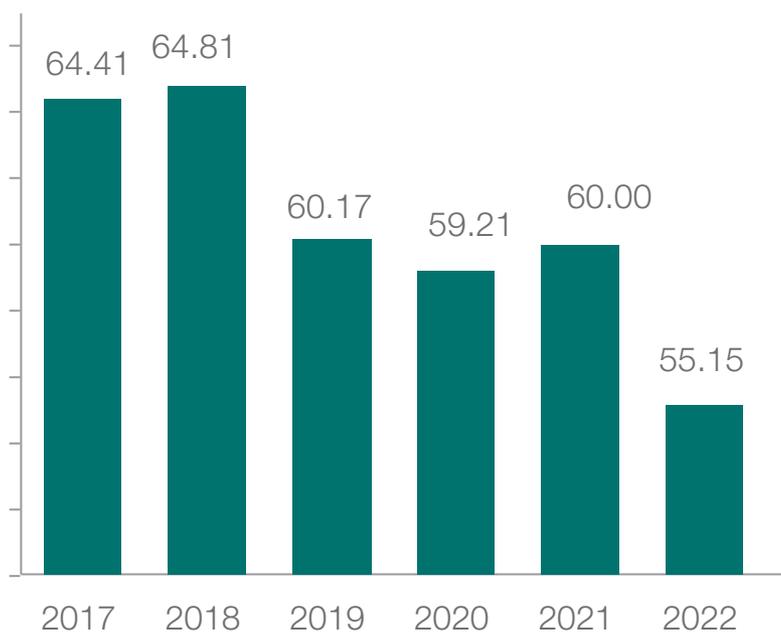
Rupees in Million



Net interest income to total revenue %

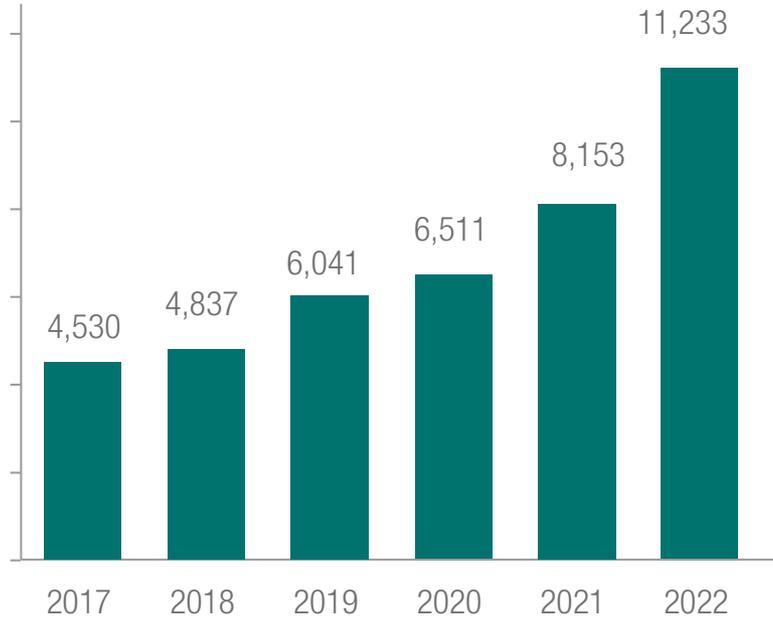


Cost to Income ratio %



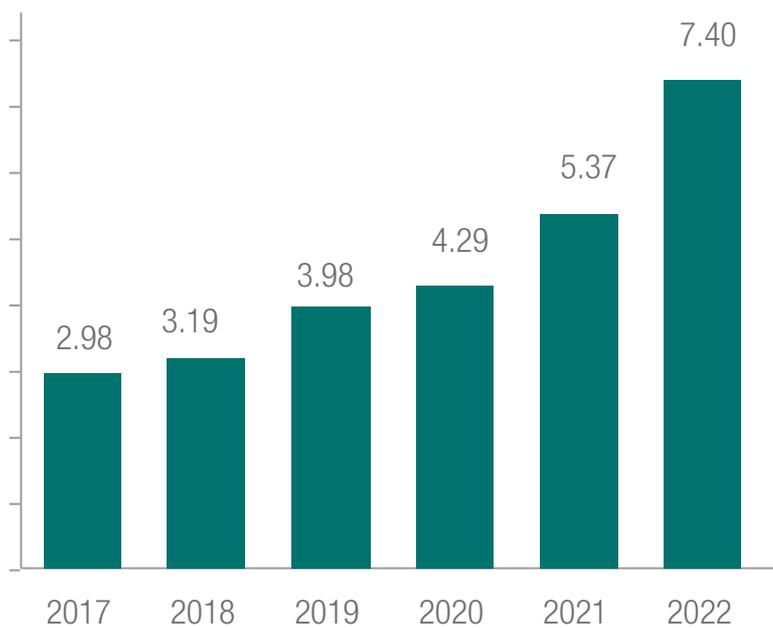
Profit after Tax

Rupees in Million



Earnings per share

In Rupees



Horizontal Analysis

Statement of Financial Position

	2022	2022 vs	2021	2021 vs	2020	2020 vs	2019	2019 vs	2018	2018 vs	2017	2017 vs
	2021		2020		2019		2018		2017		2016	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
ASSETS												
Cash and balances with treasury banks	56,131	-4%	58,517	-2%	59,881	-1%	60,368	40%	43,174	14%	37,862	2%
Balances with other banks	2,785	-21%	3,517	22%	2,879	2%	2,836	53%	1,848	-1%	1,873	64%
Lendings to financial institutions	9,815	-	-	-100%	2,985	100%	-	-100%	2,997	-67%	9,010	80%
Investments	469,451	31%	357,471	29%	276,930	36%	204,069	-5%	214,186	19%	179,728	6%
Advances	454,261	15%	396,295	25%	318,180	3%	309,573	4%	296,445	28%	231,532	13%
Fixed assets	35,034	33%	26,338	10%	24,039	-1%	24,183	108%	11,612	1%	11,444	9%
Intangible assets	1,985	14%	1,743	13%	1,541	4%	1,488	12%	1,332	-11%	1,496	-7%
Deferred tax assets	-	-	-	-	-	-	-	-100%	183	-89%	1,600	-29%
Other assets	44,891	74%	25,731	9%	23,524	-14%	27,336	-3%	28,138	38%	20,389	6%
	1,074,353	24%	869,612	22%	709,959	13%	629,853	5%	599,915	21%	494,934	9%
LIABILITIES												
Bills payable	21,310	51%	14,123	4%	13,543	62%	8,356	-65%	23,544	169%	8,761	32%
Borrowings	150,134	35%	111,190	90%	58,447	-20%	72,747	-26%	98,352	80%	54,789	4%
Deposits and other accounts	781,571	21%	644,089	19%	540,636	18%	457,789	12%	409,384	10%	371,624	9%
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-100%
Deferred tax liabilities	694	17%	592	-63%	1,592	-42%	2,764	100%	-	-	-	-
Other liabilities	50,561	50%	33,794	-5%	35,634	8%	32,933	31%	25,136	23%	20,514	25%
	1,004,270	25%	803,788	24%	649,852	13%	574,589	3%	556,416	22%	455,688	9%
	70,083	6%	65,824	10%	60,107	9%	55,264	27%	43,499	11%	39,246	12%
REPRESENTED BY												
Share capital	15,177	0%	15,177	0%	15,177	0%	15,177	0%	15,177	15%	13,197	10%
Reserves	11,675	-7%	12,613	14%	11,033	12%	9,831	12%	8,779	11%	7,936	11%
Surplus on revaluation of assets	10,649	51%	7,062	-22%	9,027	-16%	10,748	111%	5,094	-9%	5,613	-5%
Unappropriated profit	32,582	5%	30,972	25%	24,870	27%	19,508	35%	14,449	16%	12,500	26%
	70,083	6%	65,824	10%	60,107	9%	55,264	27%	43,499	11%	39,246	12%

Horizontal Analysis

Profit and Loss Account

	2022	2022 vs	2021	2021 vs	2020	2020 vs	2019	2019 vs	2018	2018 vs	2017	2017 vs
	2021		2020		2019		2018		2017		2016	
	Rs. Mln	%										
Mark-up / return / interest earned	104,521	94%	53,869	-4%	55,922	-4%	58,398	66%	35,200	22%	28,766	10%
Mark-up / return / interest expensed	64,533	130%	28,035	-11%	31,388	-16%	37,278	97%	18,925	28%	14,831	5%
Net mark-up / interest income	39,988	55%	25,834	5%	24,534	16%	21,120	30%	16,275	17%	13,935	16%
NON MARK-UP / INTEREST INCOME												
Fee and commission income	6,628	30%	5,094	32%	3,861	-6%	4,113	6%	3,871	25%	3,087	14%
Dividend income	572	23%	464	23%	378	-11%	424	149%	170	6%	160	-42%
Foreign exchange income	2,848	20%	2,379	14%	2,093	-26%	2,833	44%	1,971	42%	1,385	1%
Income / (loss) from derivatives	192	-868%	(25)	-152%	48	-73%	176	48%	119	-302%	(59)	-592%
Gain on securities	(1,560)	-603%	310	-82%	1,697	-393%	(579)	-1235%	51	-94%	807	-62%
Other income	279	-3%	287	86%	154	-45%	282	-30%	402	55%	260	-46%
	8,959	5%	8,509	3%	8,231	14%	7,249	10%	6,584	17%	5,640	-19%
Total income	48,947	43%	34,343	5%	32,765	15%	28,369	24%	22,859	17%	19,575	3%
NON MARK-UP / INTEREST EXPENSES												
Operating expenses	26,996	31%	20,605	6%	19,401	14%	17,068	15%	14,816	18%	12,608	8%
Workers welfare fund	461	68%	274	22%	225	-3%	233	35%	173	12%	154	17%
Other charges	37	429%	7	-94%	114	245%	33	-63%	90	650%	12	0%
Total non-markup / interest expenses	27,494	32%	20,886	6%	19,740	14%	17,334	15%	15,079	18%	12,774	8%
Profit before provisions	21,453	59%	13,457	3%	13,025	18%	11,035	42%	7,780	14%	6,801	-5%
Reversal of provision and recoveries against written-off debts - net	(940)	-2058%	48	-98%	2,254	167%	843	-300%	(422)	-14%	(492)	-192%
Extra ordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	22,393	67%	13,409	24%	10,771	6%	10,192	24%	8,202	12%	7,293	10%
Taxation	11,160	112%	5,256	23%	4,260	3%	4,151	23%	3,365	22%	2,763	17%
PROFIT AFTER TAXATION	11,233	38%	8,153	25%	6,511	8%	6,041	25%	4,837	7%	4,530	5%
Basic / diluted earnings per share	7.40	38%	5.37	25%	4.29	8%	3.98	25%	3.19	7%	2.98	5%

Vertical Analysis

Statement of Financial Position

	2022		2021		2020		2019		2018		2017	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
ASSETS												
Cash and balances with treasury banks	56,131	5.2%	58,517	6.7%	59,881	8.4%	60,368	9.6%	43,174	7.2%	37,862	7.6%
Balances with other banks	2,785	0.3%	3,517	0.4%	2,879	0.4%	2,836	0.5%	1,848	0.3%	1,873	0.4%
Lendings to financial institutions	9,815	0.9%	-	-	2,985	0.4%	-	-	2,997	0.5%	9,010	1.8%
Investments	469,451	43.7%	357,471	41.1%	276,930	39.0%	204,069	32.4%	214,186	35.7%	179,728	36.3%
Advances	454,261	42.3%	396,295	45.6%	318,180	44.8%	309,573	49.2%	296,445	49.4%	231,532	46.8%
Fixed assets	35,034	3.3%	26,338	3.0%	24,039	3.4%	24,183	3.8%	11,612	1.9%	11,444	2.3%
Intangible assets	1,985	0.2%	1,743	0.2%	1,541	0.2%	1,488	0.2%	1,332	0.2%	1,496	0.3%
Deferred tax assets	-	-	-	-	-	-	-	-	183	0.03%	1,600	0.32%
Other assets	44,891	4.2%	25,731	3.0%	23,524	3.3%	27,336	4.3%	28,138	4.7%	20,389	4.1%
	1,074,353	100.0%	869,612	100.0%	709,959	100.0%	629,853	100.0%	599,915	100.0%	494,934	100.0%
LIABILITIES												
Bills payable	21,310	2.0%	14,123	1.6%	13,543	1.9%	8,356	1.3%	23,544	3.9%	8,761	1.8%
Borrowings	150,134	14.0%	111,190	12.8%	58,447	8.2%	72,747	11.5%	98,352	16.4%	54,789	11.1%
Deposits and other accounts	781,571	72.7%	644,089	74.1%	540,636	76.2%	457,789	72.7%	409,384	68.2%	371,624	75.1%
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	694	0.1%	592	0.1%	1,592	0.2%	2,764	0.4%	-	-	-	-
Other liabilities	50,561	4.7%	33,794	3.9%	35,634	5.0%	32,933	5.2%	25,136	4.2%	20,514	4.1%
	1,004,270	93.5%	803,788	92.4%	649,852	91.5%	574,589	91.2%	556,416	92.7%	455,688	92.1%
	70,083	6.5%	65,824	7.6%	60,107	8.5%	55,264	8.8%	43,499	7.3%	39,246	7.9%
REPRESENTED BY												
Share capital	15,177	1.4%	15,177	1.7%	15,177	2.1%	15,177	2.4%	15,177	2.5%	13,197	2.7%
Reserves	11,675	1.1%	12,613	1.5%	11,033	1.6%	9,831	1.6%	8,779	1.5%	7,936	1.6%
Surplus on revaluation of assets	10,649	1.0%	7,062	0.8%	9,027	1.3%	10,748	1.7%	5,094	0.8%	5,613	1.1%
Unappropriated profit	32,582	3.0%	30,972	3.6%	24,870	3.5%	19,508	3.1%	14,449	2.4%	12,500	2.5%
	70,083	6.5%	65,824	7.6%	60,107	8.5%	55,264	8.8%	43,499	7.3%	39,246	7.9%

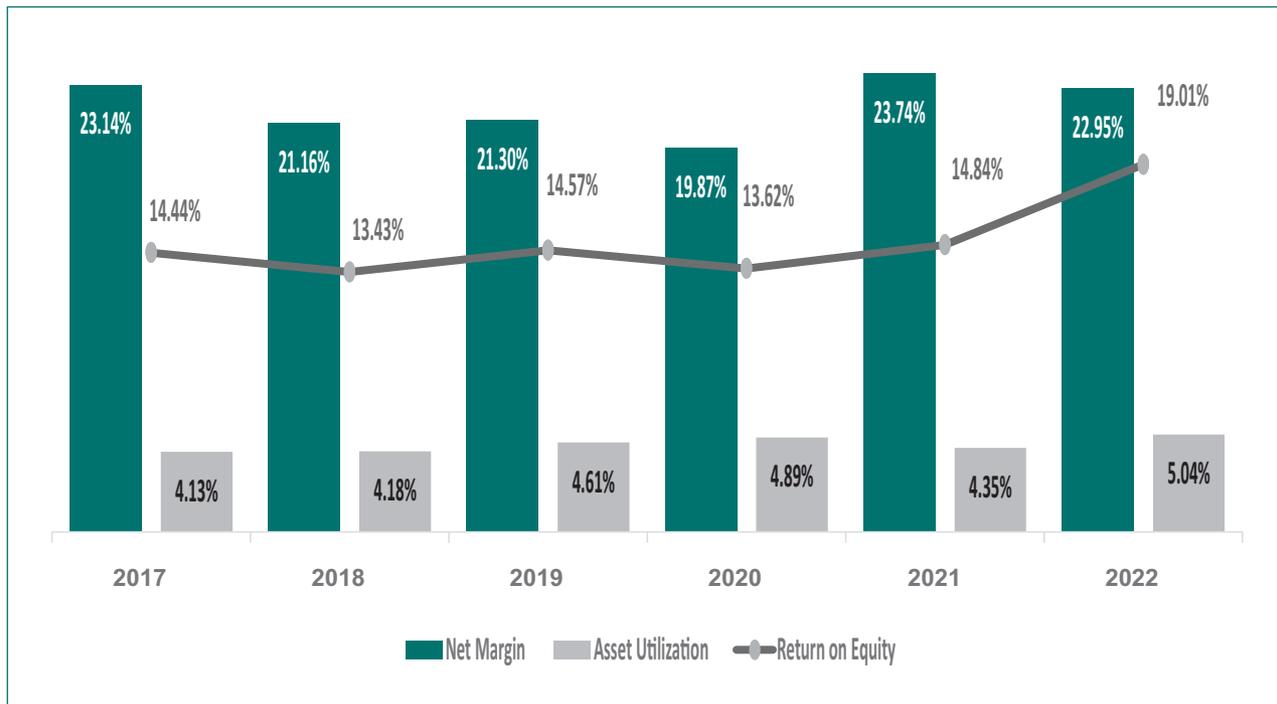
Vertical Analysis

Profit and Loss Account

	2022		2021		2020		2019		2018		2017	
	Rs. Mln	%										
Mark-up / return / interest earned	104,521	100.0%	53,869	100.0%	55,922	100.0%	58,398	100.0%	35,200	100.0%	28,766	100.0%
Mark-up / return / interest expensed	64,533	61.7%	28,035	52.0%	31,388	56.1%	37,278	63.8%	18,925	53.8%	14,831	51.6%
Net mark-up / interest income	39,988	38.3%	25,834	48.0%	24,534	43.9%	21,120	36.2%	16,275	46.2%	13,935	48.4%
NON MARK-UP / INTEREST INCOME												
Fee and commission income	6,628	6.3%	5,094	9.5%	3,861	6.9%	4,113	7.0%	3,871	11.0%	3,087	10.7%
Dividend income	572	0.5%	464	0.9%	378	0.7%	424	0.7%	170	0.5%	160	0.6%
Foreign exchange income	2,848	2.7%	2,379	4.4%	2,093	3.7%	2,833	4.9%	1,971	5.6%	1,385	4.8%
Income / (loss) from derivatives	192	0.2%	(25)	-	48	0.1%	176	0.3%	119	0.3%	(59)	-0.21%
Gain on securities	(1,560)	-1.5%	310	0.6%	1,697	3.0%	(579)	-1.0%	51	0.1%	807	2.8%
Other income	279	0.3%	287	0.5%	154	0.3%	282	0.5%	402	1.1%	260	0.9%
	8,959	8.6%	8,509	15.8%	8,231	14.7%	7,249	12.4%	6,584	18.7%	5,640	19.6%
Total income	48,947	46.8%	34,343	63.8%	32,765	58.6%	28,369	48.6%	22,859	64.9%	19,575	68.0%
NON MARK-UP / INTEREST EXPENSES												
Operating expenses	26,996	25.8%	20,605	38.3%	19,401	34.7%	17,068	29.2%	14,816	42.1%	12,608	43.8%
Workers welfare fund	461	0.4%	274	0.5%	225	0.4%	233	0.4%	173	0.5%	154	0.5%
Other charges	37	-	7	-	114	0.2%	33	0.1%	90	0.3%	12	0.1%
Total non-markup / interest expenses	27,494	26.3%	20,886	38.8%	19,740	35.3%	17,334	29.7%	15,079	42.8%	12,774	44.4%
Profit before provisions	21,453	20.5%	13,457	25.0%	13,025	23.3%	11,035	18.9%	7,780	22.1%	6,801	23.6%
Reversal of provision and recoveries against written-off debts - net	(940)	-0.9%	48	0.1%	2,254	4.0%	843	1.4%	(422)	-1.2%	(492)	-1.7%
Extra ordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	22,393	21.4%	13,409	24.9%	10,771	19.3%	10,192	17.5%	8,202	23.3%	7,293	25.4%
Taxation	11,160	10.7%	5,256	9.8%	4,260	7.6%	4,151	7.1%	3,365	9.6%	2,763	9.6%
PROFIT AFTER TAXATION	11,233	10.7%	8,153	15.1%	6,511	11.6%	6,041	10.3%	4,837	13.7%	4,530	15.7%

DuPont Analysis

Description			2017	2018	2019	2020	2021	2022	
1	Net Operating Margin	PAT / Net Revenue	A	23.14%	21.16%	21.30%	19.87%	23.74%	22.95%
2	Asset Utilization	Net Revenue / Avg Assets	B	4.13%	4.18%	4.61%	4.89%	4.35%	5.04%
	Return on Assets		C = A x B	0.96%	0.88%	0.98%	0.97%	1.03%	1.16%
3	Leverage Ratio / Equity Multiplier	Avg Assets / Avg Equity	D	15.10	15.20	14.83	14.02	14.38	16.45
	Return on Equity		C x D	14.44%	13.43%	14.57%	13.62%	14.84%	19.01%



Quarterly Performance Review

STATEMENT OF FINANCIAL POSITION

	2022				2021			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
----- Rupees in Million -----								
ASSETS								
Cash and balances with treasury banks	56,131	57,299	69,848	56,044	58,517	51,527	54,908	50,782
Balances with other banks	2,785	11,964	7,192	7,657	3,517	3,893	6,408	4,821
Lendings to financial institutions	9,815	-	-	5,000	-	12,000	7,500	9,234
Investments	469,451	412,162	378,079	400,451	357,471	343,737	327,547	313,864
Advances	454,261	467,704	474,332	403,493	396,295	366,929	343,687	322,244
Fixed assets	35,034	28,714	27,157	26,225	26,338	25,028	24,089	24,149
Intangible assets	1,985	1,802	1,759	1,671	1,743	1,540	1,597	1,562
Deferred tax assets	-	-	-	-	-	-	-	-
Other assets	44,891	58,337	39,316	31,725	25,730	29,328	20,445	23,289
	1,074,353	1,037,982	997,683	932,266	869,611	833,982	786,181	749,945
LIABILITIES								
Bills payable	21,310	11,676	14,465	14,444	14,123	12,017	13,915	12,724
Borrowings	150,134	181,247	153,531	163,472	111,190	104,111	84,133	91,373
Deposits and other accounts	781,571	725,028	722,404	649,175	644,089	613,672	591,850	549,398
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-
Deferred tax liabilities	694	558	858	616	592	980	1,464	1,087
Other liabilities	50,560	49,650	38,798	38,018	33,793	38,468	30,934	33,714
	1,004,269	968,159	930,056	865,725	803,787	769,248	722,296	688,296
	70,084	69,823	67,627	66,541	65,824	64,734	63,885	61,649
REPRESENTED BY								
Share capital	15,177	15,177	15,177	15,177	15,177	15,177	15,177	15,177
Reserves	11,676	14,089	12,568	12,601	12,613	10,995	11,008	11,020
Surplus on revaluation of assets	10,649	5,655	5,994	7,150	7,062	8,112	8,569	8,292
Unappropriated profit	32,582	34,902	33,888	31,613	30,972	30,450	29,131	27,160
	70,084	69,823	67,627	66,541	65,824	64,734	63,885	61,649
PROFIT AND LOSS ACCOUNT								
Mark-up / return / interest earned	33,941	29,766	23,512	17,302	15,574	13,801	12,472	12,022
Mark-up / return / interest expensed	(20,892)	(19,064)	(14,457)	(10,120)	8,661	6,795	5,995	6,583
Net mark-up / interest income	13,049	10,702	9,055	7,182	6,913	7,006	6,477	5,439
(Reversal) / provision and write-off	(192)	(330)	(259)	(147)	(168)	227	521	(533)
Non mark-up / interest income	2,329	2,206	2,285	2,139	2,094	2,140	2,050	2,227
Non mark-up / interest expenses	8,201	6,890	6,424	5,968	5,694	5,537	4,973	4,686
Profit before taxation	7,369	6,348	5,175	3,500	3,481	3,382	3,033	3,513
Taxation	3,797	3,070	2,926	1,367	1,397	1,333	1,116	1,410
Profit after taxation	3,572	3,278	2,249	2,133	2,084	2,049	1,917	2,103

Highlights 2022 at a glance

01 Deposits

29% increase in CA
21% increase in total deposits
Market share increased to 3.5%

02 Investments

Increase of 31% in investments
Out of PKR 469 Bln investments,
94% are Islamic

03 Customers

1.4 million customers
18% increase in customer base

08 Advances

PKR 454 Bln in advances and
96% of them being Islamic
Growth of 15%

07 Total Assets

PKR 1 Tln Assets and 95%
of them are Islamic
Growth of 24% in Assets

06 Total Revenue

Islamic share in revenue grew
by 108% and now is at 84%

05 Shareholders' equity

PKR 59 Bln in Shareholders' equity

04 Profit after tax

38% growth in Profit after tax
EPS PKR 7.40 per share



Faysal Islami Noor Card

A reason to believe!



Sensitivity Analysis due to Foreign Currency Fluctuations

Foreign exchange risk / currency risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movements in currency exchange rates on the value of open foreign currency positions. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect revenues from foreign exchange dealing.

The Bank undertakes currency risk mostly to support its trade services and maintains overall foreign exchange risk position to the extent of statutory Foreign Exchange Exposure Limit (FEEL) prescribed by the SBP. Exposure limits such as counterparty, gap, net open position, dealer and bucket-wise currency delta limits are in place in accordance with the Bank's approved policies in order to manage associated risk and concentration at the acceptable tolerance levels.

For details about the Bank's foreign exchange risk refer note 44.2.2 to the accompanying unconsolidated financial statements for the year ended December 31, 2022.

Methods and assumptions used in compiling the indicators

The Bank uses Key Performance Indicators (KPIs) to measure success of initiatives as well as routine operational activities.

FBL identifies KPIs which effectively reflect the Bank's performance. The Bank analyses all traditional financial and profitability ratios together with an analysis of its market positioning, competitors and general market conditions. Financial ratios include growth in deposits and advances, non-performing loans ratio and provision coverage, while profitability ratios include net margin ratio, non-markup income to total income, cost to income ratio, return on assets, return on equity and earnings per share.

Share Price Sensitivity Analysis

Share Price Sensitivity Analysis

Below is a list of some key factors that can influence the share price of Faysal Bank Limited. The list is not exhaustive and intends to cover the major areas:

- Regulatory / Policy Changes

Any regulatory or policy changes that directly impact the overall banking landscape along with cost and / or revenue drivers are likely to exert a significant influence on the Bank's stock price. For example, any change in monetary policy rate has a direct impact on yields of government securities, spreads made on advances and funding costs; and in turn materially impact profitability and the share price as well. Similarly, any hike in the minimum rate of return on deposits will result in compression in net interest margins earned and can negatively impact the earning and correspondingly the share price of the scrip.

- Investor and Market Sentiment

Market sentiment is often subjective which makes it difficult to quantify but a change in sentiments due to the investment climate in general or the stock market in particular can have an impact on the Bank's share price as well. Such a sentiment driven impact on the share price can occur even in the absence of any fundamental development or change in the Bank's business case.

- Change in Macro Environment

Political stability and controlled law & order situation is a pre-requisite for any economic development. Any changes in the macro environment, including inflation and / or currency devaluation could see the stock price of the Bank move alongside as market preempts such developments and extrapolates their impact on policy / regulatory changes in the Bank's share price.

Share Price as of December 31, 2022	Rs. 25.83
High Price	Rs. 31.94
Low Price	Rs. 19.95
Average Volume	1,009,586
No. of Trading Days	238

Business Rationale for Major Capital Expenditure/Projects

Faysal Bank realizes the importance of capital expenditure and in view of this has adopted in-depth evaluation procedures to assess all types of capital expenditure requirements before obtaining final endorsements from the Board.

During the year, the bank's capital expenditure amounted to over **Rs. 2.6 billion** and was primarily directed towards acquisition of Land & Building, business expansion, renovation, improvement of digital framework and strengthening of IT infrastructure. A detailed disclosure of fixed asset is given in the financial statements.

Capital expenditures planned for next year

The Bank has budgeted capital expenditure of **Rs. 10.6 billion** for the next year. This would primarily be invested in expanding our branch network acquisition of properties, continuous improvement in our IT platforms, safeguarding our existing infrastructure / relationships from growing threats on cyber security front along with routine upgrades and replacements to ensure smooth operations.

Outlook



تَكْمِيلُ مَقْتَدِرٍ

Forward Looking Statement

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as “anticipate,” “target,” “expect,” “estimate,” “intend,” “plan,” “goal,” “believe,” or other words of similar meaning. Forward-looking statements provide Faysal Bank’s current expectations or forecasts of future events, circumstances, results or aspirations. All forward-looking statements are, by their nature, subject to risks and uncertainties, many of which are beyond the Bank’s control. FBL’s actual future results may differ materially from those set forth in its forward-looking statements. While there is no assurance that any list of risks and uncertainties or risk factors is complete, among many others below are certain factors which could cause actual results to differ from those in the forward-looking statements:

- Local, regional and global business, economic and political conditions and geopolitical events;
- Changes in laws and regulatory requirements, including capital and liquidity requirements affecting the Bank’s business, and the ability of the Bank to address those requirements;
- Changes in investor sentiment or consumer spending or savings behavior; and
- Occurrence of natural or man-made disasters or calamities, including health emergencies, the spread of infectious diseases, pandemics or outbreaks of hostilities, or the effects of climate change, and the Bank’s ability to deal effectively with disruptions caused by the foregoing.

Any forward-looking statements made by or on behalf of the Bank speak only as of the date they are made, and Faysal Bank does not undertake to update any forward-looking statements. The reader should, however, consult any further disclosures of a forward-looking nature the Bank may make in any subsequent Quarterly Reports, or other Briefings.

2023 – A fresh start as a 100% Islamic Bank

FBL’s Corporate Strategic Plan focuses on:

Being the Leading Islamic Bank in Pakistan

The Bank aims the provision of exceptional services to its customers across all touchpoints through empowered trained staff and innovative digital channels, while ensuring full compliance with applicable regulatory and Shariah standards and guidelines. It will also continue to invest in its workforce and foster a culture that encourages its core values.

Growth

The Bank expects to continue the momentum gained in 2021 & 2022 and to register double digit growth in terms of profitability in 2023. The Bank aspires to increase its outreach through physical branch network (55 new branches) and digital solutions (ATMs, CDMs). To ensure sustainable achievement of strategic objectives FBL aims to focus on deposit growth and grow market share.

Digital Banking

With a vision to promote and establish Faysal Bank as the bank of first choice the Digital Banking Team anticipates graduating digital business into a full-fledged distribution channel. The goal is to continuously enhance the digital eco-system of the Bank to support transaction banking business in development of new customer-centric capabilities.

Sources of Information and Assumptions Used in the Forward-looking Statement

Major factors underlying these Forward Looking Statements include:

- Discount rate / Monetary Policy: Based on different assessment parameters, the State Bank of Pakistan can change the monetary policy rate. Any decrease in the discount rate will result in lower net interest income and reduce the profitability of the Bank. Impact of 1% change in interest rate is around Rs. 1.3 billion on profit and loss account of the Bank.
- Inflation: Inflation is considered as a key determinant of policy rate change. Any uptick in the inflation statistics will have a material impact on the monetary policy rate along with other drivers. With higher discount rates, the Banks will be able to invest in high yielding assets, thus resulting in increased profitability.

- Political Stability & Law and order situation: Political stability and controlled law & order situation is a pre-requisite for any economic development. This, in turn, reposes investor confidence Pakistan, making our corporates a potential investment opportunity. However, any act of terrorism or political instability can negatively impact the economy /equity market, thus resulting in decreased profitability.
- Corporate Tax rate: Any increase in corporate tax rate will adversely impact the profitability of the Bank.

Status of the Projects Disclosed and how the Performance of the Bank meets the Forward-looking Disclosures Made in 2021

		2022	vs	2021
Growth	Register double digit growth in terms of profitability in 2022 and focus on deposit growth.	PAT		37.8%
		PAT – Islamic Banking		102.7%
		Deposits		21.3%
	Open 94 new branches	FBL increased its outreach by opening 94 new branches as planned.		
Islamic Conversion	Complete the conversion into a full-fledged Islamic Bank	Alhamdulillah, the Bank has successfully completed the biggest conversion of a conventional bank into an Islamic bank.		
Digital Banking	Innovative product suite	<ul style="list-style-type: none"> • The Bank now offers Local Digital Account (LDA), allowing customers to open bank accounts digitally. • Introduced additional services via Whatsapp Banking, it now caters to 200K+ service requests every month. 		
	Enablement of digital distribution channels	<ul style="list-style-type: none"> • 150K+ users of DigiBank App • 250K+ retail customers connected via Whatsapp Banking • 50K virtual cards created • The Bank has also recorded 45% growth from last year on card spends. 		

How the Organization is Currently Equipped in Responding to the Critical Challenges and Uncertainties that are Likely to Arise

The Bank keeps a track of the critical challenges that might influence its strategy and applies best judgment in implementing mitigants. The Bank's Risk Management performs stress testing against different pre-determined scenarios to identify, analyze and evaluate potential losses and to provide an active approach in dealing with factors that influence the financial standing of the Bank.

The results of such tests have exhibited that the Bank has satisfactory capital, liquidity and profitability to bear such scenarios.

Strategy and Resource Allocation



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Strategy & Resource Allocation

Faysal Bank's strategic direction has been driven by a five-year corporate strategy plan which was formulated in 2018. This strategy sets the destination model in terms of setting the business model, financial objectives and identifies key organizational focus areas along with a phased, milestone-based implementation plan and associated KPI's.

For 2022, FBL's strategic objective was to complete FBL's conversion into a full-fledged Islamic Bank, while ensuring continuity of its remarkable growth trajectory. In this regard, your Bank has successfully converted into a full-Islamic Bank as on 1st Jan 2023 and was issued an Islamic Banking license from the SBP. This conversion marks the completion of the worlds largest conversion of a conventional bank into an Islamic Bank.

Furthermore, your Bank met its KPI's for Growth – (Revenue growth of 43% over last year) and Profitability (PAT growth of 38% over last year), while simultaneously expanding the network footprint to 700 dedicated Islamic banking branches. In addition, objectives related to growth in customer base, service quality and digitization of products and services were also exceeded.

Going forward, FBL's strategic focus will remain on high quality implementation of its strategic objectives, as well as the provision of exceptional services to our customers across all touchpoints, through empowered, trained staff and innovative digital channels, while ensuring full compliance with the applicable regulatory and Shariah standards and guidelines. Your Bank will keep investing in its workforce and foster a culture that encourages our core values i.e., Faith, Integrity, Teamwork, Innovation and Care.

FBL's Strategic Objectives

Strategic Objectives / Goals	Strategic Actions
Be the Leading Islamic Bank in Pakistan	<ul style="list-style-type: none"> Inculcating Islamic culture and values throughout the organization Human capital development and up-skilling through training and collaboration with leading educational institutions to nurture Islamic bankers
Strong Contender in Retail	<ul style="list-style-type: none"> Enhance franchise value and market share through network growth and branding Grow low-cost CASA deposits by differentiating through comprehensive product suite & improved customer service Offering complete and innovative Shariah compliant product suite
High Quality Lender	<ul style="list-style-type: none"> Focus on generating high quality/ high margin consumer financing – full product suite and cross-sell propositions Pushing for higher margin Commercial and SME financing, also capturing CA deposits
Exceeding customers' expectations - best in class service delivery	<ul style="list-style-type: none"> Optimize customer experience across all touch points through revamped service framework and improve look & feel (user experience) across all channels Re-align service standards, creating visibility on service levels, identify & remediate service gaps and drive accountability to improve service levels Streamline service delivery through Business process re-engineering & operational efficiencies
Digitization – technology & innovation driven Islamic Banking	<ul style="list-style-type: none"> Differentiate through innovative Digital propositions & functionalities to divert traffic to digital channels Use Business Intelligence to leverage data to support sales, cross sale & loyalty programs
Increased Shareholder Value with Capital Stability	<ul style="list-style-type: none"> Improve top-line (core income) & NFI in all segments Better cost management Improve efficiencies in procurements and expenditure

Implementation and Monitoring of Strategic Objectives

A dedicated BoD sub-committee i.e. Board Strategy Committee (BSC) is in place, which oversees the strategy implementation in the Bank on a quarterly basis, in line with the strategic plan. The Strategy function works with key stakeholders to develop and update the strategic plan and works in collaboration with relevant stakeholders on implementation of action tracks to ensure desired outcomes are achieved.

Significant Changes in Objectives and Strategies

FBL's objectives & strategies are well planned and are persistently implemented.

Stakeholders
Relationship and Engagement



شُكْرًا وَدُودًا



Identification of Key Stakeholders

We are committed to understanding each stakeholder's concerns and expectations and then applying the relevant inputs to our decision-making to ensure sustained value creation. We aggregate our material stakeholders in terms of their level of influence on us and our impact on them. Based on this broad-based assessment, we prioritize these relationships and while we engage with all our stakeholders, we have identified our key stakeholders as those with whom we need to collaborate with, consult and involve and as such have developed goals for each.

Stakeholder Relationship & Engagement

Stakeholder engagement is an integral part of developing an understanding of our stakeholders' needs, interests and expectations and assists the Bank with strategic and sustainable decision making.

Stakeholders	Customers	Employees	Institutional Investors/ Shareholders/Analysts
Value Created	Customer satisfaction is integral to achieve strategic objectives. Promote financial inclusion, fair treatment of customers and high customer satisfaction and loyalty.	Our employees, ambassador to the customers, represent our biggest asset, implementing every strategic and operational decision.	The providers of capital allow FBL the means to achieve its vision; while the analysts endorse the trust the investors place in the bank.
Engagement Management	<ul style="list-style-type: none"> Professional staff for customer assistance at 700 branches across Pakistan. Interaction through our relationship managers, call centers, social media, and various advertising activities 	<ul style="list-style-type: none"> Regular electronic newsletters Compliance letters Grievance reporting procedure 	<ul style="list-style-type: none"> Quarter semi-annual and annual financial statements Annual General Meeting Participation in local and international road shows Press releases Investors' Grievance Portal
Frequency	As & when customer need arises.	<ul style="list-style-type: none"> When the need arises. Internal training sessions: 496 External training sessions: 44 	<ul style="list-style-type: none"> Quarterly & annually. Cash Dividend: 70% Interim: 60% Annual: 10% Regular Analyst Briefing March 2, 2022

Investor Relation Section on Corporate Website

For more information please visit www.faysalbank.com



Service Providers	Regulatory Bodies	Local Community	Media
<p>Our growth is also attributable to engaging reputed and dependable suppliers as business partners.</p>	<p>We pride ourselves in being a responsible corporate citizen and abide by all laws and regulations.</p>	<p>To inculcate social and environmental consciousness and remain a conscientious member of the corporate community.</p>	<p>By availing this avenue of communication, effective awareness is created regarding the Bank and products and services it offers, along with mitigating reputational risks.</p>
<ul style="list-style-type: none"> As per the policies and procedures laid down in the Bank's General Services Procedures 	<ul style="list-style-type: none"> Submission of applicable statutory returns Responding / enquiring various queries / information 	<p>The Bank actively participates in various social work initiatives as part of its corporate social responsibility.</p>	<p>Advertisements through print, electronic, social media, website, and interviews.</p>
<ul style="list-style-type: none"> When the need arises. 	<ul style="list-style-type: none"> As per regulatory timelines. When the need arises. 	<ul style="list-style-type: none"> When the need arises. Environment protection through implementation of Green Banking policies Persons employed: 8,011 	<ul style="list-style-type: none"> When the need arises. Responding timely and relevantly to media queries.

Steps to Encourage Minority Shareholders Participation in AGM

The Bank organises shareholders' meetings in order to have a proper communication with its shareholders, specially the minority shareholders. Each shareholder, irrespective of holding and voting power is important to the Bank. We value them, their concerns, their suggestions and grievances, if any. At each Annual General Meeting (AGM) or Extraordinary General Meeting (EGM), we ensure a two-way communication with the shareholders, particularly, the minority shareholders.

The notice of all general meetings is published in leading newspapers (in both Urdu and English languages) having circulation all over the Country, placed on the Bank's website and emailed to all shareholders well before the occurrence of the meeting.

All minority shareholders irrespective of their shareholding can appoint proxy, participate through video conference (VC) and vote through e-voting. They can suggest, propose, comment, record their reservations during the meeting, and enjoy full rights to propose and second any agenda item presented. Shareholders can also actively participate during general meetings in discussions on operations, objectives and future strategy of the Bank. They can always demand the draft minutes of meeting within stipulated time post the event and are privileged to object on any intended major investments, planned acquisitions, mergers and takeovers or any other corporate / capital restructuring.

The Bank always facilitates and ensures shareholders presence while entertaining their requests if feasible and viable. It values and honors their inputs, records their concerns, prepositions, suggestions in minutes and keeps them abreast on the progress and subsequent actions.

Investors' Grievances Policy

The Board of Directors, President & CEO and Company Secretary ensure that all the Material and price-sensitive information is disclosed in compliance with the regulatory requirements which includes Financial Results, entitlement of corporate information, significant change in financial conditions, current and expected business performance etc.

With respect to shareholder related matters the Bank has appointed a reputable and experienced share registrar services. In addition, contact details of the designated personnel of the Bank for assisting the shareholders and handling their requests and complaints are also prominently displayed in the relevant section of the Bank's website.

Summary of Analyst Briefing

Regular interactive sessions between the management of the Bank and the investor community are an excellent opportunity for the former to apprise the latter about the business environment of the country, discuss its financial performance, competitive landscape and future prospects.

The sessions are conducted with the objective of ensuring timely and equitable distribution of information to all concerned, and to give the right perspective of the business affairs of the Bank to the investors – existing and potential – to assist in investment decision-making.

The Bank's latest Corporate Briefing Session was held in March 2023 based on December 31, 2022 results. The CFO presented a detailed analysis of Bank's performance along with future outlook. The session was followed by a Q & A session.

The presentation of the CBS can be accessed in the Investor Relations section of the Bank's website.

Issues Raised in the Last AGM and EOGM, Decisions taken and their Implementation Status

The Twenty Seventh Annual General Meeting and Extra Ordinary General Meeting, scheduled for March 29, 2022 and November 25, 2022, through physically and virtually in compliance with Circular Letter No. SMD/SE/2(20)/2021 dated December 15, 2021 issued by Securities and Exchange Commission of Pakistan.

Synopsis of the decisions taken in 27th Annual General Meeting is given below:

Ordinary Business:

1. Confirmed the minutes of the 26th Annual General Meeting held on March 29, 2021
2. Approved the Unconsolidated & Consolidated Financial Statements and Statement of Compliance with Code of Corporate Governance of FBL for the year ended December 31, 2021 together with the Directors' and Auditors' Reports thereon.
3. Approved the 10% Final Cash Dividend as recommended by the Board of Directors for the year ended December 31, 2021, in addition to 5% Interim Cash Dividend for the Second Quarter (half year) ended June 30, 2021 already paid to the Shareholders.
4. Appointment of External Auditors for the ensuing financial year 2022.

Special Business:

1. Approved the Special Resolution with respect to the conversion of Faysal Bank Limited from a Conventional Bank to Islamic Bank:
2. Approved the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2021.

Synopsis of the decisions taken in Extra Ordinary Annual General Meeting is given below:

Ordinary Business:

1. Confirmation of the minutes of the 27th Annual General Meeting held on March 29, 2022.

Special Business:

1. Approved of Articles of Association of Faysal Bank Ltd (FBL), keeping in view the completion of conversion of FBL from Conventional Bank to an Islamic Bank
2. Approved the Conversion of Faysal Bank Limited into an Islamic Bank and surrendering its current Banking License for obtaining Islamic Banking License
3. Elaboration by the Chairman on the cleansing of the retained earnings under the Shariah guidelines as part of the conversion of FBL into a full-fledged Islamic Bank.

President's Review:

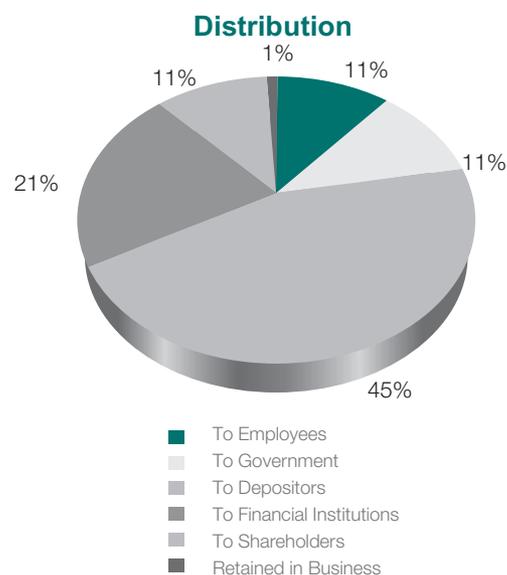
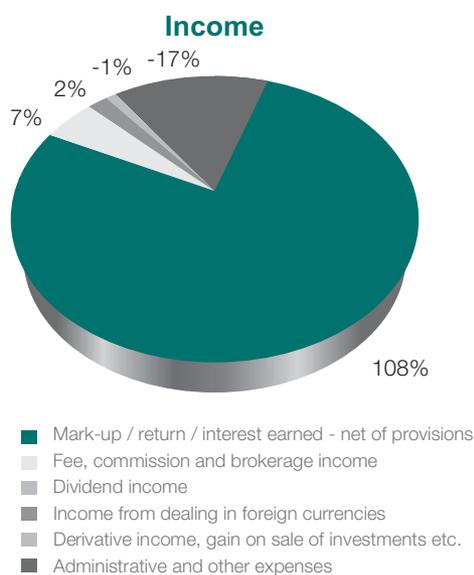
The President/CEO's video message on the Bank's business performance and strategy is available

at: <https://www.faysalbank.com/p-ceo-video-message-to-fbl-family/>

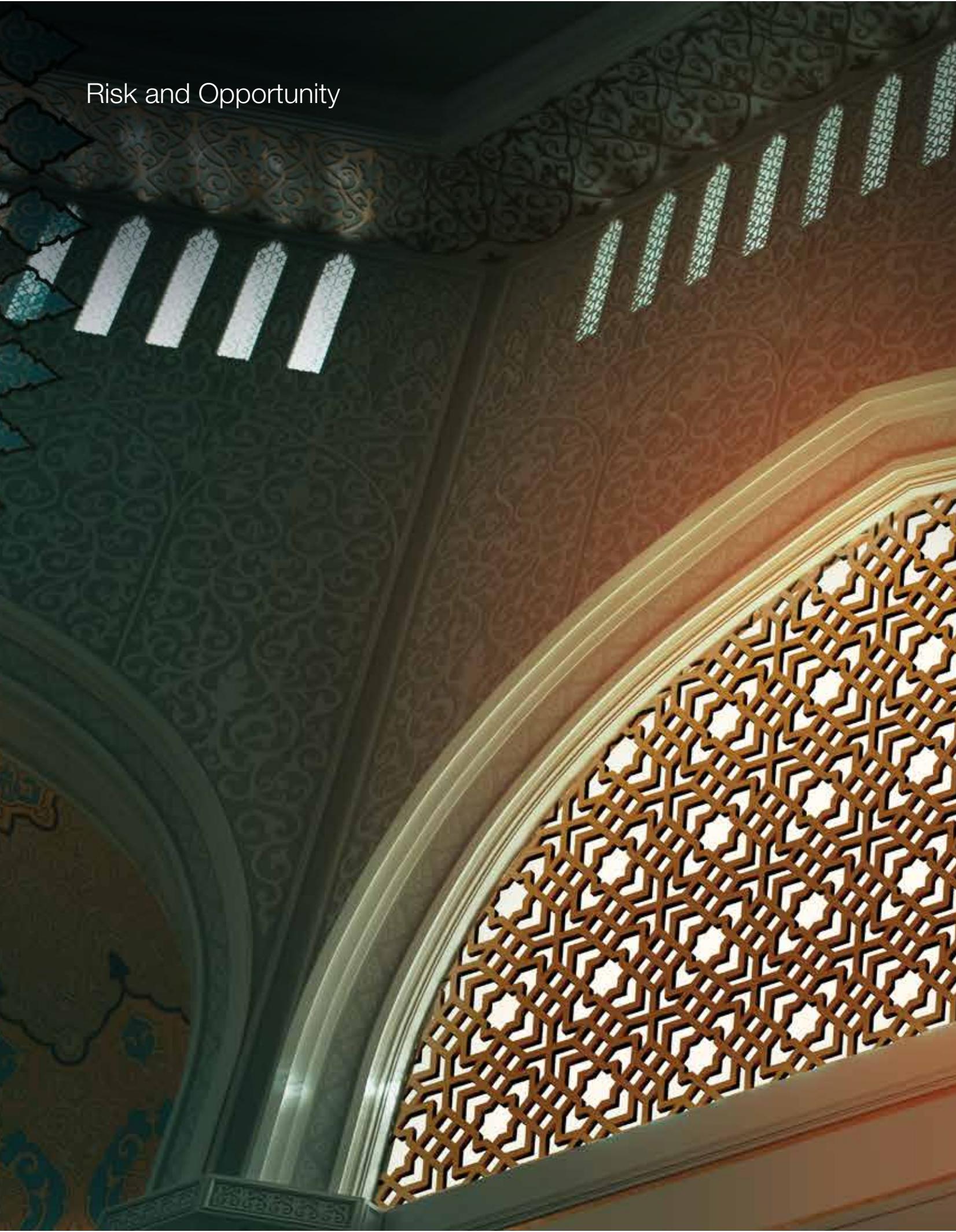


Statement of Value Added

	2022		2021	
	Rupees '000	%	Rupees '000	%
Mark-up / return / interest earned - net of provisions	105,461,035	108	53,821,089	108
Fee, commission and brokerage income	6,628,374	7	5,094,173	10
Dividend income	572,216	1	464,050	1
Income from dealing in foreign currencies	2,848,403	2	2,379,113	5
Derivative income, gain on sale of investments etc.	(1,089,612)	(1)	571,857	1
	114,420,416	117	62,330,282	125
Administrative and other expenses	16,622,247	-17	12,421,934	(25)
Value Added	97,798,169	100	49,908,348	100
Distributed as follows:				
To Employees As remuneration	10,783,444	11	8,384,910	16
To Government As income tax	11,160,132	11	5,255,657	11
To Depositors As profit on investments	43,550,703	45	20,565,805	41
To Financial Institutions As profit on borrowings	20,982,465	21	7,468,879	15
To Society As donations	88,257	-	79,917	-
To Shareholders As dividends / bonus	10,623,279	11	758,848	2
Retained in Business As reserves and retained profits	609,889	1	7,394,332	15
	97,798,169	100	49,908,348	100



Risk and Opportunity



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Risk and Opportunity Report

Risk and opportunity management is one of the key activities managed by the Bank through a Board approved Integrated Risk Management framework. All major risks are monitored regularly by various management committees such as Country Credit Committee (CCC), Enterprise Risk Management Committee (ERMC), Assets and Liabilities Committee (ALCO), Investment Committee (IC), IT Steering Committee (ITSC) and Compliance & Fraud Risk Committee (C&FRC) within their respective areas.

Key Risks

Banks are generally exposed to multiple risks emanating from various internal & external factors – including but not limited to credit risk, liquidity risk, market risk, capital adequacy risk, operational risk, cybersecurity risk, legal & regulatory risk, compliance risk, country risk, reputational risk, strategic risk and environmental risk. With Faysal Bank's conversion into a full-fledged Islamic Bank. Shariah non-compliance risk is also a significant risk, emanating from routine operations of the Bank.

The year 2022 remained challenging on a global as well as domestic front. International political divide exacerbated global energy and commodity crises which negatively impacted Pakistan's balance of payment position. Local landscape was further marred by political uncertainty, delays in IMF program, depletion of foreign exchange reserves, inflationary commodity cycle and an unprecedented natural calamity which inundated large parts of Pakistan causing estimated damages in the vicinity of USD 40 bln. These factors have negatively impacted all major economic indicators for the year 2022.

Despite these challenges, Faysal Bank continued to grow by increasing its deposit and financing base along with the growth of its branch network nationwide. This growth is also significant given the fact that in 2022, the Bank was able to complete its transformation from a conventional bank to a full-fledged Islamic bank – acknowledged by the Islamic International Rating Agency (IIRA) as the largest conversion globally.

While pursuing growth during the last year, focus remained on pro-active monitoring of assets through regular rapid portfolio reviews, effective implementation of capital & liquidity management tools, taking measures to address Shariah non-compliance risks, capacity building for Islamic conversion, product development and improving service quality.

Going forward, management of the Balance of Payment, fiscal discipline, rising inflation and general elections will remain key determinants for Pakistan's economy and banking sector. Challenging economic situation is expected to result in lower GDP and limited growth in Large Scale Manufacturing. This may lead to higher default risk and weaker demand for fresh private sector financing.

Sources of Risks and Opportunities

Source	Opportunity	Strategy to Materialize
External	<p>Capitalizing on the market potential and high growth in the Islamic Banking segment.</p> <p><i>Islamic Banking is growing faster than conventional banking.</i></p>	<ul style="list-style-type: none"> • Offering a complete and innovative Shariah compliant product suite for all customer segments (corporate, commercial and retail) • Continuous network expansion strategy to maintain position as one of the largest Islamic banks in the country. • Human capital development and up-skilling through trainings, internal elevations and job posts, etc. • Collaboration with leading educational institutions, such as IBA, to nurture Islamic bankers • Aggressive branding and marketing to position as a leading Islamic Bank
External	<p>Opportunity to increase penetration and reach. Grow with the expanding market.</p> <p><i>Pakistan is behind in terms of bank branches to population coverage ratio. Further, there is an ever-expanding market due to annual increase in population</i></p>	<ul style="list-style-type: none"> • Expand branch network into new geographies, emerging markets, etc. • Grow low-cost CASA deposits by focusing on mass-affluent customer segment - differentiate through standardized processes, comprehensive product suite & improved customer service • Complement growth through volume deposits from HNWIs & affluent segments - maintain relationships and reduced value attrition
External	<p>Capitalize on the country's growing home remittances</p>	<ul style="list-style-type: none"> • Tie-ups with leading global remittance partners • Digitize and modernize Bank's internal remittance systems • Focus on increasing home remittances through Roshan Digital Account (RDA)
External	<p>Digitization and technology-driven banking</p> <p><i>This has gained more emphasis and importance in view of COVID-19 pandemic</i></p>	<ul style="list-style-type: none"> • Unique Digital propositions and functionalities to differentiate from competitors. • Directing branch traffic towards Digital channels to better manage customer flow. • Cultivating partnerships and alliances to provide innovative product offerings and payment solutions. • Implementing digital onboarding and branch digitization to improve customer experience. • Leveraging advanced analytics to support sales, cross-selling, and loyalty programs using customer data.
Internal	<p>Enhancing penetration in the commercial, SME and consumer finance segments</p>	<ul style="list-style-type: none"> • Driving new business growth from smaller corporates – differentiate relationships and offer tailor-made solutions. • Covering all major market areas throughout the country, through network expansion, to onboard high quality SME clientele. • Branch-focus on pushing higher margin Commercial and SME financing, also capturing CA deposits • Branch-focus on generating high quality/ high margin consumer financing - full product suite and cross-sell propositions
Internal	<p>Enhancing penetration in the commercial, SME and consumer finance segments</p>	<ul style="list-style-type: none"> • Inculcating Islamic culture and values throughout the organization • Optimize customer experience across all touch points through revamped service framework • Re-aligned service standards, creating visibility on service levels, identify & remediate service gaps and drive accountability to improve service levels • Further integrate and improve our service reward frameworks to enhance customer experience • Streamline service delivery through Business process re-engineering & operational efficiencies

Corporate Governance



شکر و ایام



Report of the Board Audit and Corporate Governance Committee

The Board Audit and Corporate Governance Committee (“BACGC or Committee”) of Faysal Bank Ltd (“FBL or Bank”) comprises four directors having experience and knowledge of Banking, Corporate Governance, Corporate Social Responsibility, Finance, Asset Management, Audit & Accounting. Out of the four members, two are Independent Directors and two are Non-Executive Directors. The Chairman of BACGC is an independent director. The Terms of Reference of BACGC (“TORs”) have continuously been revised and updated as and when required by regulatory guidelines and/or best international practice with the approval of the Board of Directors (“BOD or Board”) of FBL. Accordingly, in 2022 the TORs were reviewed and approved by the BOD.

The Committee focused on effectiveness of FBL's Internal Control Environment, Compliance Risk Management, Operational Risk Management Framework and application of Regulatory & International Accounting and Auditing Standards as well as compliance requirements of Corporate Governance best practices, controls over risk areas of provisions and risk of fraud in revenue recognition. The Committee also supervised and monitored the status and implementation of IFRS 9, by the management of FBL and showed its satisfaction to the progress during the year as per SBP's guidelines. The Committee reviewed and approved the Internal Audit plan for 2022, Internal Audit Manual, Audit Charter and the Annual Compliance Plan 2022, as per requirements of SECP's Code of Corporate Governance (“COCG”), SBP's Guidelines on Internal Audit Function and Compliance Risk Management Framework. The Committee ensured proper allocation of sufficient resources to both the Internal Audit and the Compliance functions, to enable both functions to successfully implement their annual plans and other activities. The Chief Audit Executive was given unrestricted access to approach BACGC to ensure proper and timely reporting in all concerned audit & compliance matters. The Committee convened 4 mandatory meetings during the year 2022.

Major activities undertaken by the BACGC to improve the overall performance of FBL during 2022 were as follows:

- BACGC reviewed and examined the unconsolidated and consolidated quarterly, semi-annual and the yearly Financial Statements for 2022, along with Director's review report of FBL, which were approved by the Board on its recommendation. BACGC reviewed all categories of related party transactions with assurance from management that all transactions were undertaken at arm's length basis and reviewed them and reported the same for Board's consideration, which were approved by the BOD.
- BACGC also held detailed discussions with the external auditors on audit scope for the year 2022 as well as on major observations made in their management letters and reviewed management's response thereto. The Committee ensured independence of the external auditors and their unrestricted access to FBL. The appointment of external auditors for the year 2022 and their fees were recommended to the Board and approved by the shareholders during its AGM held in March 2022 on its recommendation. BACGC also reviewed the Long Form Report on Shariah Compliance Environment as of December 31, 2021, issued by the external auditors.
- BACGC reviewed the Retained Earnings Purification exercise performed by Management and ensured that all relevant aspects are considered and incorporated in the exercise so that the FBL's conversion to a full-fledged Islamic bank by end of 2022 is ensured and reported to the BOD about its progress.
- BACGC ensured that the management establishes and maintains adequate and effective Internal Control systems and processes and reviewed and monitored the implementation of the Annual Internal Audit Plan for the year 2022 and the Internal Audit Department's (“IAD”) high risk observations along with the management's corrective action plan in accordance with targeted dates. The Committee also reviewed and approved the changes in the IAD Strategy for the period 2019-23 and aligned it with the overall strategy of FBL. The BACGC also reviewed the adequacy and quality of IAD resources.
- BACGC reviewed and monitored the implementation of the Annual Compliance Plan for the year 2022 on a quarterly basis. The Committee also updated itself on AML/CFT procedures as per SBP regulations and Financial Action Task Force (“FATF”), recommendations along with quarterly review of the Foreign Account Tax Compliance Act (“FATCA”), Whistle Blowing Committee (“WBC”) cases, and internal investigation findings and timely actions taken by the management. BACGC ensured that a proper and effective system for compliance with the laws, regulations of the State Bank of Pakistan and other regulatory authorities, exists at FBL.

- Comparisons of Fraud and Forgery cases were reviewed quarterly during the year, and updated comparison for the last three years was also reviewed and presented to the BOD. Major findings of internal investigations in this area were deliberated upon and noted with satisfaction that appropriate measures were taken by the management in a timely manner.
- BACGC reviewed the implementation of effective Internal Controls over Financial Reporting (“ICFR”) program across the Bank. An assurance was also given to BACGC that Policies adopted by the Bank were sufficient and appropriate, while information provided by the management is reliable. The Conduct Assessment Framework of the Bank as of December 31, 2021, was also reviewed. The Committee also reviewed statement on internal control system which was endorsed by the Board.
- BACGC reviewed the quarterly Compliance of the SBP’s inspection report and thematic review reports along with monitoring the compliance status of these reports.
- BACGC reviewed programs established for implementing and monitoring Corporate Governance best practices and Ethics across the Bank. The Standards of Practice for Fit & Proper Test for Sponsor Shareholders, Board Members and P&CEO under CGRF 2021 issued by SBP, were reviewed along with the revised Memorandum and Articles of Association of the Bank as amended on guidance of the Shariah Board and recommended the same for BOD approval.
- BACGC reviewed a brief update on the Bank’s framework on Environmental, Social and Governance (“ESG”) compliance, and also conducted self-assessment of its performance for the year to comply with its TORs as per SECP Code of Corporate Governance, SBP guidelines, and presented it to the Board. The Board appreciated the performance of the BACGC in their evaluation for that year.

Mian Muhammad Younis

Chairman - BACGC



Independent Auditor's Review Report

To the members of Faysal Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Faysal Bank Limited (the Bank) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2022.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Date: March 3, 2023

UDIN: CR202210061BJoqPuV3A

Statement of Compliance with the Listed Companies (Code Of Corporate Governance) Regulations, 2019

Faysal Bank Limited
Year ended: December 31, 2022

The Bank has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eleven as per the following:

Gender	Number
Male	10
Female	01

2. The composition of Board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Bank;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Presently out of Eleven (11) Board of Directors, the following Ten (10) Directors are Certified and have Completed the Directors' Training Program:

1. Mr. Farooq Rahmatullah Khan
2. Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
3. Mr. Yousaf Hussain
4. Mian Muhammad Younis
5. Mr. Ali Munir
6. Mr. Juma Hasan Ali Abul
7. Mr. Abdulelah Ebrahim Mohamed AlQasimi
8. Mr. Abdulla Abdulaziz Ali Taleb
9. Ms. Fatima Asad Khan
10. Mr. Mohsin Tariq

Mr. Imtiaz Ahmad Pervez has attended and complete the Directors' Training Program, however the concluding test is pending.

The Bank had also arranged the following training for the Board of Directors in the year 2022:

- Islamic Banking (Tawarruq Its Application for Conversion Purposes a Case Study of Faysal Noor Card) by Mufti Mohib-ul-Haq, Chairman Shariah Board of Faysal Bank Limited on April 27, 2022
- Briefing on the Board Self-Evaluation Process by Pakistan Institute of Corporate Governance on October 27, 2022

10. The Board has approved the appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Board Audit and Corporate Governance Committee

Mian Muhammad Younis	Chairman / Independent Director
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member / Non-Executive Director
Mr. Juma Hasan Ali Abul	Member / Non-Executive Director
Mr. Ali Munir	Member / Independent Director

b) Board Risk Management Committee

Mr. Imtiaz Ahmad Pervez	Chairman / Non-Executive Director
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member / Non-Executive Director
Mr. Abdulla Abdulaziz Ali Taleb	Member / Non-Executive Director
Mian Muhammad Younis	Member / Independent Director
Mr. Yousaf Hussain	Member / President and CEO

c) Recruitment Nomination and Remuneration Committee

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Chairman / Non-Executive Director
Mr. Juma Hasan Ali Abul	Member / Non-Executive Director
Mian Muhammad Younis	Member / Independent Director
Mr. Ali Munir	Member / Independent Director
Ms. Fatima Asad Khan	Member / Independent Director

d) Board Strategy Committee

Mr. Farooq Rahmatullah Khan	Chairman / Non-Executive Director
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member / Non-Executive Director
Mr. Juma Hasan Ali Abul	Member / Non-Executive Director
Ms. Fatima Asad Khan	Member / Independent Director
Mr. Mohsin Tariq	Member / Independent Director
Mr. Yousaf Hussain	Member / President and CEO

e) Board IT Committee

Mr. Ali Munir	Chairman / Independent Director
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member / Non-Executive Director
Mr. Abdulla Abdulaziz Ali Taleb	Member / Non-Executive Director
Mr. Mohsin Tariq	Member / Independent Director
Mr. Yousaf Hussain	Member / President and CEO

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:
- | | |
|--|--------------------|
| a) Board Audit & Corporate Governance Committee | Quarterly meetings |
| b) Board Risk Management Committee | Quarterly meetings |
| c) Recruitment Nomination and Remuneration Committee | Quarterly meetings |
| d) Board Strategy Committee | Quarterly meetings |
| e) Board IT Committee | Quarterly meetings |
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:
- a) The Code requires that the chairman of the human resource and remuneration committee is to be an independent director. The composition of the Bank's Recruitment Nomination and Remuneration Committee (RNRC) is in line with the Revised Guidelines on Remuneration Practices 2017 issued by the State Bank of Pakistan which allows a non-executive director to be the Chairman in case the majority members of the committee are independent directors. Following the guidelines majority members of RNRC are independent directors, however, the Chairman of the RNRC is not an independent director.

Karachi

Dated: February 23, 2023



FAROOQ REHMATULLAH KHAN
Chairman

Report of Shariah Board

For the year ending December 31, 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين، والصلاة والسلام على خاتم الأنبياء والمرسلين محمد المصطفى الصادق الأمين وعلى آله وصحبه أجمعين

Faysal Bank Limited (“the Bank”) has completed its journey of conversion into a full-fledged Islamic bank while completing another year of successful operations of Islamic Banking. The Shariah Board (“SB”) congratulates all stakeholders of the Bank and appreciates the commitment and efforts of Board of Directors (“BoD”), Executive management and entire Bank staff towards the complete transformation of the Bank into a full-fledged Islamic Bank.

During the year, the Shariah Board held four meetings to consider, deliberate, decide and supervise various Shariah related affairs of the Bank including review of various existing and new products, transactions, processes, policies, standard operating procedures and agreements. In compliance with Shariah Governance Framework, the Shariah Board (“SB”) also met with Board of Directors (“BoD”) twice this year to have a detailed briefing on Shariah compliance environment.

Following are the key developments for the year 2022:

Conversion of Bank’s portfolio

During the year, the Bank converted all remaining branches, across the country, from Conventional to Islamic banking, besides opening 94 new Islamic branches elevating the total number of Islamic branch network to 700 branches.

Although the Bank has been converted into a full-fledged Islamic bank, it has some residual conventional portfolio which has been ring-fenced and Shariah guidelines have been issued for the treatment of such portfolio.

Product Development and Management

Under the guidance of SB, Product Development & Management has worked for the enrichment of its product menu. During the period under review, various structures were approved to facilitate the conversion process. Moreover, Istisna & Tijarah products were optimized to enhance Shariah compliance of these products.

On liability side, the Bank introduced Faysal Islami Amal Women Account on Mudarabah basis. The Bank also executed Open Market Operation (OMO) and Mudarabah Financing Facility (MFF) transactions, to manage its liquidity requirements effectively, which were earlier introduced by SBP.

Shariah Structuring of Investment Banking Transactions

Shariah Board reviewed and approved 04 Islamic IBG transactions whereby the Bank’s Shariah Board served as the Shariah Advisor of the transaction. These transactions were primarily structured on Shirkat-ul-Milk (Diminishing Musharakah) basis to achieve various financing purposes like Capital expenditure, project finance, etc.

Shariah Compliance Department

To ensure the compliance of regulatory and SB’s guidelines, under the guidance of RSBM / SB, SCD reviewed Financial Institutions Group, Treasury, Corporate and Investment Banking, SME/Commercial, Human Resources (staff financing side), Consumer financing (secured and unsecured) along with more than 125 Islamic branches across different regions of the bank. Moreover, SCD also reviewed the Pool management & Profit distribution mechanism on monthly basis.

During this period, all Bank-wide policies and procedures (new and renew) presented, were reviewed by SCD and approved by Shariah Board.

During the year, SCD obtained SB approvals on more than 800 customized process flows of various Islamic financing structures including Murabaha, Istisna, Tijarah, Running Musharakah, Diminishing Musharakah Salam, Bai Muajjal, etc. including that of SBP schemes like Islamic Export Re-Finance (IERF), Islamic long Term Financing Facility (ILTFF) and Islamic Finance for Renewable Energy (IFRE) etc.

Shariah Audits

Internal & external Shariah Audits were undertaken as per the requirement of Shariah Governance Framework. Internal Shariah Audit Unit carried out Shariah audits during the period for following functions i.e. SME and Commercial Banking, Islamic Branch Banking, Consumer financing - Noor Card, Trade Business and Services, Liability products, and on quarterly basis Profit distribution and Pool Management calculations. Further, external Shariah audit was also carried out covering all relevant functions of Islamic Banking.

Charity

In compliance with SBP guidelines, the Bank has formalized its Shariah Non-Compliance Risk Management Framework accordingly. The opening balance of the charity funds was PKR 42.956 Mn and during the year an amount of PKR 188.806 Mn was recovered from the customers in lieu of delayed payments, as the charity funds are kept under Mudarabah based accounts before the Bank resulting in the Mudarabah profit of PKR 5.256 Mn which was also credited into the charity fund's account.

Additionally, during internal Shariah reviews and internal Shariah audits conducted by SCD and ISAU, an amount of PKR 8.713 Mn was credited into Charity Fund due to Shariah non-compliance issues as declared by the SB.

During this period, an amount of PKR 46.053 Mn was distributed to various charitable organizations. Details are available on note 4 of Annexure 2.

Capacity building and Awareness Sessions

Capacity building and awareness sessions play a pivotal role for the growth of the Islamic banking industry. SB acknowledge the efforts of Management and Learning and Development ("L&D") to arrange various Islamic banking training programs and awareness sessions.

Members of Shariah Board and renowned Shariah Scholars conducted various Islamic finance training and awareness sessions for Bank's staff across the country. During the year, L&D organized more than 140 training sessions across the country to educate the staff on Islamic banking wherein more than 7500 employees were trained under various online and classroom training programs. Members of Shariah Board, SCD and product teams were actively engaged with L&D to facilitate the same. Further, specialized training program for Trade finance and Risk Management was also developed and organized. Besides, in-house training programs, L&D also nominated staff for external trainings offered by LUMS for Leadership Development Program and sponsored Certified Shariah Adviser and Auditor (CSAA) certifications from Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") Bahrain.

Members of Shariah Board, IBD and SCD also played a pivotal role in the capacity building of the staff wherein they facilitated through improvement of training material as well as conducted various training sessions on Shariah concepts, Islamic products and services.

Promotion and Marketing of Islamic banking products & services

Bank has converted into a full-fledged Islamic bank and has reinforced its renewed corporate identity brand. Accordingly, during this period, various marketing promotional materials including printed and electronic brochures, TVCs were reviewed and approved by the SB.

Opinion of Shariah Board

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Faysal Bank Limited are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of Faysal Bank Limited.

To form our opinion as expressed in this report, the Shariah Compliance Department of the Bank carried out reviews, on sampling basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the reports of the internal Shariah audit and external Shariah audit.

Based on above, we are of the view that:

1. The Islamic Banking Division of the Bank by and large complied with the Shariah rules and principles in the light of resolutions / Fatawa, rulings and guidelines issued by the SB.
2. During review, matters requiring corrective measure have been noted and were resolved by the Management or ensured to be rectified in future. Subject to the foregoing, in our opinion, the affairs of the Islamic Banking Division have been carried out in accordance with the directives, regulations, instructions and guidelines related to Shariah compliance issued by the SBP.
3. The Bank has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations.
4. Bank has a well-defined system in place in the form of Shariah Compliance Review and Internal Shariah Audit to ensure that the earnings realized from sources or means prohibited by Shariah are credited to charity account and properly utilized for charitable purposes.
5. The allocation of funds, profit and loss distribution and pool management is generally in accordance with Shariah Rules & Principles and Pool Management guidelines of SBP.
6. Learning and development unit of the Bank is actively pursuing the training and development of human capital on Islamic Banking & Finance through various training programs to enhance the awareness of staff, Management and BOD for the products and processes of the Bank and importance of Shariah compliance.
7. Shariah Board was provided unhindered access of all required information along with adequate resources, enabling it to discharge its duties effectively.

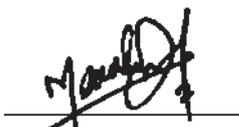
Recommendations from Shariah Board

Based on the above, the efforts of Management and other support functions toward conversion of the Bank are appreciated. However, we recommend that the conventional residual ring-fenced portfolio should be cleansed on best-effort basis.

Allah Subhanahu-wa-Taa'la knows the Best



Mufti Muhammad Abdullah
Resident Shariah Board Member



Mufti Abdul Basit
Shariah Board Member



Mufti Muhammad Ashja Khan
Shariah Board Member



Dr. Mufti Khalil Ahmad Aazami
Member Shariah Board



Mufti Muhammad Mohib ul Haq
Chairman Shariah Board

Dated: February 23, 2023 | 02 Shaban, 1444 A.H.

شریعی بورڈ رپورٹ

برائے اختتام پذیر سال 31 دسمبر 2022

بسم اللہ الرحمن الرحیم

الحمد لله رب العالمین والصلاة والسلام علی خاتم الانبیاء والمرسلین محمد المصطفیٰ الصادق الامین وعلیٰ آلہ واصحابہ اجمعین۔

الحمد لله! فیصل بینک لمیٹڈ (بینک) نے اسلامی بینکاری کے کامیاب آپریشنز کا ایک اور سال مکمل کرتے ہوئے ایک مکمل اسلامی بینک کی طرف منتقل ہونے کا سفر مکمل کر لیا ہے۔ شریعی بورڈ (SB) بینک کے تمام اسٹیک ہولڈرز کو مبارک باد پیش کرتا ہے اور مکمل اسلامی بینک میں منتقلی کے لیے بورڈ آف ڈائریکٹرز (BoD) کے عزم اور کوششوں کو سراہتا ہے۔

سال کے دوران شریعی بورڈ نے بینک کے مختلف شرعی امور پر غور و فکر اور ان کی نگرانی کے لیے چار اجلاس منعقد کیے جن میں متعدد موجودہ اور نئی مصنوعات، معاملات، اعمال، پالیسیوں، آپریشنز کے معیاری طریقہ کار اور معاہدوں کا جائزہ لیا گیا۔ اس سال شریعی بورڈ ("SB") نے شریعی گورننس فریم ورک کے تحت بورڈ آف ڈائریکٹرز ("BoD") سے دو بار ملاقات کی جس میں شریعی کمپلائنس کے ماحول کے بارے میں تفصیل سے آگاہ کیا گیا۔

سال 2022 کی اہم پیش رفت درج ذیل ہیں:

بینک کے پورٹ فولیو کی تبدیلی

سال کے دوران، بینک نے ملک بھر میں باقی ماندہ تمام برانچوں کو کنونشنل سے اسلامک بینکنگ میں تبدیل کر دیا، اس کے علاوہ 94 نئی اسلامی برانچیں کھولیں جس سے اسلامی برانچ نیٹ ورک کی مجموعی تعداد کو 700 برانچز کی سطح تک بلند کر دیا۔

اگرچہ بینک کو ایک مکمل اسلامی بینک میں تبدیل کر دیا گیا ہے، لیکن اس کے پاس کچھ ایسا کنونشنل پورٹ فولیو باقی ہے جس کی حد بندی کر کے اس پورٹ فولیو کے بارے میں شرعی حوالے سے ہدایات جاری کی گئی ہیں۔

پروڈکٹ ڈیولپمنٹ و منیجمنٹ

شریعی بورڈ کی رہنمائی میں پروڈکٹ ڈیولپمنٹ و منیجمنٹ ڈیپارٹمنٹ نے اپنی پروڈکٹس کی فہرست میں اضافہ کے لیے پیش رفت کی ہے۔ مذکورہ بالا مدت کے دوران اسلامی بینکاری کی طرف منتقلی کے عمل کو آسان بنانے کے لیے متعدد اسٹریٹجیز کی منظوری دی گئی۔ مزید برآں، استصناع اور تجارتی پروڈکٹس کے طریقہ کار میں مزید بہتری لائی گئی ہے۔

لائسنسنگ سائڈ پر بینک نے مضاربہ پر مبنی "فیصل اسلامک ایل خواتین اکاؤنٹ" کو متعارف کروایا ہے۔ بینک نے اپنی لیکویڈٹی کے تقاضوں کو مؤثر طریقے سے منظم کرنے کے لیے اوپن مارکیٹ آپریشن (OMO) اور مضاربہ فنانسنگ فیسیلٹی (MFF) ٹرانزیکشنز کو بھی انجام دیا ہے جو کہ کچھ عرصے سے SBP کی طرف سے متعارف کروائی گئی ہیں۔

انویسٹمنٹ بینکنگ کے عقود کی شریعہ اسٹریکچرنگ

شریعیہ بورڈ نے 04 اسلامی IBG عقود کا جائزہ لیا اور ان کی منظوری دی جس میں بینک کے شریعیہ بورڈ نے ان ٹرانزیکشنز عقود کے شریعیہ ایڈوائزر کی خدمات انجام دیں۔ ان عقود کو بنیادی طور پر مختلف تمویلی مقاصد جیسے کہ کیپیٹل ایکسیٹنڈیچر، پراجیکٹ فننس وغیرہ کے حصول کے لیے شرکت الملک (شرکت متناقصہ) کی بنیاد پر تشکیل دیا گیا تھا۔

شعبہ شریعیہ کمپلائنس

ریگولٹری اور شریعیہ بورڈ کی ہدایات پر عمل درآمد کو یقینی بنانے کے لیے، SB/RSBM کی رہنمائی میں، شریعیہ کمپلائنس ڈیپارٹمنٹ نے فنانس انسٹیٹیوشن گروپ، ٹریڈری، کارپوریٹ اور انویسٹمنٹ بینکنگ، ایس ایم ای / کمرشل، ہیومن ریسورسز (اسٹاف فنانسنگ سائیڈ) کنزیومر فنانسنگ (سیکیورڈ اور ان سیکیورڈ) کا جائزہ لیا، ساتھ ہی ساتھ مختلف علاقوں میں بینک کی 125 سے زائد اسلامی برانچ کا بھی جائزہ لیا۔ مزید یہ کہ SCD نے ماہانہ بنیادوں پر پول مینجمنٹ اور منافع کی تقسیم کے طریقہ کار کا بھی جائزہ لیا۔

اس دوران، SCD نے بینک کی تمام پالیسیوں اور طریقہ کار (نئی اور تجدید شدہ) کا بھی جائزہ لیا اور شریعیہ بورڈ نے ان کی منظوری دی۔

دوران سال SCD نے 800 سے زائد "صارفین کے لحاظ سے مخصوص پراسس فلوز" کی منظوری حاصل کی جو کہ متعدد اسلامک طریقہ ہائے تمویل جیسے مضاربہ، استصناع، تجارہ، رنگ مشارکہ، شرکت متناقصہ، سلم، بیع موصول وغیرہ پر مشتمل ہونے کے ساتھ SBP کی اسکیمز جیسے کہ اسلامک ایکسپورٹ ری-فنانس (IERF) اسلامک لانگ ٹرم فنانسنگ (ILTFF) اور ریٹرو ایبل ازجی کے لیے اسلامی فنانس (IFRE) وغیرہ پر مشتمل ہیں۔

شریعیہ آڈٹس

شریعیہ گورننس فریم ورک کے تقاضوں کے مطابق انٹرنل اور ایکسٹرنل شریعیہ آڈٹ کو انجام دیا گیا۔ انٹرنل شریعیہ آڈٹ پونٹ نے اس مدت کے دوران درج ذیل شعبوں کے لیے شریعیہ آڈٹ کو انجام دیا یعنی کہ: SME اور کمرشل بینکنگ، اسلامی برانچ بینکنگ، کنزیومر فنانسنگ - نورکارڈ، ٹریڈ بزنس اینڈ سروسز، لائسنسنگ پروڈکٹس، سہ ماہی بنیادوں پر منافع کی تقسیم اور پول مینجمنٹ کے حسابات۔ مزید برآں، اسلامی بینکاری کے متعلقہ امور پر مشتمل ایکسٹرنل شریعیہ آڈٹ بھی کیا گیا۔

چیریٹی

SBP کی رہنماد ایات پر عمل درآمد کرتے ہوئے، بینک نے اپنے "شریعیہ نان کمپلائنس رسک مینجمنٹ فریم ورک" کو باقاعدہ مرتب کیا ہے۔ اسی کے مطابق چیریٹی فنڈ کی ابتدائی رقم 42.956 ملین روپے تھی اور دوران سال ادائیگی میں تاخیر کی وجہ سے کسٹرز سے 188.806 ملین روپے، وصول کیے گئے۔ کیونکہ چیریٹی فنڈز کو بینک کے پاس مضاربہ پر مبنی اکاؤنٹس میں رکھا جاتا ہے اس لیے مضاربہ سے حاصل شدہ 5.256 ملین روپے کا نفع بھی چیریٹی فنڈز کے اکاؤنٹ میں منتقل کیا گیا۔

علاوہ ازیں SCD اور ISAU کے جائزوں اور انٹرنل شریعیہ آڈٹ کے دوران 8.713 ملین روپے چیریٹی فنڈ میں منتقل کیے گئے جو کہ شریعت کے اصولوں سے عدم مطابقت کی وجہ سے تھا جس کی SB کی طرف سے وضاحت کی گئی۔ اس دوران 46.053 ملین کی رقم مختلف خیراتی اداروں میں تقسیم کی گئی۔ جسکی تفصیلات ضمیمہ 2 کے نوٹ 4 پر دستیاب ہیں۔

استعداد کار میں اضافہ اور آگاہی کے اجلاس

اسلامی بینکاری کی صنعت کی ترقی میں صلاحیتوں کا ارتقاء اور آگاہی اجلاس ایک اہم کردار ادا کرتے ہیں۔ SB اسلامی بینکنگ ٹریڈنگ کے مختلف پروگرامز اور آگاہی سیشنز کا اہتمام کرنے پر انتظامیہ اور لرننگ اینڈ ڈویلپمنٹ ("L&D") کی خدمات کا اعتراف کرتا ہے۔

شریعی بورڈ کے اراکین اور معروف شریعی اسکالرز نے ملک گیر سطح پر بینک کے عملے کے لیے اسلامی فنانس کی متعدد ٹریڈنگ اور آگاہی سیشنز کا انعقاد کیا۔ دوران سال L&D نے عملے کو اسلامی بینکاری سے آگاہ کرنے کے لیے ملک بھر میں 140 سے زائد تربیتی سیشنز کا انعقاد کیا جس میں 7500 سے زائد ملازمین کو متعدد آن لائن اور کلاس روم تربیتی پروگرامز کے ذریعہ تربیت دی گئی۔ اس مقصد میں معاونت کے لیے L&D کے ساتھ شریعی بورڈ کے ممبران، SCD اور پروڈکٹ کی ٹیمیں بھی سرگرم عمل رہیں۔ مزید برآں ٹریڈ فنانس اور رسک مینجمنٹ کے لئے خصوصی تربیتی پروگرام تیار اور منظم کیا گیا۔ ان ہاؤس تربیتی پروگرامز کے علاوہ L&D نے LUMS کی جانب سے پیش کردہ لیڈرشپ ڈویلپمنٹ پروگرام اور اکاؤنٹنگ و آڈٹنگ آرگنائزیشن فار اسلامک فنانسئل انسٹیٹیوٹس ("AAOIFI") بحریں کی طرف سے اسپانسر کردہ "سرٹیفائیڈ شریعی ایڈوانسز و آڈیٹر (CSAA) سرٹیفیکیشن" کے لیے بھی عملے کو نامزد کیا۔ شریعی بورڈ کے اراکین، IBD اور SCD نے بھی عملے کی استعداد کو بڑھانے میں اہم کردار ادا کیا جس میں انہوں نے تربیتی مواد کو بہتر بنانے کے ساتھ ساتھ شرعی تصورات، اسلامی مصنوعات اور خدمات پر متعدد تربیتی سیشنز کے انعقاد کے ذریعہ معاونت فراہم کی۔

اسلامی بینکنگ پروڈکٹس و خدمات کا فروغ اور تشہیر

فیصل بینک لمیٹڈ ایک مکمل اسلامی بینک میں تبدیل ہو چکا ہے اور اس نے اپنے تجدید شدہ کارپوریٹ شناختی برانڈ کو مزید مستحکم کیا ہے۔ اس کے مطابق، اس مدت کے دوران، مختلف مارکیٹنگ پروموشنل مواد بشمول پرنٹ شدہ اور الیکٹرانک بروشرز، TVCs کا جائزہ لیا گیا اور SB کی طرف سے منظوری دی گئی۔

شریعی بورڈ کی رائے

چونکہ بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ مکمل طور سے اس امر کو یقینی بنانے کے ذمہ دار ہیں کہ فیصل بینک لمیٹڈ کے امور کی انجام دہی اس طرح کی جائے جو ہمہ وقت شریعت کے اصولوں سے ہم آہنگ ہو، اس لئے ہم سے فیصل بینک لمیٹڈ کے مجموعی ماحول کے شریعت سے ہم آہنگ ہونے پر ایک رپورٹ پیش کرنے کا تقاضہ کیا جاتا ہے۔ جیسا کہ اس رپورٹ سے واضح ہے، ہماری رائے یہ ہے کہ بینک کے شعبہ شریعی کمپلائنس نے نمونہ جاتی بنیاد پر ہر طرح کے معاملات، متعلقہ دستاویزات اور عملدرآمد کے طریقہ کار کا جائزہ لیا ہے۔ مزید یہ کہ ہم انٹرنل شریعی آڈٹ اور ایکسٹرنل شریعی آڈٹ کی رپورٹس کا تجزیہ کر چکے ہیں۔

مندرجہ بالا بنیاد پر ہمارا نقطہ نظر یہ ہے کہ:

1. بینک کے اسلامک بینکنگ ڈویژن کے جملہ امور کو شریعی بورڈ کی طرف سے جاری کردہ قراردادوں، فتاویٰ جات، ہدایات و احکامات کی روشنی میں شریعت کے اصول و ضوابط کے مطابق انجام دیا گیا ہے۔
2. جائزہ کے دوران کسی بھی قابل تصحیح مسئلہ کو نوٹ کیا گیا اور بذریعہ مینجمنٹ اس کو حل کیا گیا یا مستقبل میں اس کی تصحیح کو یقینی بنایا گیا ہے۔ ماقبل سے مربوط ہماری رائے میں اسلامک بینکنگ ڈویژن کے امور کو شریعی کمپلائنس سے متعلق اسٹیٹ بینک پاکستان کی طرف سے جاری کردہ قراردادوں، اصولوں، احکامات و ہدایات کے مطابق انجام دیا گیا ہے۔

3. بینک، تمام ترامور میں شریعہ کمپلائنس کو یقینی بنانے کے وسیع نظام کا حامل ہے۔
4. بینک، شریعہ کمپلائنس تجزیہ اور انٹرمل شریعہ آڈٹ کی صورت میں اس بات کو یقینی بنانے کا ایک مربوط اور جامع نظام رکھتا ہے کہ غیر شرعی ذرائع اور طریقوں سے حاصل شدہ آمدنی کو چیریٹی اکاؤنٹ میں منتقل اور صحیح طور سے خیراتی مقاصد میں خرچ کیا گیا ہے۔
5. فنڈز کی تعیین، نفع و نقصان کی تقسیم اور پول مینجمنٹ، شریعت کے اصول و ضوابط اور SBP کی پول مینجمنٹ سے متعلق ہدایات کے مطابق ہوئی ہے۔
6. بینک کالرننگ اینڈ بیلپمنٹ پونٹ متعدد تربیتی پروگرامز کے ذریعہ اسلامی بینکاری و مالیات پر انسانی سرمایہ کی تربیت اور ترقی کے لئے سرگرم عمل ہے تاکہ بینک کی پروڈکٹس و طریقہ کار اور شریعہ کمپلائنس کی اہمیت پر عمل، مینجمنٹ اور BoD کی آگاہی میں اضافہ کیا جاسکے۔
7. شریعہ بورڈ کو اپنی ذمہ داریوں سے بخوبی عہدہ برآں ہونے کے قابل بنانے کے لئے تمام مطلوبہ معلومات تک بلا رکاوٹ رسائی اور مناسب وسائل مہیا کئے گئے ہیں۔

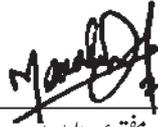
شریعیہ بورڈ کی سفارش

مندرجہ بالا تفصیلات کی بنیاد پر، بینک کی اسلامی بینکاری کی طرف منتقلی کے لیے انتظامیہ اور دیگر شعبہ جات کی خدمات قابل ستائش ہیں۔ تاہم ہمارا مشورہ ہے کہ باقی ماندہ کنونشنل حد بندی والے پورٹ فولیو کی تطہیر میں پوری کوشش صرف کی جائے۔

واللہ اعلم بالصواب



مفتی محمد اشجع خان
شریعیہ بورڈ ممبر



مفتی عبد الباسط
شریعیہ بورڈ ممبر



مفتی محمد عبد اللہ
ریزیڈنٹ شریعیہ بورڈ ممبر



مفتی محمد محب الحق
سربراہ شریعیہ بورڈ



ڈاکٹر مفتی خلیل احمد اعظمی
شریعیہ بورڈ ممبر

بتاریخ: 23 فروری 2023 دو شعبان 1444ھ

Statement On Internal Controls

This statement is presented to comply with the instructions of the State Bank of Pakistan (SBP) issued vide BSD Circular No. 07 dated May 27, 2004 “Guidelines on Internal Controls” and OSED Circular No. 01 dated February 07, 2014 “Instructions on Internal Controls over Financial Reporting (ICFR)”.

The Management of Faysal Bank Limited is responsible for establishing and maintaining adequate and effective internal control system in the Bank. In this context, the Management has designed the Bank’s Internal Control Program to provide reasonable assurance on the reliability of financial reporting, effectiveness of the operations and compliance with applicable laws and regulations. Although, the Internal Control Program is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure, circumvention and overriding of controls. Even an effective internal control system can provide reasonable but not absolute assurance that the system’s objective will be achieved.

Policies and procedures encompassing various business and operational areas are in place, updated and communicated across all pertinent levels of the organization. The policies are approved by the Bank’s Board of Directors (BoD) and the procedures are approved by the Senior Management. The Bank’s internal audit function carries out monitoring of compliance with these policies and procedures and regularly apprises the Management as well as the BoD through Board’s Audit and Corporate Governance Committee, accordingly.

The Management of the Bank has instituted an Internal Control and Monitoring Unit (ICMU) – Compliance Function for the conduct of on-site and off-site reviews of the processes related to Support Functions as well as the branches. Accordingly, ICMU monitors and identifies gaps in the day-to-day operations and ensures prompt corrective actions. Further, ICMU ensures compliance and implementation of policies and procedures duly approved by the BoD and Senior Management, respectively, to maintain a suitable control environment. Moreover, the Management takes remedial measures to address the gaps identified by the Regulator, ICMU, internal and external auditors. These remedial measures include improvements in internal controls to ensure non recurrence of highlighted exceptions and are monitored by the Compliance Committee.

The Bank has completed all stages of the ICFR roadmap, issued vide SBP’s BSD Circular No. 05 dated February 24, 2009. The Bank has adopted the “COSO Internal Control Integrated Framework” in relation to its Internal Control program in order to ensure consistency in the process of compliance with SBP’s Internal Control Guidelines involving documentation, risk assessment, gap analysis, controls testing and controls implementation. Further, in the year 2017, SBP granted exemption for submission of Long Form Report (LFR) through external auditors. Moreover, as per SBP’s BSD Circular No. 01 dated July 06, 2021, the banks were allowed to discontinue annual submission of LFR or Annual Assessment Report (AAR) on efficacy of ICFR, to SBP. However, banks shall continue the preparation of AAR on efficacy of the ICFR under ICFR instructions/ framework and Internal Audit Function will review and submit it to Audit Committee for BoD approval, for the year ended December 31, 2022.

The Management is confident that through adoption of these measures, the Bank’s internal control environment is maintained at a satisfactory level.

The BoD endorses the above stated management evaluation of internal controls and ICFR program.



Yousaf Hussain
President & CEO

Authorisation of Financial Statements by the Board of Directors

The financial statements for the year ended December 31, 2022 were authorised for issuance by the Board of Directors of the Bank on February 23, 2023.

Unconsolidated
Financial Statements



تذکرہ و ہواب



Directors' Report

Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited ("FBL" or "the Bank") along with Audited Financial Statements and the Auditors' Report thereon for the year ended December 31, 2022.

Company Profile

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

The Bank's footprint now spreads over 270 cities across the country with 700 branches. In line with FBL's strategy of transforming into a full-fledged Islamic Bank, as of December 31, 2022, all branches are 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% (2021: 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 company 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 most recent meeting held on January 23, 2023, the State Bank of Pakistan (SBP) raised the policy rate by another 100 basis points to 17% citing persistent inflationary pressures. The average Consumer Price Index (CPI) during the first half of the fiscal year 2023 was 25.1%, as headline inflation remained between 23-26%. Core, food, and energy components of inflation also increased. As Pakistan seeks to re-engage with IMF, inflation is projected to climb. To complete the 9th review, Pakistan has been asked to solve its burgeoning gas (PKR 1.64 Trillion) and power (PKR 2.5 Trillion) circular debts by raising electricity and gas prices, allowing PKR to be traded in line with market forces and imposing taxes to cover for recent shortfall of PKR 200 billion.

GDP growth is now forecasted to dip below 2% in fiscal year 2023, compared to the previous forecast of above 2%. Externally, hawkish policies by key central banks have increased the likelihood of a recession as central banks throughout the world continue their tightening cycles to manage inflation rises.

FBR collected PKR 3.43 trillion in 1HFY23 against the assigned target of PKR 3.67 trillion, resulting in a fiscal deficit of 1.5% of GDP. Further slowdown in economic activity and reduction in imports pose risks to maintaining momentum in tax collection, which may increase pressure on the Government of Pakistan resulting in a more contractionary mini budget.

According to figures from the Pakistan Bureau of Statistics (PBS), the trade deficit for the first half of fiscal year 2023 shrunk to USD 17.1 billion, as exports decreased by 5.8% to USD 14.25 billion, and imports plummeted 22.6% to USD 31.3 billion. In 1HFY23, workers' remittances declined by 11% YOY and were at USD 14 billion. The current account deficit shrunk during 1HFY23 to only USD 3.7 billion, decreasing by 59.3% from same period previous year. Despite this contraction of Current Account Deficit (CAD) owing to import restrictions, SBP reserves on December 31, 2022, fell to USD 4.6 billion dollars, the lowest level since 2013-2014. In the second half of fiscal year '23 (2HFY23), Pakistan is obligated to pay USD 8 billion in external debt. Consequently, the default risk appears to be present. The SBP has pledged that the IMF's program will be reinstated within a few weeks, which will draw inflows from friendly nations and international organizations.

Financial and currency markets have remained tense due to economic uncertainty and a balance of payment problem. Credit Default Swap spreads indicate a heightened perception of default (5-year CDS is at 44%). With the successful completion of the ninth review of Pakistan's IMF program, Pakistan's credit spreads will begin to reduce, and stability will follow once funds from bilateral and multilateral sources become available, as pledged at the Geneva meeting. This will reduce the strain on the SBP's reserves, allay any debt sustainability worries, and enhance mood on the money, foreign exchange, and stock markets.

Bank's Performance

2022 was a very challenging year for our country on the economic front and banking industry is directly affected by these uncertainties. However, the bank kept focus on its strategic objectives and not only performed well in terms of balance sheet and profitability growth but also achieved full conversion to Islamic banking. A detailed review of the bank's performance is given in the following paragraphs:

Journey from Conventional to Islamic

The year 2022 will go down in the chronicles of FBL as the year in which the Bank completed conversion to a full-fledged Islamic Bank. December 31, 2022 was the last day of FBL as a conventional bank and effective January 1, 2023, the bank started its operations as a full-fledged Islamic bank under an Islamic Banking License issued by the State Bank of Pakistan.

As FBL celebrates its successful transition to a full-fledged Islamic bank, this is truly an exceedingly momentous event for us. Alhamdulillah, with the help and blessings of the Almighty, the steadfast vision of the Board, the devotion of the management, the perseverance of the staff and support of our customers, the Bank has successfully completed the greatest conversion of a Conventional Bank into an Islamic Bank in history. This massive Islamic conversion is unprecedented not just in Pakistan, but all around the world and has been confirmed by Islamic International Rating Agency (IIRA) as the largest of its kind in the world. We would also like to acknowledge the tremendous support extended by State Bank of Pakistan (SBP), our Shariah Board and guidance by prominent Ulema, and scholars.

The conversion efforts began in August 2014 and since the start of the journey, FBL has successfully converted:

- 211 conventional branches, seamlessly, with minimal to no impact on our customers
- All deposit products which come to PKR 240 Bn+ in conventional deposits
- All financing products that total PKR 190 Bn+ in conventional financing
- All Trade & Investment products

At the start of this conversion journey, a comprehensive industry analysis and study of FBL's products and portfolio was conducted. It was agreed upon that a learning curve is necessary for a conversion of this scope, and that the strategy will need to be continuously adjusted and validated as new information becomes available. We were watchful and flexible, keeping our eyes on the goal while recognizing the fact that a seamless transition needs to be slow and necessitates monitoring, evaluation, and adaptation to avoid risks of stability to the Bank.

FBL's senior management, under the guidance of Board of Directors and Shariah Board, developed a very well structured and detailed transformation strategy & execution plan. This plan called for a revamp of FBL's systems, processes, product suite, portfolio, brand and, most importantly, people. As part of the comprehensive Business Transformation Plan (BTP), a senior team of specialists and executives who were dedicated to the cause were formed and empowered to complete the task.

FBL's Board approved the BTP in the year 2016, with a timeline of 5 years, extendable by another two years. The first two years, 2016–2018, were spent on capacity building, and the next four years, 2018–2022, focused on the conversion of conventional branches and portfolio.

A strong conversion governance structure was established under the Board's watchful eyes and the Chief Financial Officer (CFO) was appointed as the "Conversion Czar / Program Sponsor". The Bank ensured that the customers and the value of franchise is taken care of by implementing a well-structured and responsible conversion strategy.

By the grace of Almighty Allah and under the oversight of the Board of Directors and Shariah Board, FBL has successfully achieved full Islamic conversion one year ahead of the timeline envisaged in the Corporate Strategy. During this conversion process the bank continued its growth momentum depicting above market growth in balance sheet and profitability. We are

happy to report that over 98% of our deposits and 96% of financing portfolio is now Islamic. Residual conventional portfolio which poses some external, unavoidable conversion challenges has been ring-fenced and is being managed as per Shariah guidelines.

An extensive advertising and public relations push is being conducted to celebrate this major milestone. Additionally, the Bank is working on a coffee table book to document and commemorate this historic conversion journey, which will be released during the current quarter.

After successfully managing the largest Islamic conversion, we are committed to work closely with the State Bank of Pakistan and extend our full support to the banking industry for implementing the Federal Shariah Court's judgement directing elimination of Riba from the economy within 5 years.

Financial Performance

Rs. in million

Key Balance Sheet Numbers

	December '22	December '21	Growth %
Investment	469,451	357,471	31.3
Financing	454,261	396,295	14.6
Total Assets	1,074,353	869,612	23.5
Deposits	781,571	644,089	21.3

Profit & Loss Account

Total Revenue	48,947	34,343	42.5
Non-Markup Expenses	27,494	20,887	-31.6
Profit before tax and provisions	21,453	13,456	59.4
Net Provisions	(940)	48	2,058.3
Profit before tax	22,393	13,409	67.0
Tax	11,160	5,256	-112.3
Profit after tax	11,233	8,153	37.8
Earnings per share (Rupees)	7.40	5.37	37.8

FBL delivered a strong performance in 2022 with a record Profit Before Tax (PBT) of PKR 22.4 billion, 67% higher than PKR 13.4 billion in the last year. The increase in Profit After Tax (PAT) was however, restricted to 38% from PKR 8.2 billion in 2021 to PKR 11.2 billion in 2022 due to excessive and retrospective tax measures announced in the Federal Budget. Earnings Per Share at PKR 7.40 was 38% higher than last year.

The Bank continued its growth trajectory and increased total revenue by 43% over 2021. Net markup income reached PKR 40.0 billion in 2022, with a growth of 55% year on year, underpinned by strong balance sheet expansion and improvement in overall spreads. Robust mobilization of current deposits of PKR 63 billion (29%) YoY and increase in the average benchmark rate helped in improving overall spreads. Non markup income grew by 5% over last year and was at PKR 9.0 billion in 2022. The growth in non-markup income was undermined due to loss on securities; excluding it, the growth was at 28%.

Non-markup expenses of the bank increased by 32% over 2021 due to very high inflation, PKR devaluation against USD and increase in branch network. Despite that due to our focus on revenue generation, cost to income ratio improved from 61% in 2021 to 56% in 2022. Net provision for 2022 reflected reversal of PKR 0.9 billion against a marginal charge last year. The infection ratio continued to reduce and was at 4.6% with total coverage at 89%.

FBL crossed the landmark of PKR 1.1 trillion mark in balance sheet footings on the back of strong deposit mobilization and borrowings. Current deposit momentum built over last several quarters continued and they have reached PKR 278 billion depicting a 29% growth over Dec'21. Total deposits increased by 21% over December 2021, improving market share from 3.1% to 3.5% in Dec'22. Current Account (CA) mix improved to 35% from 33% and CASA mix improved to 80% from 75%.

FBL's net advances increased by 15% to PKR 455 billion and ADR slightly reduced from 62% at Dec'21 to 58% in Dec'22. The Bank generated liquidity from borrowings and invested in Sukuks, as a result investments increased by 31% and reached PKR 469 billion.

Overall, the bank is well poised to continue growth momentum in profitability and balance sheet and face challenging economic and business environment.

Business Overview

Islamic Banking Division

Islamic Banking Division (IBD) played a crucial role and not only provided support to all departments to transform their respective areas into Shariah Compliant operations but also assisted in conducting training programs all over Pakistan to upscale the level of Islamic knowledge and comprehension. While FBL staff was the primary target audience, awareness sessions were also held for customers at branches, non-customers at mosques, universities etc. and group sessions with traders, trade associations and corporate employees.

During the year around approximately 1,100+ process flows were structured and optimized, 700+ Guarantee texts were processed, 300+ Security arrangements were reviewed, and various customers' and business queries were catered. In addition to that, FBL was involved in a number of Investment Banking transactions and served as Shariah Advisor. IBD launched Revolving Credit Scheme product and Working capital Facilities (WCL) under Tawarruq for its existing Agri based customers. These products were introduced with a goal of converting conventional customers to Islamic. Through this product, the Bank was able to provide Islamic solution for more than 600+ customers and facilitate them in their day-to-day business requirements. The Pool Management Department not only automated the general pool management system but also introduced a treasury-linked pool management system which is first of its kind in Pakistan.

Retail Banking

FBL was able to grow its market share from 3.1% in Dec'21 to 3.5% in Dec'22 by utilizing the branch network. The Bank continued to grow its footprint and added 94 new branches in the network to reach 700 branches at year end. FBL is committed and actively engaged with State Bank of Pakistan in its efforts to support the country's economy under the Financial Inclusion ambit. As per SBP's directives, FBL successfully introduced policies related to Banking on Equality (BoE) and Persons with Disabilities (PWD). FBL proudly serves over 1.2 million customers including 0.2 million female customers.

During 2022, while several new products were added to the suite to cater different market segments; "Amal", a branded account for women with one-stop financial solution, bundled with Health Benefits, Shopping Discounts, Locker Fee Discounts, Saving/Transactional Convenience, was launched. This unique proposition helped in onboarding new 6,500 plus women clients to the network with deposit volume of PKR 1.84 billion. Further, FBL launched 13 dedicated PWD branches across all provinces to facilitate differently abled persons for seamless banking experience with convenience.

Commercial Banking and Small Medium Enterprises (CBSME)

In a year marked by economic upheaval, expanding the loan book and maintaining credit quality was of utmost significance. The "Branch Led SME model" was effectively adopted by CBSME, which led to a portfolio growth of 25%; surpassing PKR 50 billion milestone. CBSME also implemented its Final Destination "HUB & SPOKE Model". This model requires, teams to be stationed at specialized hubs all around the country, where they are responsible for managing both existing relationships and leads referred by surrounding Branches. In 2023, CBSME plans to launch Digital Platform for SME Financing.

Corporate and Investment Banking Group

The Corporate and Investment Banking Group remained active throughout the year and successfully closed several landmark investment banking deals across the full spectrum of segments. FBL solely led arrangement and advisory mandates for a

significant number of projects and syndications. The Bank successfully negotiated and led transactions worth more than Rs. 60 billion, comprising deals in infrastructure, power, telecommunications, etc.

The total amount of remittances to Pakistan in 2022 was USD 29.5 billion, representing a reduction of almost 5% from the previous year. The experts in the industry are of the opinion that the disparity in prices between the open market and the interbank market was the driving force behind the usage of informal channels as opposed to banking channels. Even though this influenced Bank's inward remittance business, however, the market share remained in the range of 3% while transaction count showed an increase of 16%.

Consumer Banking

Despite difficult business environment, Consumer Banking had a stellar year, with overall consumer portfolio increasing by 10%, to Rs. 46 billion. In 2021, Noor Card, a Shariah compliant alternative to conventional credit, was launched to facilitate Islamic banking consumers. The Noor Card was a big success and the bank added over 46,000 new customers in 2022. The card spends also grew by 45% to Rs. 58 billion.

The Roshan Digital Account (RDA) was introduced as a collaborative effort by the Government of Pakistan and the State Bank of Pakistan to facilitate Non-Resident Pakistanis interested in banking, payment, and investment activities in Pakistan. The program has received tremendous support, and as a result, has developed into a comprehensive product suite that offers cutting-edge and user-friendly digital banking solutions. During 2022, Roshan Digital initiatives portfolio showed a significant growth in deposits and financing.

Treasury

Treasury has robustly performed in the FX business and was able to increase the FX volumes by offering its clients competitive pricing. Considering the present interest rate environment, prudently investments were made in floating rate Ijarah Sukuks. Numerous individuals have signed up for Faysal Self-Invest, a portal that specializes in Islamic Debt instruments. The Equity Desk remained an active player in the capital market. However, investor morale plummeted throughout the year because of Balance of Payment issue and the ongoing political turmoil. The equity desk proved resilient, and their market knowledge and foresight helped to restrict the loss.

Digital Banking Group

A strong shift in customer transaction behavior towards digital modes persuaded the Digital Banking Group to continue innovating to ensure that the customers have a seamless banking experience, on digital channels. The Digital Banking Group is serving the retail audience through multiple channels:

Digital Services

Faysal DigiBank brings convenience, security, and access for customers to perform their banking activities on the go. The channel hosts over 450,000 users of which approximately 150,000 new users were onboarded in 2022, all of whom contributed to over 16 million transactions conducted through the channel.

Amongst the new initiatives in the payments space, the Raast's person-to-person (P2P) payments has seen a healthy uptake. While moving towards the digital era, the Bank now also offers Local Digital Account (LDA), allowing customers to open their Faysal Bank Accounts digitally. This widely popular channel also aided in migration of services, reducing the burden on branches and contact center by introducing Complaint & Dispute Registration and Credit Card service requests amongst others. Going forward, the platform will be further enhanced to meet the evolving needs of our customers, while staying competitive in the market. To provide a user-friendly experience for its customers, the App's interface and design is undergoing a revamp.

All in all, the channel aims to be a one-stop solution for all its customers, prioritizing customers' needs and staying relevant in the market.

Value Added Services

The success of the digital platform is tied to the uptake of its customers across multiple touchpoints. The promotion of self-serve channels is important not only for the Bank but for its customers as well, which can be through the ever-increasing user base of the Faysal Islami WhatsApp Banking, SMS alerts and E-Statement and ATMs.

Faysal Islami WhatsApp Banking has seen sizeable growth in 2022, with over 250,000 retail customers can now connect with the Bank via this channel. In addition, there are approximately 600,000 customers registered for the real-time SMS alerts service, over 300,000 registered customers for the Go-green E-Statement and over 630 ATMs serving the audience nationwide.

Faysal Islami WhatsApp banking caters to over 200,000 service requests every month, making it easy for the customers to check their balances, download their statements, make donation payments amongst a host of other services that are now available at a medium that they are much used to.

Human Resource

FBL believes that committed employees are the key to success in building a sustainable, progressive, and productive organization. FBL is committed to creating a workplace environment in which all employees are valued and respected, where ideas are encouraged, differences are welcomed, corporate values are instilled, and diversity and inclusion are fostered. The Bank is constantly working to increase employee engagement levels through open communication and feedback, nurturing and developing talent, and making the best use of reward and recognition. An initiative to refresh the values and make them relevant to Islamic Banking was launched to drive cultural transformation within the Bank. Faith (Emaan aur Yaqeen) has been incorporated as a key value in the Bank's culture to represent the Bank's shift to Islamic Banking. Furthermore, in today's fast-paced digital environment, innovation is essential; FBL has added the value of Innovation (Jiddat) to its arsenal in its pursuit of its reenergized mission to become the finest customer-centric Islamic bank, driven by passion and belief. A critical component of this exercise was articulating in the behaviors that were expected from both the employees and leaders.

During 2022, the Bank organized 540 learning sessions for its employees, which included 496 internal training sessions and 44 external training sessions. These learning sessions ranged from induction training programs to technical trainings pertaining to specific roles, dedicated Islamic banking sessions, soft skills and compliance & control. We want to be an employer of choice, have an inclusive workplace culture, be an equal opportunity employer at all levels, and foster innovation and collaboration as part of our strategic goals. FBL currently has 19% gender diversity, which is the highest in the Islamic banking industry and higher than the industry average of 15%, with a goal of reaching 25% by 2025. FBL also received seven Global Diversity, Equity, and Inclusion awards from HR Metrics in 2022.

As a national goal, the Bank created employment opportunities through branch network expansion, increasing the work force from 7,120 in Dec'21 to 8,011 in Dec'22.

Risk Management Framework

Risk Management Group (RMG) is organized under the Chief Risk Officer ("CRO"). CRO has been authorized by the Board of Directors (BoD) to implement a Risk Management Framework across the Bank. Note 44 of the financial statements provide detail about the risk management framework and discusses the major risks and uncertainties that the bank is exposed to as well as the ways in which these are managed. Considering the current precarious state of the economy, the Bank has taken the initiative to bolster its credit management practices by holding regular committee meetings and conducting rapid reviews of its portfolio to ascertain the effect that stress variables will have on the Bank's credit portfolio.

Environmental Stewardship

The Bank has developed and implemented a comprehensive 'Green Banking Policy'. The objective of this policy is to inculcate environmental consciousness in the employees of the Bank and its client base. The Policy includes:

- **Extending financing facilities** to the customers based on Environmental Risk Management framework
- Guidelines on adopting environment friendly **policies and practices** in the Bank
- **Raising awareness** among the customers about importance of environment friendly practices

Environmental Risk Management

FBL has developed an Environmental Risk Management framework, which includes implementation of an Environmental Risk Rating (ERR) model to conduct risk categorization of borrowing customers and gauge the environmental impact of financing operations. Additionally, the Bank also developed this framework in order to assess the impact that financing relationships have on the environment.

Environmental Consciousness

A training module that explains the concepts of green banking, key pillars of Faysal Bank's green banking policy, and imparts awareness on the environmental issues has been included in the orientation pack for new employees to help instill environmental consciousness. Regular virtual trainings are conducted for the new employees joining Faysal Bank. In addition to that, screensavers are deployed on periodic basis to reinforce the message of energy conservation and efficiency.

Paperless Operations

FBL is aggressively promoting Green Banking initiatives such as digital banking services and subscription to e-statements. Branch employees, customer service representatives and other team members are being trained in persuading customers to adopt paperless options.

Energy Conservation – in Operations & Maintenance

Energy efficiency has remained a primary metric for the Bank's evaluation of suppliers and equipment. Faysal House, along with other key buildings, and the entire branch network, have all been outfitted with energy-saving measures by the Bank. To reduce energy costs, conventional lighting has been replaced with LED lighting in key FBL facilities. The bank is currently looking into various renewable energy solutions for certain buildings and branches.

Corporate Social Responsibility (“CSR”)

FBL's corporate social responsibility program prioritizes health, diversity, and social inclusion as its top three areas of focus. Waqf Faisal is a recognized non-profit organization (NPO) and FBL provides consistent donations to it to support CSR objectives. Waqf Faisal extends out to reputable non-profit organizations that work in the fields of education, social welfare, environment, and health care. The Bank contributed an amount of Rs 88 million to the Waqf Faisal in the year 2022.

Awards for our excellent performance

FBL was named "Best Islamic Retail Bank in Pakistan 2022" at Islamic Retail Banking Awards (IRBA) held by Cambridge IFA, and "Best Bank of the Year 2021" by Chartered Financial Analyst (CFA) Society Pakistan amongst mid-size banks in the country. All these recognitions and awards are testament to the strategic brilliance of our Board of Directors, Senior Management and the hard work and perseverance of our employees. This demonstrates that FBL is headed in the right direction toward realizing the goal of becoming Pakistan's preeminent Islamic bank.

Dividend

The Board has recommended a final cash dividend of Re. 1 per share for the year ended December 31, 2022, bringing the total cash dividend for the year to Rs. 7 per share. The Board earlier declared and paid interim cash dividends of Rs. 6.0 per share.

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 political and economic uncertainty and continued inflation might have on us and on our customers. We are committed to continuing our investment in the growth of our network to increase our market presence and better serve our customers. In addition, the Bank will continue to work towards bringing efficiencies, continuing deposit growth, and improving quality of customer service. Alongside investment in branch infrastructure, the Bank is focused on providing innovative digital solutions and will continue to invest in modern technologies to improve digital offerings and customer experience. First and foremost, we will keep investing in our workforce and foster a culture that encourages our core values i.e., Faith, Integrity, Teamwork, Innovation and Care.

Corporate Governance

The Bank is fully compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (hereinafter called 'the Code'). As per the requirement of Regulation 36 of the Code, a Statement of Compliance with the Code, along with the auditor's review report thereon, forms part of this Annual Report.

The Board of Directors

The Bank's Board comprises of a mix of individuals representing shareholding institution, independent directors and President & CEO of the Bank. All the directors of the Board meet the eligibility criteria laid down under the Companies Act, 2017, the Code, and the Corporate Governance Regulatory Framework, 2021, issued by State Bank of Pakistan. Directors are elected for a period of three years, upon expiry of which elections are held to appoint a new Board in accordance with the law. Any casual vacancy is filled in as per a well-defined procedure approved by the Board in accordance with the applicable Law.

The total number of the Directors are eleven as per the following details:

Gender	Number
Male	10
Female	01

The Board of Directors comprises of the following Members:

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

Committees of the Board:

The details of the Board Committee and the names of their members are given below:

Audit and Corporate Governance Committee

Board Audit and Corporate Governance Committee comprises of four members having extensive financial management experience. The Chairman of the committee is an independent director. The Committee comprises of the following Board members:

S. No.	Name	Status	Category
1	Mr. Mian Muhammad Younis	Chairman	Independent Director
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member	Non-Executive Director
3	Mr. Juma Hasan Ali Abul	Member	Non-Executive Director
4	Mr. Ali Munir	Member	Independent Director

Risk Management Committee

Board Risk Management Committee is responsible to ensure that all the risks and uncertainties are adequately managed by the Bank. The Committee comprises of five members having rich experience in banking and risk management. The Chairman of the committee is a non-executive director. The Committee comprises of the following Board members:

S. No.	Name	Status	Category
1	Mr. Imtiaz Ahmad Pervez	Chairman	Non-Executive Director
2	Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member	Non-Executive Director
3	Mr. Abdulla Abdulaziz Ali Taleb	Member	Non-Executive Director
4	Mian Muhammad Younis	Member	Independent Director
5	Mr. Yousaf Hussain	Member	Executive Director

Recruitment, Nomination and Remuneration Committee

Board's Recruitment, Nomination and Remuneration Committee reviews the human resource structure of the Bank and ensures that the human resource strategy is aligned with overall strategy of the Bank. The committee comprises of five members having diversified experience. The Chairman of the Committee is a Non-Executive Director. The Committee comprises of the following Board members:

S. No.	Name	Status	Category
1	Mr. Ahmed Abulrahim Mohamed Abdulla Bucheery	Chairman	Non-Executive Director
2	Mr. Juma Hasan Ali Abul	Member	Non-Executive Director
3	Mian Muhammad Younis	Member	Independent Director
4	Mr. Ali Munir	Member	Independent Director
5	Ms. Fatima Asad Khan	Member	Independent Director

Strategy Committee

The Board's Strategy Committee helps the Board and the management in setting up the strategic direction of the Bank and monitors the implementation of the Board's approved strategies. The Committee comprises of six members and is chaired by a Non-Executive Director who is also the Chairman of the Board. The Committee comprises of the following Board members:

S. No.	Name	Status	Category
1	Mr. Farooq Rahmatullah Khan	Chairman	Non-Executive Director
2	Mr. Ahmed Abulrahim Mohamed Abdulla Bucheery	Member	Non-Executive Director
3	Mr. Juma Hasan Ali Abul	Member	Non-Executive Director
4	Ms. Fatima Asad Khan	Member	Independent Director
5	Mr. Mohsin Tariq	Member	Independent Director
6	Mr. Yousaf Hussain	Member	Executive Director

IT Committee

The Board's IT Committee is responsible to ensure that the Bank has a reliable, efficient, and secure IT infrastructure to service its customers and efficiently carry out its operations. The Committee has five members, and its chairman is an independent director. The Committee comprises of the following Board members:

S. No.	Name	Status	Category
1	Mr. Ali Munir	Chairman	Independent Director
2	Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member	Non-Executive Director
3	Mr. Abdulla Abdulaziz Ali Taleb	Member	Non-Executive Director
4	Mr. Mohsin Tariq	Member	Independent Director
5	Mr. Yousaf Hussain	Member	Executive Director

Performance Evaluation of Board of Directors

In line with the best practices of the corporate governance, FBL's Board, since 2012 has conducted self-evaluation exercise on an annual basis by engaging Pakistan Institute of Corporate Governance (PICG), as an external facilitator. PICG is the lead on Corporate Governance and has a team of consultants to conduct board evaluations for companies and banks. SBP's Guidelines on Performance Evaluation of Board of Directors were implemented in August 2016 and subsequently, FBL's Board in compliance thereof has conducted its self-evaluation every year including for the year 2022 by engaging PICG. The evaluation covered various aspects of the performance of the Board including but not limited to: Board's role, Committees' performance, Training, Strategy, Risk Management, and Board Meetings. The evaluation covered:

- The Board as a whole
- Individual Directors (Independent, Non-Executive and CEO)
- Board Committees

The evaluation was carried out using quantitative method, based on subjective assessment, and was conducted via questionnaires developed by the consultants in conformance with the State Bank of Pakistan's Guidelines on Performance Evaluation of Board of Directors. The quantitative technique has the advantage of being specific and measurable. Measurement scale used in FBL's Board evaluation is the summated rating on a scale of 1-10 depending on how strongly they agree or disagree with a given statement. The use of this method ensures specific and measurable data that can be benchmarked over time.

Remuneration Policy

Disclosures relating to Remuneration Policy as required under BPRD Circular 1 of 2017 dated January 25, 2017, are included separately in this Annual Report. The details of the meetings attended by the Board members are included as "Board Meetings and Attendance" in the Annual Report.

Shariah Board

The details relating to Shariah board and its members as required to be disclosed in the Director's Report are covered in the 'Report of Shariah Board' as part of the Annual Report.

Statement of Internal Control

The Board of Directors fully recognize its responsibility to ensure that a system of sound internal controls is established, fully implemented and maintained at all levels within the Bank. The Board is pleased to endorse the statement made by the management relating to internal controls. The system of internal controls is sound in design and has been effectively implemented and monitored. The management's statement on internal controls is included in this Annual Report.

Pattern of Shareholding

The pattern of shareholding and categories of shareholders of the Bank as of December 31, 2022 is separately presented in this Annual Report.

Credit Rating:

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

Long-Term	AA
Short-Term	A1+

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

The assigned ratings reflect the Bank's diversified operations, healthy financial risk profile, and existing market presence. These ratings denote a very low expectation of credit risk, a strong capacity for timely repayment of financial commitments in the long-term, and the highest capacity for timely repayment in the short-term, respectively.

Auditors

Due to a change in Ithmaar Bank Bahrain auditors, as per the Code of Corporate Governance, the current auditors A. F. Ferguson & Co., Chartered Accountants, are no longer eligible for reappointment as they have already completed five year term. Accordingly, the Board of Directors, on the recommendation of the Board Audit Committee, recommends the appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as the auditors of the Bank for the financial year 2023.

Subsequent Events

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

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 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 February 23, 2023, and signed by the Chief Executive Officer and Chairman / Director.



President & CEO



Chairman / Director

Karachi
Dated: February 23, 2023

آڈیٹرز

اتحاد بینک بحرین کے آڈیٹرز میں تبدیلی کی وجہ سے، کارپوریٹ گورننس کے کوڈ کے مطابق، موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اب دوبارہ تقرری کے اہل نہیں ہیں، کیونکہ وہ پہلے ہی پانچ سال کی مدت پوری کر چکے ہیں۔ بورڈ کی آڈٹ کمیٹی کی سفارش کے مطابق بورڈ آف ڈائریکٹرز مالیاتی سال 2023 کیلئے بطور بینک کے آڈیٹرز KPMG تاثر بادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کرتا ہے۔

بعد ازاں رپورٹنگ کے واقعات

مالیاتی بیانات کے گوشواروں کی وضاحتوں کے علاوہ بینک کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان، بینک کی مالی حالت پر اثر انداز ہونے والی کوئی بڑی تبدیلی یا معاہدہ نہیں ہوا 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 کے فروغ کے لیے اُن کے مسلسل تعاون اور رہنمائی پر اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بھی شکرگزار 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 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 23 فروری 2023 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور چیئر مین / ڈائریکٹر نے دستخط کیے ہیں۔



چیئر مین / ڈائریکٹر



صدر اور سی ای او
کراچی

تاریخ: 23 فروری 2023

معاوضے کی پالیسی

25 جنوری 2017 کے BPRD سرکلر 1 کے تحت درکار ”معاوضے کی پالیسی“ سے متعلق وضاحتیں اس سالانہ رپورٹ میں الگ سے شامل کی گئی ہیں۔ بورڈ ممبران کے تمام اجلاس کی تفصیلات بھی اس رپورٹ میں الگ سے شامل ہیں۔

شریحہ بورڈ

شریحہ بورڈ کی تفصیلات اور اس کی رپورٹ اس سالانہ رپورٹ کا حصہ ہے۔

انٹرنل کنٹرول کا بیان

بورڈ آف ڈائریکٹرز مکمل طور پر تسلیم کرتا ہے کہ اس بات کو یقینی بنانا اسکی ذمہ داری ہے کہ ایک مضبوط انٹرنل کنٹرول فریم ورک کا قیام عمل میں لایا جائے، جو بینک کے اندر تمام سطحوں پر مکمل طور پر نافذ اور برقرار ہے۔ بورڈ انٹرنل کنٹرول سے متعلق انتظامیہ کے بیان کی توثیق کرتے ہوئے خوشی کا اظہار کرتا ہے۔ انٹرنل کنٹرول کا سسٹم اپنے ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔ انٹرنل کنٹرول پر انتظامیہ کا بیان اس سالانہ رپورٹ میں شامل ہے۔

شیر ہولڈنگ کا طریقہ کار

31 دسمبر 2022 تک بینک کے شیر ہولڈرز کے شیر ہولڈنگ کا طریقہ کار اور اقسام کو اس سالانہ رپورٹ میں الگ سے پیش کیا گیا ہے۔

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:

طویل المدتی	AA
قلیل المدتی	A1+

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۔

آئی ٹی کمیٹی

بورڈ کی آئی ٹی کمیٹی اس بات کو یقینی بنانے کی ذمہ دار ہے کہ بینک کے پاس اپنے صارفین کی خدمت اور موثر طریقے سے اپنے امور کو سرانجام دینے کے لیے ایک قابل اعتماد، موثر اور محفوظ آئی ٹی انفراسٹرکچر موجود ہے۔ کمیٹی کے پانچ اراکین ہیں، اور اس کا چیئرمین ایک آزاد ڈائریکٹر ہے۔ کمیٹی درج ذیل بورڈ اراکان پر مشتمل ہے:

شمار نمبر	اسمائے گرامی	عہدہ	کمیٹری
1	جناب علی منیر	چیئرمین	آزاد ڈائریکٹر
2	جناب عبداللہ ابراہیم محمد القاسمی	رکن	نان ایگزیکٹو ڈائریکٹر
3	جناب عبداللہ العزیز علی طالب	رکن	نان ایگزیکٹو ڈائریکٹر
4	جناب مسن طارق	رکن	آزاد ڈائریکٹر
5	جناب یوسف حسین	رکن	ایگزیکٹو ڈائریکٹر

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

کارپوریٹ گورننس کے بہترین طریقوں کے مطابق، FBL کے بورڈ نے 2012 سے سالانہ بنیادوں پر خود تشخیصی جائزے کا آغاز کیا ہے۔ بینک اس عمل میں پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کو ایک بیرونی معاون کے طور پر شامل کرتا ہے۔ PICG کے پاس مشیروں کی ایک ایسی ٹیم ہے جو کمپنیوں اور بینکوں کے بورڈ کے جائزے کے عمل کو سرانجام دیتی ہے۔ بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزے سے متعلق اسٹیٹ بینک کی رہنما ہدایات کا اگست 2016 میں نفاذ ہوا تھا اور اس کی تعمیل میں FBL نے بشمول 2022 ہر سال PICG کے ذریعے خود تشخیصی جائزے کے عمل کو سرانجام دیا ہے۔ تشخیصی عمل میں بورڈ کی کارکردگی کا مختلف پہلوؤں سے احاطہ کیا گیا جس میں بورڈ کا کردار، کمیٹی کی کارکردگی، تربیت، حکمت عملی، رسک مینجمنٹ، اور بورڈ کے اجلاس شامل ہیں لیکن ان تک محدود نہیں۔ تشخیصی عمل میں درج ذیل کا احاطہ کیا گیا:

- ☆ مکمل بورڈ
- ☆ انفرادی ڈائریکٹرز (آزاد، نان ایگزیکٹو اور سی ای او)
- ☆ بورڈ کمیٹیاں

تشخیص کے عمل کو موضوعاتی تخمینہ کی بنیاد پر شماریاتی طریقہ کار کو استعمال کرتے ہوئے انجام دیا گیا۔ یہ بورڈ آف ڈائریکٹرز کی کارکردگی کی تشخیص سے متعلق اسٹیٹ بینک آف پاکستان کی رہنما ہدایات کے مطابق کنسلٹنٹس کے تیار کردہ سوالناموں کے ذریعے کیا گیا۔ شماریاتی تکنیک، مخصوص اور قابل پیمائش ہونے کی وجہ سے مفید ہے۔ FBL کے بورڈ کی تشخیص میں استعمال ہونے والا پیمائش پیمانہ 1 سے 10 کے اسکیل پر مبنی ہے جس کا انحصار اس پر ہے کہ وہ دیے گئے بیان سے کس حد تک متفق یا غیر متفق ہیں۔ اس طریقہ کار کا استعمال مخصوص اور قابل پیمائش ڈیٹا کو یقینی بناتا ہے جسے وقت کے ساتھ بیچ مارک کیا جاسکتا ہے۔

رسک مینجمنٹ کمیٹی

بورڈ کی رسک مینجمنٹ کمیٹی اس بات کو یقینی بنانے کی ذمہ دار ہے کہ بینک تمام خطرات اور غیر یقینی صورتحال کے لیے مناسب انتظام کرے۔ کمیٹی پانچ ارکان پر مشتمل ہے جو بینکنگ اور رسک مینجمنٹ کا بھرپور تجربہ رکھتے ہیں۔ کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہے۔ کمیٹی درج ذیل بورڈ ارکان پر مشتمل ہے:

شمار نمبر	اسمائے گرامی	عہدہ	کمیٹری
1	جناب امتیاز احمد پرویز	چیئرمین	نان ایگزیکٹو ڈائریکٹر
2	جناب عبداللہ ابراہیم محمد القاسمی	رکن	نان ایگزیکٹو ڈائریکٹر
3	جناب عبداللہ عبدالعزیز علی طالب	رکن	نان ایگزیکٹو ڈائریکٹر
4	میاں محمد یونس	رکن	آزاد ڈائریکٹر
5	جناب یوسف حسین	رکن	ایگزیکٹو ڈائریکٹر

بھرتی، نامزدگی اور معاوضہ کمیٹی

بورڈ کی بھرتی، نامزدگی اور معاوضہ کمیٹی، بینک کے انسانی وسائل کے اسٹریکچر کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ انسانی وسائل کی حکمت عملی، بینک کی مجموعی حکمت عملی سے ہم آہنگ ہے۔ کمیٹی وسیع تجربہ رکھنے والے پانچ ارکان پر مشتمل ہے۔ کمیٹی کا چیئرمین ایک نان ایگزیکٹو ڈائریکٹر ہے۔ کمیٹی درج ذیل ارکان پر مشتمل ہے:

شمار نمبر	اسمائے گرامی	عہدہ	کمیٹری
1	جناب احمد عبدالرحیم محمد عبداللہ پھیری	چیئرمین	نان ایگزیکٹو ڈائریکٹر
2	جناب جمعہ حسن علی ابول	رکن	نان ایگزیکٹو ڈائریکٹر
3	جناب میاں محمد یونس	رکن	آزاد ڈائریکٹر
4	جناب علی منیر	رکن	آزاد ڈائریکٹر
5	محترمہ فاطمہ اسد خان	رکن	آزاد ڈائریکٹر

حکمت عملی کمیٹی

بورڈ کی حکمت عملی کمیٹی، بینک کی حکمت عملی کی سمت کو ترتیب دینے میں بورڈ اور انتظامیہ کی مدد کرتی ہے اور بورڈ کی منظور شدہ حکمت عملیوں کے نفاذ کی نگرانی کرتی ہے۔ کمیٹی ایک نان ایگزیکٹو ڈائریکٹر، جو بورڈ کا چیئرمین بھی ہے، کی سربراہی میں چھ ارکان اور رشتہ داروں پر مشتمل ہے۔ کمیٹی درج ذیل ارکان پر مشتمل ہے:

شمار نمبر	اسمائے گرامی	عہدہ	کمیٹری
1	جناب فاروق رحمت اللہ خان	چیئرمین	نان ایگزیکٹو ڈائریکٹر
2	جناب احمد عبدالرحیم محمد عبداللہ پھیری	رکن	نان ایگزیکٹو ڈائریکٹر
3	جناب جمعہ حسن علی ابول	رکن	نان ایگزیکٹو ڈائریکٹر
4	محترمہ فاطمہ اسد خان	رکن	آزاد ڈائریکٹر
5	جناب محسن طارق	رکن	آزاد ڈائریکٹر
6	جناب یوسف حسین	رکن	ایگزیکٹو ڈائریکٹر

ڈائریکٹرز کی کل تعداد گیارہ ہے جیسا کہ درج ذیل ہے:

صنف	تعداد
مرد	10
خاتون	01

بورڈ آف ڈائریکٹرز مندرجہ ذیل ارکان پر مشتمل ہے:

کیٹیگری	اسمائے گرامی
آزاد ڈائریکٹرز	میاں محمد یونس جناب علی منیر محترمہ فاطمہ اسد خان جناب محسن طارق
نان ایگزیکٹو ڈائریکٹرز	جناب فاروق رحمت اللہ خان (چیئر مین) جناب احمد عبدالرحیم محمد عبداللہ بھیری (وائس چیئر مین) جناب جمعہ حسن علی ابول جناب امتیاز احمد پرویز جناب عبداللہ ابراہیم محمد القاسمی جناب عبداللہ العزیز علی طالب
ایگزیکٹو ڈائریکٹر	جناب یوسف حسین (صدر وی ای او)

بورڈ کی کمیٹیاں:

بورڈ کمیٹیوں کی تفصیلات اور ان کے اراکین کے نام درج ذیل ہیں:

آڈٹ اور کارپوریٹ گورننس کمیٹی

بورڈ کی آڈٹ اور کارپوریٹ گورننس کمیٹی چار ارکان پر مشتمل ہے جن کے پاس مالیاتی انتظام کا وسیع تجربہ ہے۔ کمیٹی کا چیئر مین ایک آزاد ڈائریکٹر ہے۔ کمیٹی درج ذیل بورڈ ارکان پر مشتمل ہے:

شمار نمبر	اسمائے گرامی	عہدہ	کیٹیگری
1	میاں محمد یونس	چیئر مین	آزاد ڈائریکٹر
2	جناب احمد عبدالرحیم محمد عبداللہ بھیری	رکن	نان ایگزیکٹو ڈائریکٹر
3	جناب جمعہ حسن علی ابول	رکن	نان ایگزیکٹو ڈائریکٹر
4	جناب علی منیر	رکن	آزاد ڈائریکٹر

ہماری بہترین کارکردگی کے لیے ایوارڈز

FBL کو یکمبر 2022ء کے زیر اہتمام اسلامک ریٹیل بینکنگ ایوارڈز (IRBA) میں ”پاکستان میں 2022ء کے بہترین اسلامی ریٹیل بینک“ کے طور پر نامزد کیا گیا، اور چارٹرڈ فنانشل اینالسٹ (CFA) سوسائٹی پاکستان کی جانب سے ملک میں درمیانے درجے میں شامل بینکوں میں ”2021ء کا بہترین بینک“ قرار دیا گیا۔ یہ تمام اعزازات اور ایوارڈز ہمارے بورڈ آف ڈائریکٹرز اور سینئر مینجمنٹ کی اسٹریٹجک صلاحیت اور ہمارے ملازمین کی محنت اور استقامت کا ثبوت ہیں۔ یہ ظاہر کرتا ہے کہ FBL پاکستان کا ممتاز اسلامی بینک بننے کے مقصد کو حاصل کرنے کی درست سمت کی طرف گامزن ہے۔

ڈیویڈنڈ

بورڈ نے 31 دسمبر 2022ء کو اختتام شدہ سال کے لیے فی حصص 1 روپے کے فائنل کیش ڈیویڈنڈ کی سفارش کی ہے، اس سال کے لیے کل کیش ڈیویڈنڈ فی حصص 7 روپے تک پہنچ گیا ہے۔ بورڈ نے اس سے قبل عبوری نقد منافع فی حصص 6.0 روپے ادا کیے کا اعلان کیا۔

آؤٹ لک

مستقبل کے پیش نظر، FBL اچھی رفتار کے ساتھ بہترین پوزیشن سے 2023ء میں نمایاں ہوگا۔ مزید سیاسی اور اقتصادی غیر یقینی 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۔

کارپوریٹ گورننس

بینک لیمیٹڈ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء (”دی کوڈ“) کے تقاضوں کی پوری طرح تعمیل کرتا ہے۔ کوڈ کے ضابطہ 36 کی ضرورت کے مطابق، کوڈ پر عملدرآمد کی تفصیل اور اس پر آڈیٹرز کی جائزہ رپورٹ اس سالانہ رپورٹ کا حصہ ہے۔

بورڈ آف ڈائریکٹرز

بینک کا بورڈ آف ڈائریکٹرز، شیئر ہولڈنگ اداروں کے نمائندے، آزاد ڈائریکٹرز اور بینک کے صدر اور سی ای او پر مشتمل ہے۔ بورڈ کے تمام ڈائریکٹرز دی کوڈ، کمپنیز ایکٹ، 2017ء اور اسٹیٹ بینک آف پاکستان کے جاری کردہ کارپوریٹ گورننس ریگولیشنز فریم ورک، 2021ء کے طے شدہ اہلیت کے معیار پر پورا اترتے ہیں۔ ڈائریکٹرز کا انتخاب تین سال کی مدت کے لیے کیا جاتا ہے، جس کی میعاد ختم ہونے پر قانون کے مطابق نئے بورڈ کی تقرری کے لیے انتخابات ہوتے ہیں۔ کسی بھی عارضی آسامی کو قانون کے مطابق بورڈ کی طرف سے منظور شدہ اور واضح طریقہ کار کے مطابق پُر کیا جاتا ہے۔

ماحولیاتی رسک مینجمنٹ

FBL نے قرضہ لینے والے صارفین کے رسک کی درجہ بندی کرنے اور قرضہ کی فراہمی کے ماحولیاتی اثرات کا اندازہ لگانے کے لیے، ماحولیاتی رسک مینجمنٹ فریم ورک تیار کیا ہے، اور فریم ورک میں ماحولیاتی رسک ریٹنگ (ERR) ماڈل کا نفاذ شامل ہے تاکہ ماحول پر حصول قرض کے اثرات کا اندازہ لگایا جاسکے۔ مزید برآں، بینک نے یہ فریم ورک ماحولیاتی تعلقات کے ماحول پر پڑنے والے اثرات کا جائزہ لینے کے لیے بھی تیار کیا ہے۔

ماحولیاتی شعور

ماحولیاتی شعور کو بیدار کرنے کے لیے، نئے ملازمین کے اورینٹیشن پیک میں ایک تربیتی نقشہ شامل کیا گیا ہے جو فیصل بینک کی گرین بینکنگ پالیسی کے تصور اور کلیدی ستونوں کی وضاحت کرتا ہے۔ فیصل بینک میں شامل ہونیوالے نئے ملازمین کے لیے باقاعدہ ورچوئل ٹریننگز کا انعقاد کیا جاتا ہے۔ مزید یہ کہ، توانائی کے تحفظ اور اہمیت کے پیغام کی یاد دہانی کے لیے وقتاً فوقتاً اسکرین سیور نصب کیے جاتے ہیں۔

کاغذی کارروائی کے بغیر آپریشنز

FBL، فعال طور پر گرین بینکنگ سرگرمیوں کے بارے میں آگاہی پیدا کر رہا ہے جس میں ڈیجیٹل بینکنگ سروسز اور ای اسٹیٹمنٹس کی رکنیت شامل ہے۔ صارفین کو پہلے لیس طریقوں کا انتخاب کرنے کے لیے قائل کرنے کے لیے براؤنچ ملازمین، کسٹمر سروس نمائندوں اور دیگر ٹیم ارکان کو باقاعدہ تربیت دی جاتی ہے۔

آپریشنز اور مینٹی منس میں - توانائی کا استعمال

توانائی کی افادیت بینک کے سپلائرز اور آلات کی تشخیص کے لیے ایک بنیادی پیمائشی معیار بنا ہوا ہے۔ بینک کی جانب سے فیصل ہاؤس، مع دیگر اہم عمارتوں، اور تمام شاخوں کے نیٹ ورک کو توانائی بچانے والے آلات سے لیس کرنے کے اقدامات کیے گئے ہیں۔ FBL کے اہم مراکز میں توانائی کے اخراجات کو کم کرنے کے لیے روایتی لائٹنگ کو ای ڈی لائٹنگ سے بدل دیا ہے۔ بینک حتمی طور پر اپنی عمارتوں اور شاخوں کے لیے قابل تجدید توانائی کے حل کا بھی متلاشی ہے۔

ادارے کی سماجی ذمہ داری (CSR)

صحت، تنوع اور سماجی شمولیت جیسے تینوں اہم جز فیصل بینک کے کارپوریٹ سماجی ذمہ داری پروگرام کے اولین اہداف ہیں۔ وقف فیصل ایک نان پرافٹ آرگنائزیشن (NPO) ہے اور FBL، CSR کے مقصد کی حمایت میں اسے باقاعدہ عطیات دیتا ہے۔ وقف فیصل تعلیم، سماجی، بہبود، ماحولیات اور ہیلتھ کیئر کے شعبوں میں مصروف عمل معروف NPO کی معاونت کے لیے ان تک رسائی حاصل کرتا ہے۔ بینک نے مالی سال 2022 میں وقف فیصل کو 88 ملین روپے کی رقم دی۔

انسانی وسائل

FBL اس پر یقین رکھتا ہے کہ ایک پائیدار، ترقی پسند، اور پیداواری ادارہ بنانے میں پُر عزم ملازمین ہی کامیابی کی کنجی ہیں۔ FBL کام کی جگہ ایسا ماحول بنانے کے لیے پُر عزم ہے، جہاں تمام ملازمین کی قدر اور تعظیم ہو، جہاں آئیڈیاز کی حوصلہ افزائی کی جاتی ہو، اختلافات کا خیر مقدم کیا جاتا ہو، کارپوریٹ اقدار قائم رہیں، اور تنوع اور شمولیت کو سامنے لایا جائے۔ بینک کھلے روابط اور آراء کے ذریعے ملازمین کی مصروفیت کی سطح کو بڑھانے، ٹیلنٹ کی افزائش، پرورش اور فروغ دینے، اور انعام و اکرام اور اعزاز کے بہترین استعمال کے لیے مسلسل کام کر رہا ہے۔ اقدار کی تجدید اور انہیں اسلامی بینکاری سے متعلقہ بنانے کے لیے بینک میں تہذیبی تبدیلیاں ہوئیں۔ بینک کی اسلامی بینکاری میں منتقلی کے بعد بینک کی نمائندگی کرنے کے لیے ایمان اور یقین کو بینک کے تہذیبی اقدار میں کلیدی قدر کے طور پر شامل کیا گیا ہے۔ مزید برآں، آج کے تیز رفتار ڈیجیٹل ماحول میں، جدت لازمی ہے؛ بہترین کسٹمر سینٹرک (Customer-centric) اسلامی بینک بننے کے اپنے مشن کو نئے جوش و جذبے اور اعتماد کے ساتھ جاری رکھتے ہوئے FBL نے جدت کی قدر کو اپنے عملی ہتھیاروں میں شامل کر لیا ہے۔

2022 کے دوران، بینک نے اپنے ملازمین کے لیے 450 لرننگ سیشنز کا انعقاد کیا، جن میں 496 اندرونی تربیتی سیشن اور 44 بیرونی تربیتی سیشن شامل تھے۔ ان لرننگ سیشنز کی رینج میں اسلامک بینکنگ سیشنز، سافٹ اسکولز اور کمپلائنس و کنٹرول سے متعلق مخصوص افراد کے لیے ٹیکنیکل ٹریننگز اور متعلقہ ٹریننگز پروگرام شامل کیے گئے۔ ہم ایسا بینک بننا چاہتے ہیں، جو اپنی حکمت عملی کے اہداف میں کام کے ساتھ تہذیب کو شامل رکھے، جو ہر سطح پر مساوی مواقع فراہم کرنے والا ہو، اور جدت اور معاونت کو فروغ دے۔ FBL میں اس وقت 19% صنفی تنوع ہے، جو اسلامی بینکنگ انڈسٹری میں سب سے زیادہ اور انڈسٹری کی اوسط 15% سے زیادہ ہے، جسے 2025 تک 25% تک بڑھانے کا ہدف ہے۔ FBL نے 2022 میں HR میٹرکس سے سیون گلوبل ڈائیورسٹی، ایکویٹی اور انکلیوژن ایوارڈز بھی حاصل کیے۔

ایک قومی مقصد کے طور پر، بینک نے برانچ نیٹ ورک کی توسیع کے ذریعے روزگار کے مواقع پیدا کیے، افرادی قوت کو دسمبر 2021 میں 7,120 سے بڑھا کر دسمبر 2022 میں 8,011 کر دیا گیا ہے۔

رسک مینجمنٹ فریم ورک

رسک مینجمنٹ گروپ (RMG) کو چیف رسک آفیسر (CRO) کے تحت منظم کیا گیا ہے۔ CRO کو بورڈ آف ڈائریکٹرز (BoD) نے پورے بینک میں رسک مینجمنٹ فریم ورک کو نافذ کرنے کا اختیار دیا ہے۔ مالیاتی بیانات کا نوٹ 44 رسک مینجمنٹ فریم ورک کے بارے میں تفصیل فراہم کرتا ہے اور بینک کو درپیش بڑے خطرات اور غیر یقینی صورتحال کے ساتھ ساتھ ان کے حل کے طریقوں پر بھی تبادلہ خیال کرتا ہے۔ معیشت کی موجودہ نازک صورتحال کو مد نظر رکھتے ہوئے، بینک نے باقاعدگی سے کمیٹی کے اجلاس منعقد کر کے اپنے کریڈٹ مینجمنٹ کے طریقوں کو تقویت دینے اور اپنے پورٹ فولیو کا باقاعدگی سے جائزہ لینا شروع کیا تاکہ یہ معلوم کیا جاسکے کہ تناؤ کے متغیرات کا بینک کے کریڈٹ پورٹ فولیو پر کیا اثر پڑے گا۔

ماحولیاتی ذمہ داری

بینک نے ایک جامع گرین بینکنگ پالیسی تیار کی اور اس کو نافذ کیا ہے۔ اس پالیسی کا مقصد بینک کے ملازمین اور صارفین میں ماحولیاتی شعور کو بڑھاتا ہے۔ یہ پالیسی درج ذیل امور پر مشتمل ہے:

- ☆ ماحولیاتی رسک مینجمنٹ فریم ورک کی بنیاد پر صارفین کے لیے مالیاتی سہولیات کی توسیع
- ☆ بینک میں ماحول دوست پالیسیوں اور طریقوں کو اپنانے سے متعلق ہدایات
- ☆ صارفین میں ماحول دوست طریقوں کی اہمیت سے متعلق بیداری پیدا کرنا

اپ کیا ہے۔ کیپٹل مارکیٹ میں ایکویٹی ڈیک ایک کھلاڑی کی طرح فعال رہا۔ تاہم سال بھر میں بیلنس آف پیمنٹس کے مسئلے اور جاری سیاسی افراتفری کے باعث سرمایہ کاروں کے حوصلے پست رہے۔ ایسے میں ایکویٹی ڈیک چکدار ثابت ہوا اور اس کے مارکیٹ کے علم اور دوراندیشی نے نقصان کو محدود کرنے میں مدد کی۔

ڈیجیٹل بینکنگ گروپ

ڈیجیٹل طریقوں کے لین دین کی طرف کسٹمرز کے بڑھتے ہوئے رجحان کو دیکھتے ہوئے ڈیجیٹل بینکنگ گروپ اس بات کو یقینی بنانے کے لیے اختراعات جاری رکھے گا کہ صارفین کو بغیر کسی رکاوٹ کے بینکنگ سہولیات حاصل ہوں۔ ڈیجیٹل بینکنگ گروپ متعدد چینلز کے ذریعے ریٹیل صارفین کی خدمت کر رہا ہے:

ڈیجیٹل سروسز

فیصل DigiBank صارفین کو دن کے کسی بھی لمحے تحفظ کے ساتھ تمام بینکنگ سروسز تک رسائی دیتا ہے۔ چینل 450,000 سے زیادہ صارفین کی میزبانی کرتا ہے جن میں سے تقریباً 150,000 نئے صارفین 2022 میں شامل ہوئے اور تقریباً 16 ملین سے زائد ٹرانزیکشنز ہوئیں۔

اس سال راست کے ذریعے ادائیگیوں میں بھی اضافہ دیکھا گیا۔ ڈیجیٹل دور کی طرف بڑھتے ہوئے، بینک اب لوکل ڈیجیٹل اکاؤنٹ (LDA) بھی پیش کرتا ہے، جو صارفین کو فیصل بینک اکاؤنٹس کو ڈیجیٹل طور پر کھولنے کی سہولت دیتا ہے۔ دوسروں کے درمیان شکایت اور تنازعے کے اندراج اور کریڈٹ کارڈ سروس کی درخواست کے لیے متعارف کرایا گیا یہ چینل بڑے پیمانے پر مقبول ہے، اس چینل نے خدمات کی منتقلی اور براؤزر اور رابطہ مرکز پر سے بوجھ کو کم کرنے میں بھی مدد فراہم کی ہے۔ آگے چل کر، اس پلیٹ فارم کو ہمارے صارفین کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے مارکیٹ کی مسابقت میں مزید بہتر بنایا جائے گا۔ اپنے صارفین کے لیے صارف دوست تجربہ فراہم کرنے کے لیے ایپ کے انٹرفیس اور ڈیزائن کی اصلاح کی جا رہی ہے۔

مجموعی طور پر، چینل کا مقصد صارفین کی ضروریات کو ترجیح دیتے ہوئے اپنے تمام صارفین کے لیے مارکیٹ سے منسلک رہنے کا ون-اسٹاپ حل بنانا ہے۔

ویلیو ایڈیڈ سروسز

ڈیجیٹل پلیٹ فارم کی کامیابی متعدد ڈیجیٹل پوائنٹس پر اس کے صارفین کی حوصلہ افزائی پر منحصر ہے۔ اپنی خدمت آپ (سیلف سروس) چینلز کا فروغ نہ صرف بینک کے لیے بلکہ اس کے صارفین کے لیے بھی اہم ہے، جو فیصل اسلامی واٹس ایپ بینکنگ، ایس ایم ایس الرٹس، ای سیٹمنٹ اور ای ٹی ایم کے مسلسل بڑھتے ہوئے صارفین کی بنیاد کے ذریعے ہوسکتا ہے۔

فیصل اسلامی واٹس ایپ بینکنگ میں 2022 کے دوران قابل قدر اضافہ دیکھا گیا ہے۔ اب اس چینل کے ذریعے 250,000 سے زیادہ ریٹیل صارفین بینک سے رابطہ قائم کر سکتے ہیں۔ مزید برآں، تقریباً 600,000 صارفین ریٹیل-ٹائم ایس ایم ایس الرٹس سروس کے لیے رجسٹرڈ ہیں 300,000 سے زیادہ صارفین گوگن ای سیٹمنٹ کے لیے رجسٹرڈ ہیں اور 630 سے زائد ای ٹی ایم ملک بھر میں صارفین کی خدمت میں مصروف ہیں۔

فیصل اسلامی واٹس ایپ بینکنگ ہر ماہ 200,000 سے زیادہ سروس کی درخواستوں کو پورا کرتی ہے، صارفین کو اپنے بیلنس چیک کرنے، اپنی سیٹمنٹ ڈاؤن لوڈ کرنے کو آسان بناتی ہے، عطیات کی ادائیگیاں کرنا اور دیگر خدمات اب ایسے میڈیم پر دستیاب ہیں جس کے وہ بہت زیادہ عادی ہیں۔

کمرشل بینکنگ اینڈ سماں میڈیم انٹرنیٹز (CBSME)

معاشی بدحالی کے سال میں، لون بک کو بڑھانا اور کریڈٹ کے معیار کو برقرار رکھنا انتہائی اہمیت کا حامل تھا۔ ’برانچ لیڈ SME ماڈل‘، CBSME نے مؤثر طریقے سے اپنایا، جس کی وجہ سے 50 بلین روپے کے امتیازی سنگ میل کو عبور کر لیا۔ CBSME نے ’حب اینڈ اسپوک ماڈل‘ پر بھی عملدرآمد کیا۔ اس ماڈل کے لیے ضروری تھا کہ ملک بھر میں خصوصی مراکز پر ٹیموں کی تعینات کی جائیں، جہاں وہ موجودہ تعلقات اور آس پاس کی شاخوں کی جانب سے آنے والے حوالہ جات کو سنبھالنے کی ذمہ دار ہیں۔ 2023 میں CBSME نے SME فنڈنگ کے لیے ڈیجیٹل پلیٹ فارم شروع کرنے کا منصوبہ بنایا ہے۔

کارپوریٹ اور سرمایہ کاری بینکنگ گروپ

کارپوریٹ اور سرمایہ کاری بینکنگ گروپ سال بھر سرگرم رہا اور تمام شعبہ جات میں کئی تاریخی سرمایہ کاری بینکنگ سودوں میں کامیابی کے کئی سنگ میل عبور کیے۔ FBL نے قابل ذکر تعداد میں پروڈیکٹس اور سینیڈیکیشنز کے لیے انتظامات اور مشاورتی ہدایات کی قیادت کی۔ بینک نے انفراسٹرکچر، پاور، ٹیلی کمیونٹی کیشنز وغیرہ میں کامیابی سے مذاکرات کیے اور 60 بلین روپے سے زیادہ کے لین دین کے سودوں کی قیادت کی۔

2022 میں پاکستان کی ترسیلات زر کی مجموعی رقم 29.5 بلین امریکی ڈالر تھی جو کہ پچھلے سال سے تقریباً 5% کمی کو ظاہر کرتی ہے۔ انڈسٹری کے ماہرین کی رائے ہے کہ اوپن مارکیٹ اور انٹر بینک مارکیٹ میں قیمتوں کے درمیان اس عدم مساوات کے پیچھے بینکنگ چینلوں کی مخالفت کے طور پر غیر رسمی چینلوں کے استعمال کی محرک قوت تھی۔ حتیٰ کہ اس نے بینک کے اندرون ترسیلات زر کے کاروبار کو متاثر کیا، تاہم مارکیٹ شیئر 3% کی حد میں رہا جبکہ ٹرانزیکشنز میں 16% کا اضافہ دکھائی دیا۔

کنزیومر بینکنگ

مشکل کاروباری ماحول کے باوجود، کنزیومر پورٹ فولیو میں 10% اضافے سے 46 بلین روپے کے ساتھ مجموعی طور پر کنزیومر بینکنگ کا ایک شاندار سال تھا۔ 2021 میں، اسلامی بینکاری کے کنزیومر زور دیا جی کرڈٹ کو شریعت کے مطابق متبادل سہولت فراہم کرنے کے لیے ’نور کارڈ‘ شروع کیا۔ نور کارڈ ایک بہت بڑی کامیابی تھی اور بینک نے 2022 میں 46,000 سے زیادہ نئے صارفین کو اس میں شامل کیا۔ کارڈ سے کیے جانے والے خرچے میں 145% اضافہ ہوا۔

پاکستان میں بینکنگ، ادائیگی، اور سرمایہ کاری کی سرگرمیوں میں دلچسپی رکھنے والے غیر متقیم پاکستانیوں کی سہولت کے لیے، حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کی مشترکہ کوشش کے طور پر روشن ڈیجیٹل اکاؤنٹ (RDA) متعارف کرایا گیا۔ اس پروگرام کو شاندار پذیرائی ملی، نتیجتاً، سوٹ میں ایک جامع پروڈکٹ تیار ہوا جو جدید اور صارف دوست، ڈیجیٹل بینکنگ حل پیش کرتا ہے۔ 2022 کے دوران، روشن ڈیجیٹل اقدامات کے پورٹ فولیو نے ڈپازٹس اور فنڈنگ میں اضافے سے نمایاں کارکردگی دکھائی۔

ٹریڈری

ٹریڈری نے FX کے کاروبار میں مضبوط کارکردگی کا مظاہرہ کیا اور اپنے گاہکوں (کلائنٹس) کو مسابقتی قیمتوں کی پیشکش سے FX کے حجم میں اضافہ کرنے میں کامیاب رہا۔ موجودہ شرح سود کے ماحول کو مد نظر رکھتے ہوئے فلوئنگ ریٹ اجارہ سکولز میں محتاط سرمایہ کاری کی گئی۔ اسلامی قرض کے آلات میں مہارت رکھنے والے پورٹل فیصل سیلف انویسٹمنٹ کے لیے متعدد افراد نے سائن

مجموعی طور پر، بینک منافع اور بیلنس شیٹ میں نمو کی شرح بڑھانے کی رفتار کو جاری رکھتے ہوئے معاشی اور کاروباری ماحول کی مشکلات کا سامنا کرنے کے لیے تیار ہے۔

کاروباری جائزہ

اسلامک بینکنگ ڈویژن

اسلامک بینکنگ ڈویژن (IBD) نے ایک اہم کردار ادا کیا اور نہ صرف تمام محکموں کو اپنے متعلقہ شعبوں کو شریعت کے مطابق آپریشنز میں تبدیل کرنے کے لیے مدد فراہم کی بلکہ اسلامی معلومات اور فہم کی سطح کو بلند کرنے کے لیے پاکستان بھر میں تربیتی پروگرامز کے انعقاد میں بھی معاونت کی۔ جبکہ FBL کے عمل کو بنیادی ہدف آڈینس رکھتے ہوئے، برانچز میں صارفین کے لیے آگاہی سیشنز کا انعقاد بھی کیا، غیر صارفین کو مساجد، جامعات وغیرہ میں، اور تاجروں، تاجر تنظیموں اور کارپوریٹ ملازمین کے ساتھ گروپ سیشنز کا انعقاد کیا۔

سال بھر کے دوران تقریباً 110+ پروسیس فلو کو تشکیل دیا، 700+ گارنٹی ٹیکسٹس پر عملدرآمد کیا گیا، 300+ سیکورٹی انتظامات کا جائزہ لیا گیا، اور مختلف صارفین کے کاروباری سوالات و ضروریات کو پورا کیا گیا۔ مزید یہ کہ FBL کئی سرمایہ کاری بینکنگ سودوں کا حصہ بنا اور شرعی مشیر کی خدمات سرانجام دیں۔ IBD نے اپنے زرعی صارفین کے لیے توارق (Tawarruq) کے تحت ریوالونگ کریڈٹ اسکیم پروڈکٹ اور ورکنگ کپینٹل فیسلٹیز (WCL) متعارف کرائیں۔ ان پروڈکٹس کو روایتی صارفین کو اسلامی صارف میں تبدیل کرنے کے مقصد کے ساتھ متعارف کرایا گیا۔ اس پروڈکٹ کے ذریعے بینک 600+ سے زیادہ صارفین کے لیے اسلامی حل اور انہیں ان کی روزمرہ کی کاروباری ضروریات پوری کرنے کے لیے سہولیات فراہم کرنے کے قابل ہوا۔ پول منجمنٹ ڈپارٹمنٹ نے نہ صرف عام پول منجمنٹ سسٹم کو خود کار کیا بلکہ ٹریڈی سے منسلک پول منجمنٹ سسٹم بھی متعارف کروایا جو پاکستان میں اپنی نوعیت کا پہلا نظام ہے۔

ریٹیل بینکنگ

FBL نے اپنے برانچ نیٹ ورک کو بروئے کار لاتے ہوئے اپنا مارکیٹ شیئر دسمبر 21 کے 3.1% سے دسمبر 22 تک 3.5% تک بڑھایا۔ بینک نے اپنی ترقی کی رفتار جاری رکھی اور 94 نئی برانچز کو نیٹ ورک میں شامل کیا جو سال کے اختتام تک 700 برانچز تک پہنچ گیا۔ FBL مالی شمولیت کے دائرہ کار کے تحت ملکی معیشت کو سہارا دینے کی کوششوں میں اسٹیٹ بینک آف پاکستان کا ساتھ دینے کے لیے پُر عزم اور متحرک ہے۔ SBP کی ہدایات کے مطابق، FBL نے بینکنگ میں مساوات (BoE) اور معذور افراد (PWD) سے متعلق پالیسیاں کامیابی سے متعارف کروائیں۔ FBL 0.2 ملین سے زیادہ صارفین کو فخریہ خدمات فراہم کر رہا ہے، جس میں 0.2 ملین خواتین شامل ہیں۔

2022 کے دوران، مارکیٹ کے مختلف حصوں کی ضروریات کو پورا کرنے کے لیے سوٹ میں کئی نئی مصنوعات شامل کی گئیں؛ خواتین کے لیے صحت کے فوائد، شاپنگ ڈسکاؤنٹس، لاکر فی ڈسکاؤنٹس، سیونگ / لین دین کی آسانی، جیسی سہولیات کے لیے ون اسٹاپ مالی حل کے ساتھ ایک برانڈ ڈاؤنٹ ”اے“ متعارف کرایا گیا۔ اس انوکھی تجویز نے 6500 سے زیادہ نئی خواتین کا آئٹمز کو 1.84 بلین روپے کے ڈپازٹس کے ساتھ نیٹ ورک میں شامل کرنے میں مدد کی۔ مزید برآں، FBL نے سہولت کے ساتھ ہموار بینکنگ کے تجربے کے لیے مختلف خصوصیات کے حامل افراد کو سہولت دینے کے لیے تمام صوبوں میں 13 وقف شدہ PWD برانچز کا آغاز کیا۔

نفع و نقصان کا اکاؤنٹ

نمو	دسمبر 21	دسمبر 22	
%	ملین روپے		
42.5	34,343	48,947	کل آمدنی
- 31.6	20,887	27,494	مارک اپ کے علاوہ اخراجات
59.4	13,456	21,453	قبل از ٹیکس پروویژنز نفع
2,058.3	48	(940)	خالص پروویژنز
67.0	13,409	22,393	قبل از ٹیکس نفع
-112.3	5,256	11,160	ٹیکس
37.8	8,153	11,233	بعد از ٹیکس نفع
37.8	5.37	7.40	فی حصص آمدن (روپے)

FBL نے 2022 کے دوران 22.4 بلین روپے کے ریکارڈ قبل از ٹیکس منافع (PBT) کے ساتھ متاثر کن کارکردگی پیش کی ہے، جو کہ گذشتہ سال کے 13.4 بلین روپے سے 67% زیادہ ہے۔ البتہ بعد از ٹیکس منافع میں اضافہ وفاقی بجٹ میں سابقہ اور ضرورت سے زیادہ ٹیکس اقدامات کے اعلان کے باعث فقط 38% تک محدود رہا۔ فی حصص آمدن 7.40 روپے رہی جو کہ گذشتہ سال سے 38% زیادہ ہے۔

بینک نے اپنی ترقی کی رفتار کو جاری رکھا اور کل آمدنی میں 2021 سے 43 فیصد زیادہ اضافہ کیا۔ مضبوط بیلنس شیٹ کی توسیع اور مجموعی اسپرڈز میں بہتری کے سہارے سے خالص مارک اپ آمدنی 55% کے سال بہ سال اضافے کے ساتھ 2022 میں 40.0 بلین روپے تک پہنچ گئی ہے۔ 63 بلین روپے (29% YoY) کے کرنٹ ڈپازٹ کی مضبوط متحرک کاری اور اوسط بینچ مارک کی شرح میں اضافے نے مجموعی اسپرڈز کو بہتر کرنے میں مدد کی۔ نان مارک اپ آمدنی میں گذشتہ سال سے 5% زیادہ اضافہ ہوا اور 2022 کے دوران 9.0 بلین روپے رہی۔ نان مارک اپ آمدنی کی شرح نمو سیکورٹیز میں نقصان کی وجہ سے کم رہی؛ سیکورٹیز کے نقصان کے علاوہ، نان مارک اپ آمدنی 28% سے بڑھی۔

افراط زر میں شدید اضافے، امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی اور برانچز کے نیٹ ورک میں اضافے کی وجہ سے بینک کے نان مارک اپ اخراجات 2021 کے مقابلے میں 32% زیادہ رہے۔ اس کے باوجود ہماری توجہ آمدنی بڑھانے پر مرکوز رکھنے کی وجہ سے 61% CIR سے کم ہو کر 56% ہو گئی ہے۔ 2022 میں 0.9 بلین روپے کا خالص پروویژن میں ریورسل ریکارڈ کیا گیا۔ انفیکشن کا تناسب مسلسل کم ہو کر 4.6% رہا اور مجموعی کوریج کا تناسب 89% رہا۔

مضبوط ڈپازٹ موبلائزیشن کے اقدامات سے FBL نے بیلنس شیٹ میں 1.1 ٹریلین روپے کی حد کا امتیازی نشان عبور کر لیا۔ گذشتہ کئی سہ ماہیوں سے کرنٹ ڈپازٹ کی رفتار کو جاری رکھا اور وہ 278 بلین روپے تک پہنچا دیا، جو دسمبر 21 سے 29% زیادہ کی ہے۔ مجموعی ڈپازٹس میں 21% اضافے کی بدولت مارکیٹ شیئر 3.1% سے بڑھ کر 3.5% ہو گیا۔ کرنٹ اکاؤنٹ (CA) کا تناسب 33% سے بڑھ کر 35% ہو گیا اور CASA کا تناسب 75% سے بڑھ کر 80% ہو گیا۔

FBL کے خالص ایڈوانسز 15% اضافے کے ساتھ 455 بلین روپے ہو گئے اور ADR معمولی سی کمی کے بعد 61% سے 58% تک آ گیا۔ بینک نے قرضوں سے سیال اثاثہ جات حاصل کیے اور سکوک میں سرمایہ کاری کی، نتیجتاً سرمایہ کاری میں 31% اضافہ ہوا اور 469 بلین روپے تک پہنچ گئی۔

تبدیلی کے اس سفر کے آغاز پر، FBL کی مصنوعات کا ایک جامع شعبہ جاتی تجربہ کیا گیا اور اس بات پر اتفاق کیا گیا کہ تبدیلی کے اس دائرہ کار کے لیے تمام جزئیات، اور ضرورت اور وقت کے مطابق حکمت عملی پر کاربند رہنے کی ضرورت ہوگی۔ ہم اس کے لیے نہایت تندی اور چلک رکھے ہوئے تھے، ہم نے اپنی نظریں اس مقصد کو حاصل کرنے پر مرکوز رکھیں اور اس حقیقت کو بھی مد نظر رکھا کہ بینک کو استحکام کے خطرات سے بچانے کے لیے کنٹری رٹن کو آہستگی اور استقامت کے ساتھ ضروری نگرانی، تشخیص کے بعد اپنانے کی ضرورت ہے۔

FBL کی سینئر انتظامیہ نے، بورڈ آف ڈائریکٹرز اور شریعہ بورڈ کی رہنمائی کے تحت، ایک بہترین، منظم اور تفصیلی کنورژن کی حکمت عملی اور عملدرآمدی منصوبہ تیار کیا۔ اس منصوبے کے تحت FBL کے سسٹمز، پروسیجرز، پروڈکٹ سوٹ، پورٹ فولیو، برانڈ اور سب سے اہم لوگوں میں خوب بہتری آئی۔ بطور جامع برنس ٹرانسفارمیشن پلان (BTP) کا حصہ، اسپیشلسٹس اور ایگزیکٹوز کی ایک سینئر ٹیم تشکیل دی گئی جس نے اس خواب کو تعبیر تک پہنچایا۔

FBL کے بورڈ نے 2016 میں BTP کو 5 سال کی مدت کے ساتھ منظور کیا جو کہ دیگر دو سال کے لیے قابل توسیع تھی۔ پہلے دو سال 2016-2018، صلاحیتوں میں اضافے پر صرف کیے، اور آئندہ چار سال 2018-2022، روایتی شاخوں اور پورٹ فولیو کی کنورژن پر مرکوز رکھے۔

خدا کے فضل و کرم، ڈائریکٹرز اور شریعہ بورڈ کی نگرانی میں، FBL نے اسلامی بینک میں تبدیلی کو اپنی کارپوریٹ حکمت عملی سے ایک سال پہلے ہی کامیابی سے مکمل کر لیا۔ تبدیلی کے اس عمل کے دوران بینک نے اپنی بیلنس شیٹ اور منافع میں اضافہ سے مارکیٹ پر اپنی ترقی کی جاری رفتار کی عکاسی کی۔ ہم یہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں کہ ہمارے 98% سے زیادہ ڈپازٹس اور 96% فناننگ پورٹ فولیو اب اسلامی ہے۔ بقایا روایتی پورٹ فولیو جو کچھ بیرونی، ناگزیر چیلنجز کے باعث بچ گیا ہے، اس کا شرعی اصولوں کے مطابق انتظام کیا جا رہا ہے۔

اس بڑے سنگ میل کا جشن منانے کے لیے ایک وسیع تشہیر اور تعلقات عامہ کو بروئے کار لایا جا رہا ہے۔ مزید برآں، بینک تبدیلی کے اس تاریخی سفر کو یادگار بنانے کے لیے ایک شاہانہ تصویری کتاب پر کام کر رہا ہے، جو رواں سہ ماہی کے دوران جاری کی جائے گی۔

اپنے مقصد کو پانے کے بعد، 5 سال کے اندر معیشت سے رہا کے خاتمے کی ہدایت پر مبنی وفاقی شریعہ کورٹ کے فیصلے پر عملدرآمد کے لیے ہم اسٹیٹ بینک آف پاکستان کے ساتھ کام کرنے کے لیے پُر عزم ہیں اور بینکنگ انڈسٹری کو اپنے مکمل تعاون کا یقین دلاتے ہیں۔

مالیاتی جھلکیاں:

بیلنس شیٹ کے نمایاں اعداد و شمار

نمو	دسمبر 21	دسمبر 22
%	ملین روپے	
31.3	357,471	469,451
14.6	396,295	454,261
23.5	869,612	1,074,353
21.3	644,089	781,571

سرمایہ کاری

فنانسنگ

کل اثاثہ جات

ڈپازٹس

پاکستان بیورو آف اسٹیٹسٹکس (PBS) کے اعداد و شمار کے مطابق، رواں مالی سال 2023 کی پہلی ششماہی میں تجارتی خسارہ 17.1 بلین امریکی ڈالر تک پہنچ گیا، نیز برآمدات %5.8 کی ساتھ 14.5 بلین امریکی ڈالر تک پہنچ گئیں اور درآمدات %22.6 کی بعد 31.3 بلین ڈالر ہو گئیں۔ مالی سال 2023 کی پہلی ششماہی میں، ورکرز کی ترسیلات زر میں YOY میں %11 کی واقع ہوئی اور 14 بلین امریکی ڈالر تک پہنچ گئی۔ مالی سال 2023 کی پہلی ششماہی کے دوران کرنٹ اکاؤنٹ خسارہ صرف 3.7 بلین امریکی ڈالر رہا، جو کہ گذشتہ سال میں اسی مدت سے %59.3 کم ہے۔ کرنٹ اکاؤنٹ کے اس سکنڈ آؤ کے باوجود درآمدی پابندیوں کی وجہ سے 31 دسمبر 2022 پر اسٹیٹ بینک کے ذخائر کم ہو کر صرف 4.6 بلین امریکی ڈالر رہ گئے۔ مالی سال 2023 کی دوسری ششماہی (2HFY23) میں، پاکستان بیرونی قرضوں کی مد میں 8 بلین امریکی ڈالر ادا کرنے کا پابند ہے۔ اس لیے، پہلے سے جاری ڈیفالٹ کا خطرہ موجود رہے گا۔ IMF کو توقع ہے کہ IMF کا پروگرام کچھ ہفتوں میں دوبارہ شروع ہو جائے گا، جو دوست ممالک اور عالمی اداروں کو درآمدات کی طرف متوجہ کرے گا۔

ملک میں جاری اندرونی معاشی غیر یقینی اور بیلنس آف پیمنٹس کے مسئلے کی وجہ سے فنانشل وکرنسی مارکیٹس کی صورتحال اسی طرح گمبھیر رہے گی۔ جیسے ہی IMF پاکستان کے پروگرام کا نویں مرتبہ جائزہ مکمل کرے گا، پاکستان کے کریڈٹ اسپریڈ کم ہونا شروع ہو جائیں گے، اور ایک مرتبہ فنڈ دو طرفہ اور کثیرالچہتی ذرائع سے آنا شروع ہو سکے گا تو استحکام آ جائے گا، جیسے جنیوا اجلاس میں عہد کیا گیا۔ اس سے اسٹیٹ بینک کے ذخائر اور قرض کے استحکام پر دباؤ کم ہو جائے گا، اور غیر ملکی زرمبادلہ اور اسٹاک مارکیٹ پر بہتر اثرات مرتب ہوں گے۔

بینک کی کارکردگی

2022 ہمارے ملک کے لیے اقتصادی محاذ پر بہت مشکل سال تھا اور بینکنگ انڈسٹری اس غیر یقینی صورتحال سے براہ راست متاثر ہوتی ہے۔ تاہم بینک نے اپنی حکمت عملی اور مقاصد پر توجہ مرکوز رکھی اور نہ صرف بیلنس شیٹ اور منافع میں اضافے کے لحاظ سے بہترین کارکردگی کا مظاہرہ کیا بلکہ خود کو مکمل طور پر اسلامی بینکاری میں تبدیل کرنے کا ہدف بھی حاصل کیا۔ بینک کی کارکردگی کا تفصیلی جائزہ درج ذیل سطروں میں دیا گیا ہے:

اسلامی بینکاری میں منتقلی کا سفر

FBL کی تاریخ میں سال 2022 یاد رکھا جائے گا کہ اس میں بینک نے خود کو ایک مکمل اسلامی بینک میں تبدیل کیا۔ 31 دسمبر 2022 FBL کا بطور وایتی بینک آخری دن تھا اور یکم جنوری 2023 کو بینک نے اسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ اسلامی بینکنگ لائسنس کے تحت بطور مکمل اسلامی بینک اپنے کام کا آغاز کیا۔

FBL اپنی مکمل طور پر اسلامی بینک میں تبدیلی کا جشن منا رہا ہے۔ الحمد للہ خدا کے فضل و کرم، بورڈ کے ثابت قدم ویشن، انتظامیہ کی لگن، عملے کی استقامت اور ہمارے صارفین کی حمایت سے، بینک نے اپنے بینک کو اسلامی بینک میں تبدیل ہونے کے عظیم ترین عمل کو یادگار کامیابی سے مکمل کیا۔ اتنے بڑے پیمانے کی کنورژن نہ صرف پاکستان بلکہ پوری دنیا میں بے مثال ہے اور اسلامک انٹرنیشنل ریٹنگ ایجنسی (IIRA) نے بھی خصوصی طور پر سراہا ہے۔ اور ممتاز علمائے کرام و مشائخ کے زبردست تعاون اور رہنمائی پر ان کے تہہ دل سے مشکور ہیں۔

کنورژن کے سفر کا آغاز اگست 2014 سے ہوا اور تب سے اب تک ایف بی ایل نے کامیابی سے کنورٹ کیا ہے۔ :

- ☆ 211 روایتی شاخیں،
- ☆ تمام ڈپازٹ پروڈکٹس (Rs.240 + Bln)،
- ☆ تمام فنانسنگ پروڈکٹس (Rs.190 + Bln)
- ☆ تمام تجارتی اور سرمایہ کاری کی پروڈکٹس،

ڈائریکٹرز کا جائزہ

ان کنسولٹیڈ بیٹڈ مالیاتی گوشوارے برائے سال 2022

ہم بورڈ آف ڈائریکٹرز کی جانب سے، فیصل بینک لمیٹڈ ("FBL" یا "بینک") کے ڈائریکٹرز کی رپورٹ، آڈٹ شدہ مالیاتی گوشواروں اور آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی کا تعارف:

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 مندرج ہیں۔ FBL صارفین کے تمام طبقات جیسے ریٹیل، چھوٹے اور متوسط درجے کے کاروباری ادارے، کمرشل، ایگری میسڈ اور کارپوریٹ کو بینکنگ خدمات کی ایک وسیع رینج پیش کرتا ہے۔

بینک کی ملک بھر میں 270 شہروں میں 700 شاخیں ہیں۔ FBL کو ایک مکمل اسلامی بینک میں تبدیل کرنے کی حکمت عملی کے مطابق، 31 دسمبر 2022 کو بینک کی تمام 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 بحریں کے ذریعے ریگولیٹ کیا جاتا ہے، یہ مرکزی کمپنی ہے، جو فیصل بینک لمیٹڈ میں بالواسطہ یا بلاواسطہ 66.78% اتماں (2021: 66.78%) حصص کی حامل ہے۔ اتماں بینک B.S.C. (کلوزڈ) اتماں ہولڈنگز B.S.C. کا ملکیتی ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (DMIT) اتماں ہولڈنگز B.S.C. کی ہولڈنگ کمپنی ہے اور بنیادی طور پر بینک کی سرپرست ہے۔ DMIT کو انڈین پتھر کے ذریعے دولت مشترکہ بہاماس کے قوانین کے تحت اسلامی قانون، اصولوں اور روایت کے مطابق کاروباری امور کو انجام دینے کے مقصد سے تشکیل دیا گیا تھا۔

تازہ ترین اقتصادی صورتحال:

23 جنوری 2023 کو منعقدہ ماہیٹری پالیسی کمیٹی کے 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 17% کر دیا ہے۔ مالی سال 2023 کی پہلی ششماہی کے دوران کنزیومر پرائس انڈیکس (CPI) کی عمومی شرح 25.1% رہی، جبکہ ہیڈلائن افراط زر کی شرح 23-26 فیصد کے درمیان رہی۔ مہنگائی کی شرح مزید بڑھنے کا امکان ہے کیونکہ پاکستان دوبارہ IMF سے رجوع کرنے کا خواہش مند ہے۔ نویں مرتبہ نظر ثانی کو مکمل کرتے ہوئے، پاکستان کو کہا ہے کہ وہ اپنی بجلی وگیس کی قیمتوں میں اضافہ کر کے اپنے وگیس (1.64 ٹریلین روپے) اور بجلی (2.5 ٹریلین روپے) کے بڑھتے ہوئے خسارے کو کم کرے، روپے کی قدر کو تجارتی مارکیٹ کی قوتوں کے ساتھ جوڑنے اور حالیہ 200 بلین روپے کے نقصان کے ازالے کے لیے مزید ٹیکسز لاگو کرے۔

مالی سال 2023 میں جی ڈی پی کی نمو گزشتہ 2% سے اوپر کی پیش گوئی کے مقابلے میں اب 2% سے کم رہنے کی پیش گوئی کی گئی ہے۔ جیسا کہ دنیا بھر میں مرکزی بینکوں نے افراط زر پر قابو پانے کے لیے کئی اقدامات کیے ہیں، جس کی وجہ سے کساد بازاری کے امکانات بڑھ گئے ہیں۔

FBR نے مالی سال 23 کی پہلی ششماہی میں اپنے 3.67 ٹریلین روپے کے مقررہ ہدف کے مقابلے میں 3.43 ٹریلین روپے وصولی کی ہے، جس کے نتیجے میں GDP کا 1.5% مالی خسارہ ہوا ہے۔ مزید یہ کہ اقتصادی سرگرمیوں میں سست روی اور درآمدات میں کمی سے ٹیکس وصولی کی رفتار کو برقرار رکھنے کے خطرات لاحق ہیں، جس کے نتیجے میں مزید سخت منی بجٹ لانے کا حکومت پاکستان پر دباؤ بڑھ سکتا ہے۔



Independent Auditor's Report

To the members of Faysal Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Faysal Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2022, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 45 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Provision against advances: (Refer notes 6.5 & 11.4 to the unconsolidated financial statements).	

S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The Bank makes provision against advances on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>The Bank has recognised a net reversal of provision against advances amounting to Rs. 457.485 million in the unconsolidated profit and loss account in the current year. As at December 31, 2022, the Bank holds a provision of Rs. 19,329.026 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall unconsolidated financial statements of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> • controls over correct classification of non-performing advances on time-based criteria; • controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; • controls over accurate computation and recording of provisions; and • controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> • checked repayments of loans / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and • evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances as per the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the Prs.</p>



Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and



A.F.FERGUSON & Co.

d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A handwritten signature in black ink that reads 'A. Ferguson & Co.' in a cursive, flowing script.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: March 3, 2023

UDIN: AR202210061OWwFaZXzr

Unconsolidated Statement of Financial Position

As at December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
ASSETS			
Cash and balances with treasury banks	7	56,130,549	58,516,627
Balances with other banks	8	2,785,035	3,517,282
Lendings to financial institutions	9	9,815,098	-
Investments	10	469,451,195	357,471,437
Advances	11	454,260,608	396,295,362
Fixed assets	12	35,034,233	26,337,967
Intangible assets	13	1,984,841	1,743,445
Deferred tax assets		-	-
Other assets	14	44,891,304	25,730,086
		<u>1,074,352,863</u>	<u>869,612,206</u>
LIABILITIES			
Bills payable	15	21,309,950	14,122,901
Borrowings	16	150,134,396	111,189,829
Deposits and other accounts	17	781,570,730	644,089,308
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	18	694,025	592,332
Other liabilities	19	50,560,351	33,794,514
		<u>1,004,269,452</u>	<u>803,788,884</u>
NET ASSETS		<u>70,083,411</u>	<u>65,823,322</u>
REPRESENTED BY			
Share capital	20	15,176,965	15,176,965
Reserves		11,675,968	12,613,183
Surplus on revaluation of assets - net of tax	21	10,648,814	7,061,583
Unappropriated profit		<u>32,581,664</u>	<u>30,971,591</u>
		<u>70,083,411</u>	<u>65,823,322</u>
CONTINGENCIES AND COMMITMENTS	22		

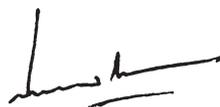
The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2022

	Note	2022	2021
		-----Rupees '000-----	
Mark-up / return / interest earned	24	104,521,004	53,868,721
Mark-up / return / interest expensed	25	64,533,168	28,034,684
Net mark-up / interest income		39,987,836	25,834,037
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	6,628,374	5,094,173
Dividend income		572,216	464,050
Foreign exchange income		2,848,403	2,379,113
Income / (loss) from derivatives		191,501	(25,176)
(Loss) / gain on securities	27	(1,559,655)	310,314
Other income	28	278,542	286,719
Total non mark-up / interest income		8,959,381	8,509,193
Total income		48,947,217	34,343,230
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	26,995,314	20,606,184
Workers Welfare Fund		461,285	273,650
Other charges	30	37,349	6,927
Total non mark-up / interest expenses		27,493,948	20,886,761
Profit before provisions		21,453,269	13,456,469
(Reversals of provisions) / provisions and write-offs - net	31	(940,031)	47,632
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		22,393,300	13,408,837
Taxation	32	11,160,132	5,255,657
PROFIT AFTER TAXATION		11,233,168	8,153,180
-----Rupees-----			
Basic / diluted earnings per share	33	7.40	5.37

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.


President & CEO


Chief Financial Officer


Chairman


Director


Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	-----Rupees '000-----	
Profit after taxation for the year	11,233,168	8,153,180
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
- Movement in surplus on revaluation of investments - net of tax	(1,957,211)	(1,667,126)
Items that will not be reclassified to the profit and loss account in subsequent periods:		
- Remeasurement gain on defined benefit obligations - net of tax	28,872	38,784
- Movement in surplus on revaluation of operating fixed assets - net of tax	4,793,209	-
- Movement in surplus on revaluation of non-banking assets - net of tax	853,479	-
	5,675,560	38,784
Total comprehensive income	<u>14,951,517</u>	<u>6,524,838</u>

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Reserves					Surplus / (deficit) on revaluation of			Unappropriated profit	Total	
	Capital reserves			Statutory reserve (note 6.25)	Total	Investments	Fixed assets / non-banking assets	Total			
	Share capital	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase (note 3.2)								Reserve arising on amalgamation
----- Rupees '000 -----											
Balance as at January 1, 2021	15,176,965	10,131	375,518	23,952	10,623,046	11,032,647	1,778,725	7,248,748	9,027,473	24,870,347	60,107,432
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	8,153,180	8,153,180
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(1,667,126)	-	(1,667,126)	38,784	(1,628,342)
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,667,126)	-	(1,667,126)	8,191,964	6,524,838
Transfer to statutory reserve	-	-	-	-	1,630,636	1,630,636	-	-	-	(1,630,636)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(116,225)	(116,225)	116,225	-
Transfer from surplus on revaluation of non-banking assets on disposal - net of tax	-	-	-	-	-	-	-	(182,539)	(182,539)	182,539	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(50,100)	-	-	(50,100)	-	-	-	-	(50,100)
Transaction with owners recorded directly in equity											
Interim cash dividend declared on August 26, 2021 at Re 0.5 per share	-	-	-	-	-	-	-	-	-	(758,848)	(758,848)
Balance as at December 31, 2021	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 year	-	-	-	-	-	-	-	-	-	11,233,168	11,233,168
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(1,957,211)	5,646,688	3,689,477	28,872	3,718,349
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,957,211)	5,646,688	3,689,477	11,262,040	14,951,517
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	-	-	-	-	-	-	-	(97,269)	(97,269)	97,269	-
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	-	-	(68,149)	-	-	(68,149)	-	-	-	-	(68,149)
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)
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	15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,845,612)	12,494,426	10,648,814	32,581,664	70,083,411

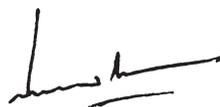
The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		22,393,300	13,408,837
Less: dividend income		(672,216)	(464,050)
		<u>21,821,084</u>	<u>12,944,787</u>
Adjustments:			
Depreciation on owned fixed assets	12.2	1,482,964	1,375,631
Amortisation of intangible assets	13.2	221,524	148,136
Depreciation on right-of-use assets	12.2	1,627,911	1,548,751
Depreciation on non-banking assets	14.1.1	4,965	4,965
Workers Welfare Fund		461,285	273,650
(Reversals of provision) / provision against loans and advances - net	31	(457,485)	804,436
Reversal of provision for diminution in value of investments - net	31	(167,637)	(325,301)
(Reversal of provision) / provision against other assets - net	31	(30,336)	29,758
Reversal of provision against off balance sheet obligations - net	31	(17,194)	(22,675)
Unrealised loss on securities - held for trading - net	27	-	9,084
Gain on sale of fixed assets - net	28	(52,758)	(25,210)
Gain on sale of non-banking assets - net	28	-	(47,650)
Charge for defined benefit plan	29.2	225,554	210,857
(Income) / loss from derivative contracts - net		(191,501)	25,176
Mark-up / return / interest expensed - lease liability against right-of-use assets	25	1,260,134	1,258,754
Bad debts written off directly	31	128,431	29,262
		<u>4,495,857</u>	<u>5,297,624</u>
		<u>26,316,941</u>	<u>18,242,411</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(9,815,098)	2,985,000
Held-for-trading securities		12,266,465	(5,732,412)
Advances		(57,636,192)	(78,949,182)
Others assets (excluding advance taxation)		(17,971,243)	(2,633,255)
		<u>(73,156,068)</u>	<u>(84,329,849)</u>
Increase / (decrease) in operating liabilities			
Bills payable		7,187,049	579,631
Borrowings from financial institutions		39,827,589	51,831,446
Deposits		137,481,422	103,453,475
Other liabilities (excluding current taxation)		14,180,024	(3,744,311)
		<u>198,676,084</u>	<u>152,120,241</u>
Income tax paid		(10,268,784)	(4,731,940)
Contribution to gratuity fund	36.6	(215,942)	(210,857)
Net cash generated from operating activities		<u>141,352,231</u>	<u>81,090,006</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available for sale securities		(128,551,387)	(82,674,868)
(Investment) / divestment in associates		(858,075)	268,625
Net proceeds from realisation of held to maturity securities		1,918,678	5,180,233
Dividends received		572,216	473,334
Investment in operating fixed assets		(3,326,857)	(3,085,519)
Investment in intangible assets		(545,051)	(432,931)
Proceeds from sale of fixed assets		81,067	32,774
Proceeds from sale of non-banking assets		-	469,000
Net cash used in investing activities		<u>(130,709,409)</u>	<u>(79,769,352)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(2,459,020)	(2,206,982)
Dividend paid		(10,419,105)	(751,466)
Net cash used in financing activities		<u>(12,878,125)</u>	<u>(2,958,448)</u>
Decrease in cash and cash equivalents during the year		<u>(2,235,303)</u>	<u>(1,637,794)</u>
Cash and cash equivalents at the beginning of the year	34	59,488,711	61,126,505
Cash and cash equivalents at the end of the year	34	<u>57,253,408</u>	<u>59,488,711</u>

The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

1 STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 700 Islamic banking branches (December 31, 2021: 595 Islamic; 11 Conventional branches) including 2 sub-branches (December 31, 2021: 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% (2021: 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, 2021: 'AA') and the short term rating as 'A1+' (December 31, 2021: '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 unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.
- 2.2** As at December 31, 2022, all the branches of the Bank are Islamic. The financial results of the Islamic banking branches have been consolidated in these unconsolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all Islamic banking branches are disclosed in Annexure II to these unconsolidated financial statements.
- 2.3** The Bank has controlling interest in Faysal Asset Management Limited (FAML) and is required to prepare consolidated financial statements under the provisions of the Companies Act, 2017. These financial statements represent the unconsolidated results of the Bank and a separate set of consolidated financial statements is also being presented by the Bank.

3 STATEMENT OF COMPLIANCE

- 3.1** These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan for financial reporting 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).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

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

- 3.2** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the year ended December 31, 2022, the Bank has adjusted an amortisation of intangible assets net of tax amounting to Rs. 68.1 million (2021: Rs. 50.1 million) from the NCR.
- 3.3** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, 'Profit and loss sharing on deposits' for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been notified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these unconsolidated financial statements.
- 3.4** The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.
- 3.5** The SECP through S.R.O. 56(1)/2016 dated January 28, 2016, has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable in case of investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these unconsolidated financial statements.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2022 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 unconsolidated financial statements.

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

3.7.1 IFRS 9 Financial Instruments

As directed by SBP via BPRD Circular No. 3 of 2022, IFRS 9 Financial Instruments is effective for periods beginning on or after January 1, 2023, for banks having asset base of more than Rs. 500 billion as at December 31, 2021. SBP via same circular has finalized the 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, 2023 with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 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. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2022.

Equity Securities

Equity instruments are generally measured as Fair Value through Profit & Loss (FVPL) unless the Bank elects for Fair Value through Other Comprehensive Income (FVOCI) at initial recognition.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

For equity shares held as available-for-sale (AFS) with surplus / deficit recorded in OCI, the Bank may elect these equity shares as Fair Value through Other Comprehensive Income (FVOCI). However, in accordance with IFRS 9 requirements, fair value gain or losses recognised in OCI will not be recycled to profit and loss account on derecognition of these securities.

For those equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI for which FVOCI election is not made, will be measured at fair value through profit or loss. The surplus / deficit related to these securities currently presented in equity, will be reclassified to retained earnings, with no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value under IFRS 9, however, SBP has allowed relaxation for one year to carry these investments under the current PR regime.

Debt securities and loans and advances

Those debt securities that are currently classified as AFS and pass the Solely Payment of Principal and Interest (SPPI) test, are expected to be measured at fair value through OCI under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows and sell those investment. Debt securities currently classified as HTM and pass the SPPI test are expected to be measured at amortised cost under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows.

Certain debt instruments that do not meet the SPPI criteria shall be measured at FVPL regardless of the business model in which they are held.

Impairment

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

Impact of adoption of IFRS 9

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at January 1, 2023 is reduction in equity of approximately Rs. 600 to 850 million, representing corresponding impact.

The Bank continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption.

In order to mitigate the impact of expected credit loss (ECL) models on capital, SBP has allowed a transitional arrangement for the impact on regulatory capital from the application of ECL accounting over a period of 5 years.

3.7.2 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)
- Narrow Scope amendments to IAS 1, Practice statement and IAS 8	January 1, 2023
- Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
- 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 above amendments are not expected to have any material impact on the financial statements of the Bank.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

3.7.3 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, 2023.

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

	Rupees in '000
Assets	
Lendings to financial institutions*	5,815,098
Investments**	17,302,360
Advances	16,456,105
Liabilities	
Borrowings	5,333,757
Deposits and other accounts	12,585,071
Other Liabilities	1,507,683

* These matured on January 3, 2023

** Subsequent to the year ended December 31, 2022, the Bank has disposed-off PIBs amounting to Rs. 3.5 billion.

4 BASIS OF MEASUREMENT

These 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 as disclosed in details in note 6.23 to these unconsolidated financial statements) and depreciated over the respective lease terms.

4.1 Critical accounting estimates and judgments

The preparation of the unconsolidated financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- i) Business combinations (note 6.1);
- ii) Classification, valuation and provisioning against investments (notes 6.4 and 10);
- iii) Income taxes (notes 6.8, 14, 18 and 32);
- iv) Classification and provisioning against advances (notes 6.5 and 11);
- v) Depreciation / amortisation of fixed assets / intangibles / revaluations (notes 6.6, 12 and 13);
- vi) Accounting for non-banking assets acquired in satisfaction of claims (notes 6.9 and 14);
- vii) Accounting for defined benefit plan (notes 6.11 and 36);
- viii) Impairment of assets (note 6.7);
- ix) Provisions and contingent assets and liabilities (notes 6.10 and 22);
- x) Lease liability and right-of-use assets (notes 6.23, 12.2, 19 and 25); and
- xi) Fair valuation of derivatives (notes 6.19 and 23).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

6.1 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed as at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The excess of the consideration transferred over the fair value of the Bank's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the unconsolidated profit and loss account. However, as more fully described in note 13.3 to these unconsolidated financial statements, the gain on bargain purchase arising on an acquisition made in 2010 has been recognised directly in equity as per the directives of the SBP.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. Goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirements of International Accounting Standard (IAS) 36, 'Impairment of assets'. Impairment charge in respect of goodwill is recognised in the unconsolidated profit and loss account and is not subsequently reversed.

Acquisition of non-controlling interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Bank. The excess of the fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognised in equity.

6.2 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds and overdrawn nostro accounts.

6.3 Lendings to / borrowings from financial institutions

The Bank enters into repurchase agreement (repo) and reverse repurchase agreements (reverse repos) at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the unconsolidated financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued over the period of the contract and recorded as an expense.

(b) Purchase of securities under repurchase agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in the unconsolidated financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued over the period of the contract and recorded as income.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

(c) Musharaka / Modaraba placements

In Musharaka / Modaraba, the Bank invests in the Shari'ah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio under musharaka agreements.

(d) Bai Muajjal

Bai Muajjal transactions with the SBP and other financial institutions are classified under lendings. In Bai Muajjal, the Bank sells Shari'ah compliant instruments on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

6.4 Investments

6.4.1 Classification

The Bank classifies its investments as follows:

(a) Held for trading

These are securities, which are either acquired for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements, or dealer's margin or are securities included in the portfolio in which a pattern of short-term profit making exists.

(b) Held to maturity

These are securities with fixed or determinable payments and maturity that the Bank has a positive intent and ability to hold to maturity.

(c) Available for sale

These are investments, other than those, in associates and subsidiaries, that do not fall under either held for trading or held to maturity categories.

(d) Associates

Associates are all entities over which the Bank has significant influence but not control.

(e) Subsidiaries

Subsidiaries are all entities over which the Bank has control.

6.4.2 Initial recognition and measurement

All purchases and sales of investments that require delivery within the time frame established by the regulations or market convention are recognised at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

Investments other than those classified as held for trading are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs associated with the transactions are expensed in the unconsolidated profit and loss account.

6.4.3 Subsequent measurement:

Held for trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the unconsolidated profit and loss account.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

Held to maturity

These are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus or deficit arising thereon is kept in a separate account shown in the unconsolidated statement of financial position within equity and is taken to the unconsolidated profit and loss account when realised upon disposal or when the investments are considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the unconsolidated profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the unconsolidated profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

6.4.4 Impairment

Impairment loss in respect of investments classified as available for sale (except term finance certificates and sukuk certificates) and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in the fair value of a listed equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of term finance certificates and sukuk certificates is made as per the requirements of the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that has been recognised in surplus / deficit on revaluation of securities on the unconsolidated statement of financial position within equity is removed therefrom and recognised in the unconsolidated profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the unconsolidated profit and loss account.

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

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

6.4.5 Investment in associates and subsidiaries

Investment in associates and subsidiaries are recorded at cost less accumulated impairment, if any.

The carrying amount of associates and subsidiaries are tested for impairment in accordance with the policy described in note 6.7 to these unconsolidated financial statements.

6.5 Advances

6.5.1 Advances are stated net of specific and general provisions. Specific provision for advances is made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP which is based on the time based criteria and subjective evaluation of the credit worthiness of the borrowers. The amount of provision is charged to the unconsolidated profit and loss account. The amount of general provision is determined in accordance with the relevant regulations and the management's judgment as explained in note 11.4.1 to these unconsolidated financial statements. Advances are written off when there is no realistic prospect of recovery. The Bank offers various Islamic financing products the details of which are as follows:

(a) Murabaha

In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

(b) Diminishing Musharaka

It is a form of partnership in which the Bank and customers create co-ownership in the asset by purchasing it jointly. The Bank then rents out its share of the asset to customers. Besides the payment of rentals, customer also purchase the asset from the Bank in installments. Hence at the end of the tenure, customer becomes sole owner of the asset.

(c) Running Musharaka

In Running Musharaka financing, the Bank enters into financing with customer based on Shirkat-ul-Aqd or business partnership in customer's operating business. Under this mechanism, customer can withdraw and return funds to the Bank subject to its Running Musharaka Financing limit during the Musharaka period. At the end of each period, customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of customer.

(d) Ijarah

Ijarah is a contract whereby the owner of an asset (other than consumables) transfers its usufruct to another person for an agreed period and for an agreed consideration.

Ijarah assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged from the date of recognition of Ijarah assets on a straight line basis over the period of Ijarah. Impairment of Ijarah assets is determined on the same basis as that of operating fixed assets.

Ijarah rental income is recognised on an accrual basis as and when the rental becomes due. Impairment of Ijarah rentals receivable is determined in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the unconsolidated profit and loss account.

In service Ijarah financing, the Bank provides financing by acquiring certain agreed services from customers. After the purchase of services, the Bank appoints customers to sell those services in the market over a period and provide a confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

(e) Istisna

Istisna is a mode of sale at an agreed price, whereby the buyer places an order to or cause to manufacture, assemble or construct anything to be delivered at a future date.

The funds disbursed under Istisna are recorded as 'Advance against Istisna'. On execution of goods receiving note and receipt of manufactured goods, the same are recorded in the unconsolidated statement of financial position as inventories of the Bank at cost price and after sale of goods by customer to its ultimate buyers, Istisna financing is recognised.

(f) Musawamah

In Musawamah financing, the Bank purchases the goods and after taking the possession, sells them to customer either in spot or credit transaction, without disclosing the cost.

(g) Salam / Bai Salam

Salam / Bai Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot.

The funds disbursed under Salam / Bai Salam are recorded as advances against Salam / Bai Salam. On execution of goods receiving note and receipt of Salam / Bai Salam goods, the same are recorded in the unconsolidated statement of financial position as inventories of the Bank at cost price and after the sale of goods by customer to its ultimate buyers, Salam / Bai Salam financing is recognised.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

(h) Tijarah

Tijarah is a financing mode under which the Bank purchases finished goods from customer / seller against spot payment and delivery. Thereafter, the Bank appoints customer as an agent to sell the Tijarah goods in the market.

The funds disbursed under Tijarah are recorded as advances against Tijarah. On execution of goods receiving note and receipt of Tijarah goods, the same are recorded in the unconsolidated statement of financial position as inventories of the Bank at cost price and after the sale of goods by customer to its ultimate buyers, Tijarah financing is recognised.

6.5.2 Net investment in finance lease

Leases where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance lease. A receivable is recognised on the commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Specific and general provisions for net investment in finance lease are made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the unconsolidated profit and loss account.

6.6 Fixed assets and depreciation

(a) Tangible assets

Operating fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any.

Depreciation on operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 12.2 to these unconsolidated financial statements after taking into account residual value, if significant. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the unconsolidated profit and loss account as and when incurred.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the unconsolidated profit and loss account in the period in which these arise except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

(b) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

Notes to and forming part of the Unconsolidated Financial Statements

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(c) Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The intangible assets include directly attributable costs that are capitalised as part of the intangible asset. Amortisation, except for customer relationship, is charged by applying the straight-line method over the useful lives of the assets. Amortisation is calculated so as to write-off the assets over their expected economic lives at rates specified in note 13 to these unconsolidated financial statements. Amortisation is charged from the month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed of. The intangible asset comprising customer relationship is being amortised over the life expectancy of the deposits. The residual values and useful lives of intangible assets are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Intangible assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any.

Gains and losses on disposals, if any, are taken to the unconsolidated profit and loss account in the period in which these arise.

6.7 Impairment

The carrying amounts of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount, except in the case of an intangible asset with an indefinite useful life or an intangible asset not yet available for use and goodwill acquired in a business combination for which impairment is tested annually irrespective of whether there is any indication of impairment. The resulting impairment loss is taken to the unconsolidated profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of asset.

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

6.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the unconsolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Provision for current taxation is based on taxable income for the year. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

Prior

The charge / reversals for prior years represent adjustments to the tax charge / reversals for prior years, arising from assessments, changes in estimates, and retrospectively applied changes to the law, made during the current year.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

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

6.9 Assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and accumulated impairment, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying values do not differ materially from their fair values. Legal fee, transfer costs and direct costs of acquiring title to the non-banking assets are charged to the unconsolidated profit and loss account and these are not capitalised as part of non-banking assets. A surplus arising on revaluation of non-banking assets acquired in satisfaction of claims is credited to the 'surplus on revaluation of assets' account. Any deficit arising on revaluation is first set off against the surplus account for that particular non-banking asset, if any, or if no surplus exists, is charged to the unconsolidated profit and loss account. These assets are disclosed in other assets as specified by the SBP.

Surplus on revaluation of non-banking assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

6.10 Provisions and contingent assets and liabilities

Provisions are recognised when the Bank has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

6.11 Staff retirement benefits

a) Defined contribution plan

The Bank operates a contributory provident fund for all its permanent employees to which equal monthly contributions at the rate of 10 percent of basic salary are made both by the Bank and the employees.

b) Defined benefit scheme

The Bank operates an approved funded gratuity scheme for all its permanent eligible employees and eligible employees who are on contractual service and are employed under non-management cadre. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the differences between the actual investment returns and the return implied by the net interest cost are recognised in the unconsolidated statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which these occur.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

6.12 Borrowings / deposits and their costs

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing cost that is directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of the asset.

6.13 Subordinated loans

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

6.14 Revenue recognition and other items

- Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis.
- Rentals on Ijarah contracts are recognised as income on an accrual basis.
- Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale to its ultimate buyer.
- Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- Profit on Running Musharakah financing is recognised on an accrual basis and is adjusted upon final declaration of profit by Musharakah partners.
- Profit on Istisna / Salam / Bai Salam / Tijarah transactions are recognised on an accrual basis commencing from time of sale of goods till the realisation of sale of proceeds by the Bank.
- Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the unconsolidated profit and loss account over the remaining maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned finance income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in lease.
- Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fee and other lease income are recognised as income when these are realised.
- Premium or discount on acquisition of debt investments is capitalised and amortised through the unconsolidated profit and loss account over the remaining period till maturity.
- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

- Fee, commission on letters of credit / guarantee, other commission and brokerage income is recognised on an accrual basis.
- Financial advisory fee is recognised when the right to receive the fee is established.
- Rent and other income is recognised on an accrual basis.
- Profits on Bai Muajjal lendings are recognised on straight line accrual basis.

6.15 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by the law, made subsequent to the reporting date are considered as non-adjusting events and are recorded in the unconsolidated financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the reporting period' in the year in which they are approved / transfers are made.

6.16 Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date. Foreign bills purchased and forward foreign exchange contracts are valued at rates determined with reference to their respective maturities. Forward purchase contracts with the State Bank of Pakistan relating to foreign currency deposits are valued at the spot rate prevailing on the reporting date. The forward cover fee, if any, payable on contracts with the SBP is amortised over the term of the contract.

(b) Translation gains and losses

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

6.17 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the unconsolidated financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

6.18 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in these unconsolidated statement of financial position both as assets and liabilities.

6.19 Financial instruments

Financial assets and financial liabilities

Financial instruments carried on the unconsolidated statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, certain other assets, bills payable, borrowings, deposits, liabilities against assets subject to finance lease and certain other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when the fair value is positive and the liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the unconsolidated profit and loss account.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the unconsolidated financial statements only when the Bank has a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the unconsolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

6.20 Earnings per share

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

6.21 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating decision maker. The Chief Executive Officer (CEO) has been identified as the Bank's Chief Operating decision maker.

(a) Business Segments

(i) Retail banking

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

(ii) Corporate and investment banking

This includes strategic partnership with corporate entities to provide working capital financing, trade financing, cash management services, project finance, export finance, leasing, guarantees, bills of exchange, deposits and other short term and long term finance. Further, this includes investment banking activities such as mergers and acquisitions, underwriting, privatisation, securitisation, Initial Public Offerings (IPOs), secondary private placements, etc.

(iii) Treasury and equity capital market (ECM)

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

(iv) Special asset management (SAM)

This includes recoveries from borrowers' accounts which became delinquent or have defaulted in their loan repayment obligations.

(b) Geographical segment

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

6.22 Provision of claims under guarantees

A provision for claim under guarantees is recognised when intimated and reasonable certainty exists that the Bank will settle the obligation. The charge to the unconsolidated profit and loss account is stated net of expected recoveries as the obligation is recognised in other liabilities.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

6.23 Lease liability and right-of-use assets

At the inception of the contract, the Bank assesses whether a contract is, or contains, a lease. The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Bank's policy as described in note 6.7.

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental fund acceptance rate to measure lease liabilities.

6.24 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

6.25 Reserves

Reserves being held by the Bank in these unconsolidated financial statements include the following;

- Non- distributable capital reserve - gain on bargain purchase option (note 3.2).
- Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

	Note	2022	2021
-----Rupees '000-----			
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		17,453,357	13,697,293
- foreign currencies		881,183	1,506,351
		18,334,540	15,203,644
With State Bank of Pakistan in			
- local currency current accounts	7.1	32,768,340	28,507,227
- foreign currency current accounts	7.2	2,536,026	2,303,501
- foreign currency deposit accounts	7.3	2,280,616	4,256,376
		37,584,982	35,067,104
With National Bank of Pakistan in			
- local currency current accounts		206,502	8,139,477
Prize bonds		4,525	106,402
		<u>56,130,549</u>	<u>58,516,627</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

- 7.1** These represent local currency current accounts maintained with the SBP as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in a current account with the SBP at a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.
- 7.2** These represent cash reserve of 5% maintained with the SBP in US dollars current accounts on deposits held under the New Foreign Currency Accounts (FE-25 deposits) as per BSD Circular No. 14 and 15 dated June 21, 2008.
- 7.3** These represent special cash reserve of 10% maintained with the SBP in US dollars deposit account on deposits held under the new foreign currency accounts (FE-25 deposits) as per DMMD Circular No.8 dated April 17, 2020, local US dollars clearing account maintained with the SBP to facilitate US dollars clearing and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic Banking Branches under the requirements of BSD Circular No. 15 dated June 21, 2008. Profit rate on these balances is Nil (2021: Nil) per annum which is notified on monthly basis by the SBP.

	Note	2022	2021
-----Rupees '000-----			
8			
BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		20,007	2,037,104
Outside Pakistan			
- in current accounts		2,683,513	1,321,316
- in deposit accounts		81,515	158,862
		<u>2,785,035</u>	<u>3,517,282</u>
9			
LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lending	9.2	4,000,000	-
Repurchase agreement lendings (reverse repo)	9.3 & 9.4	5,815,098	-
		<u>9,815,098</u>	<u>-</u>

9.1 Lendings to financial institutions are in local currency.

9.2 This carries mark-up at the rate of 16% per annum (2021: Nil) and is due to mature on January 5, 2023.

9.3 This carries mark-up at the rate 16.10% per annum (2021: Nil) and is due to mature on January 3, 2023.

9.4 **Securities held as collateral against lendings to financial institutions**

	2022			2021		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
-----Rupees '000-----						
- Market Treasury Bills	6,000,000	-	6,000,000	-	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

10 INVESTMENTS

10.1 Investments by type:

Note	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees '000							
Held-for-trading securities								
Federal Government securities	-	-	-	-	11,649,925	-	2,128	11,652,053
Shares	-	-	-	-	616,540	-	(10,794)	605,746
	-	-	-	-	12,266,465	-	(8,666)	12,257,799
Available-for-sale securities								
Federal Government securities	406,535,788	-	(4,225,759)	402,310,029	276,556,257	-	(1,425,857)	275,130,400
Shares	12,212,313	(1,297,552)	(1,392,156)	9,522,605	10,697,994	(1,376,309)	(903,843)	8,417,842
Non Government debt securities	48,004,551	(519,291)	2,380,000	49,865,260	50,947,014	(557,516)	2,512,649	52,902,147
	466,752,652	(1,816,843)	(3,237,915)	461,697,894	338,201,265	(1,933,825)	182,949	336,450,389
Held-to-maturity securities								
Non Government debt securities	6,329,593	(1,467,507)	-	4,862,086	8,248,271	(1,518,162)	-	6,730,109
	6,329,593	(1,467,507)	-	4,862,086	8,248,271	(1,518,162)	-	6,730,109
Associates *								
Faysal Islamic Savings Growth Fund	621,343	-	-	621,343	-	-	-	-
Faysal Islamic Stock Fund	114,509	-	-	114,509	-	-	-	-
Faysal Savings Growth Fund	693,353	-	-	693,353	893,247	-	-	893,247
Faysal Stock Fund	322,117	-	-	322,117	-	-	-	-
	1,751,322	-	-	1,751,322	893,247	-	-	893,247
Subsidiary *								
Faysal Asset Management Limited	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
Total Investments	475,973,460	(3,284,350)	(3,237,915)	469,451,195	360,749,141	(3,451,987)	174,283	357,471,437

* related parties

10.2 Investments by segments

Note	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees '000							
Federal Government securities								
- Market Treasury Bills	-	-	-	-	73,203,558	-	(21,201)	73,182,357
- Pakistan Investment Bonds	14,716,926	-	(310,800)	14,406,126	52,213,977	-	(251,714)	51,962,263
- Ijarah Sukuks	387,017,281	-	(3,914,959)	383,102,322	161,863,135	-	(1,150,814)	160,712,321
- Other Federal Government securities	4,801,581	-	-	4,801,581	925,512	-	-	925,512
	406,535,788	-	(4,225,759)	402,310,029	288,206,182	-	(1,423,729)	286,782,453
Shares								
- Listed companies	11,468,397	(647,886)	(1,422,501)	9,398,010	10,570,618	(726,643)	(944,982)	8,898,993
- Unlisted companies	743,916	(649,666)	30,345	124,595	743,916	(649,666)	30,345	124,595
	12,212,313	(1,297,552)	(1,392,156)	9,522,605	11,314,534	(1,376,309)	(914,637)	9,023,588
Non Government debt securities								
- Listed	45,000,000	-	2,380,000	47,380,000	45,000,000	-	2,512,500	47,512,500
- Unlisted	9,334,144	(1,986,798)	-	7,347,346	14,195,285	(2,075,678)	149	12,119,756
	54,334,144	(1,986,798)	2,380,000	54,727,346	59,195,285	(2,075,678)	2,512,649	59,632,256
Associates *								
Faysal Islamic Savings Growth Fund	621,343	-	-	621,343	-	-	-	-
Faysal Islamic Stock Fund	114,509	-	-	114,509	-	-	-	-
Faysal Savings Growth Fund	693,353	-	-	693,353	893,247	-	-	893,247
Faysal Stock Fund	322,117	-	-	322,117	-	-	-	-
	1,751,322	-	-	1,751,322	893,247	-	-	893,247
Subsidiary *								
Faysal Asset Management Limited	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
Total Investments	475,973,460	(3,284,350)	(3,237,915)	469,451,195	360,749,141	(3,451,987)	174,283	357,471,437

* related parties

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

10.2.1 Pakistan Investment Bonds have tenures of 3, 5 and 10 years. The Bank's return on these instruments ranges from 7.42% to 15.81% per annum (2021: 7.42% to 10.88% per annum) with maturities from August 2023 to June 2025.

10.2.2 GoP Ijara Sukuk bonds have tenure of 5 years. The Bank's return on these instruments ranges from 6.36% to 16.04% per annum (2021: 6.36% to 8.94% per annum) with maturities from April 2025 to October 2027.

10.2.3 The Bank has invested in PKR and foreign currency denominated Mudarabah based pools maintained by the Islamic Naya Pakistan Certificate Company Limited (INPCCL), a special purpose vehicle formed by the Government of Pakistan. As at December 31, 2022, the Bank's investment in PKR, USD, EURO and GBP denominated pools amounted to Rs. 682.037 million (2021: Rs. 58.724 million), USD 15.841 million with PKR equivalent of Rs 3,586.996 million (2021: Rs. 671.987 million), EURO 0.653 million with PKR equivalent of Rs.157.629 million (2021: Rs 139.466 million) and GBP 1.373 million with PKR equivalent of Rs. 374.918 million (2021: Rs. 55.235 million) respectively. The actual profit rates on these pools are calculated in line with the Islamic principle of Mudarabah and communicated to the Bank at the end of each month. The profit earned by the Bank on these investment pools during the year ranges between 8.24% to 11.00% for PKR denominated pool, 2.99% to 4.49% for USD denominated pool, 2.49% to 3.49% for GBP denominated pool and 1.74% to 1.76% for EURO denominated pool. These investments are perpetual in nature and have no fixed maturity.

10.2.4 These include Sukuks having tenures ranging from 4 to 15 years. The Bank's return on these instruments ranges from 15.76% to 18.18% per annum (2021: 8.34% to 12.18% per annum) with maturities up to December 2032.

	2022	2021
	-----Rupees '000-----	
10.3 Investments given as collateral - at market value		
Federal Government Securities		
- Market Treasury Bills	-	19,760,221
- Pakistan Investment Bonds	5,307,116	-
- Ijarah Sukuk	29,866,500	-
	<u>35,173,616</u>	<u>19,760,221</u>
10.4 Provision for diminution in value of investments		
10.4.1 Opening balance	3,451,987	3,777,288
(Reversals) / charge		
Charge for the year	7,067	-
Reversals for the year	(85,824)	(12,724)
Reversals on disposals	(88,880)	(312,577)
	(167,637)	(325,301)
Closing Balance	<u>3,284,350</u>	<u>3,451,987</u>

10.4.2 Particulars of provision against debt securities

Category of classification	2022		2021	
	Non-performing investments	Provision	Non-performing investments	Provision
	----- Rupees '000 -----			
Domestic				
- Loss	1,986,798	1,986,798	2,075,678	2,075,678

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

10.5 Investment in subsidiary and associates

Note	As at December 31, 2022				For the year ended December 31, 2022			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit / (Loss)	Total comprehensive income	
----- Rupees '000-----								
Associates								
	Faysal Islamic Savings Growth Fund	Pakistan	24.1%	2,646,076	24,630	332,768	292,642	292,642
	Faysal Islamic Stock Fund	Pakistan	20.8%	469,274	5,520	(45,227)	(70,305)	(70,305)
	Faysal Savings Growth Fund	Pakistan	29.0%	2,515,594	33,362	359,569	300,721	300,721
	Faysal Stock Fund	Pakistan	31.6%	876,891	41,190	(252,103)	(325,461)	(325,461)
Subsidiary								
10.5.1	Faysal Asset Management Limited	Pakistan	99.99%	1,629,722	269,328	721,772	192,884	191,256

Note	As at December 31, 2021				For the year ended December 31, 2021			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income	
----- Rupees '000-----								
Associate								
	Faysal Savings Growth Fund	Pakistan	28.65%	3,195,364	80,211	216,686	176,402	176,402
Subsidiary								
	Faysal Asset Management	Pakistan	99.99%	1,346,121	176,982	575,755	243,462	240,146

10.5.1 Faysal Asset Management Limited (the Company) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained a license to carry out asset management and investment advisory services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. During the year ended December 31, 2022, the Company has obtained a license from Securities and Exchange company of Pakistan (SECP) to carry out Venture Capital and REIT management services.

10.6 Quality of available for sale securities

Details regarding quality of available for sale (AFS) securities are as follows:

	2022	2021
	Cost	
----- Rupees '000-----		
Federal Government securities - Government guaranteed		
Market Treasury Bills	-	61,578,404
Pakistan Investment Bonds	14,716,926	52,189,206
Ijarah Sukuks	387,017,281	161,863,135
Other Federal Government securities	4,801,581	925,512
	406,535,788	276,556,257

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

Shares

Listed companies

	2022	2021
	Cost	
	-----Rupees '000-----	
Automobile Assembler	2,399,685	1,272,434
Cement	2,539,850	1,609,171
Chemical	578,402	578,402
Commercial banks	161,518	1,485,028
Engineering	236,075	74,958
Fertilizer	383,319	371,180
Glass and ceramics	38	38
Investment banks / investment companies / securities	12,528	12,528
Oil and gas exploration company	1,732,364	1,444,165
Oil and gas marketing company	540,198	350,948
Open - end mutual funds	1,209,129	1,754,176
Pharmaceuticals	386,132	79,426
Power generation and distribution	991,966	785,715
Real estate	16,372	16,372
Textile composite	274,930	113,645
Textile spinning	4,362	4,362
Textile weaving	1,271	1,271
Vanaspati and allied industries	243	243
Miscellaneous	15	16
	11,468,397	9,954,078

2022		2021	
Cost	Breakup value	Cost	Breakup value
----- Rupees '000 -----			

Unlisted companies

1Link (Private) Limited	50,000	537,279	50,000	286,647
Al Hamra Avenue (Private) Limited *	265,938	N/A	265,938	N/A
Al Hamra Hills (Private) Limited *	5	N/A	5	N/A
DHA Cogen (Private) Limited *	325,000	N/A	325,000	N/A
Himont Chemical *	1,037	N/A	1,037	N/A
Pace Barka Properties Limited *	52,000	N/A	52,000	N/A
Pakistan Export Finance Guarantee *	5,686	N/A	5,686	N/A
Naymat Collateral Management	25,000	N/A	25,000	22,090
ISE Towers REIT Management Company	-	53,834	-	50,587
Pakistan Corporate Restructuring Company Limited	19,250	N/A	19,250	N/A
	743,916	591,113	743,916	359,324

* These investments are fully provided.

Notes to and forming part of the Unconsolidated Financial Statements

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Non Government debt securities

Listed

- AA+, AA, AA-
- Unrated *

Unlisted

- AA+, AA, AA-
- A+, A, A- *
- Unrated *

2022		2021	
Cost			
-----Rupees '000-----			
-	-	-	-
45,000,000	45,000,000	45,000,000	45,000,000
<u>45,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>
750,000	750,000	750,000	750,000
89,000	1,753,962	1,753,962	1,753,962
2,165,551	3,443,052	3,443,052	3,443,052
<u>3,004,551</u>	<u>5,947,014</u>	<u>5,947,014</u>	<u>5,947,014</u>

* These include government guaranteed securities amounting to Rs. 45,000 million (2021: Rs. 47,888 million).

10.7 Particulars relating to held to maturity securities are as follows:

Non Government debt securities

Unlisted

- AAA
- A+, A, A-
- CCC and below *
- Unrated

2022		2021	
Cost			
-----Rupees '000-----			
4,862,130	6,430,150	6,430,150	6,430,150
-	-	-	-
1,446,455	1,497,110	1,497,110	1,497,110
21,008	321,011	321,011	321,011
<u>6,329,593</u>	<u>8,248,271</u>	<u>8,248,271</u>	<u>8,248,271</u>

* These investments are fully provided.

10.7.1 The market value of securities classified as held-to-maturity as at December 31, 2022 amounted to Rs. 4,862 million (December 31, 2021: Rs. 6,755 million).

11 ADVANCES

Note	Performing		Non-performing		Total	
	2022	2021	2022	2021	2022	2021
-----Rupees '000-----						
Loans, cash credits, running finances, etc.	14,932,215	42,476,315	16,428,113	19,036,593	31,360,328	61,512,908
Islamic financing and related assets	436,493,987	350,461,085	5,083,716	3,913,046	441,577,703	354,374,131
Bills discounted and purchased	465,049	441,181	186,554	457,257	651,603	898,438
Advances - gross	<u>451,891,251</u>	<u>393,378,581</u>	<u>21,698,383</u>	<u>23,406,896</u>	<u>473,589,634</u>	<u>416,785,477</u>
Provision against advances						
- specific	-	-	(18,557,417)	(19,544,542)	(18,557,417)	(19,544,542)
- general	(771,609)	(945,573)	-	-	(771,609)	(945,573)
	<u>(771,609)</u>	<u>(945,573)</u>	<u>(18,557,417)</u>	<u>(19,544,542)</u>	<u>(19,329,026)</u>	<u>(20,490,115)</u>
Advances - net of provision	<u>451,119,642</u>	<u>392,433,008</u>	<u>3,140,966</u>	<u>3,862,354</u>	<u>454,260,608</u>	<u>396,295,362</u>

Notes to and forming part of the Unconsolidated Financial Statements

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11.1 Particulars of advances (gross)

- in local currency
- in foreign currencies

	2022	2021
	-----Rupees '000-----	
	473,053,505	414,316,390
	536,129	2,469,087
	<u>473,589,634</u>	<u>416,785,477</u>

11.2 Includes net investment in finance lease as disclosed below:

	2022				2021			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	-----Rupees '000-----							
Lease rentals receivable	519,306	-	-	519,306	528,278	27,659	-	555,937
Residual value	1,604	-	-	1,604	54,076	-	-	54,076
Minimum lease payments	520,910	-	-	520,910	582,354	27,659	-	610,013
Financial charges for future periods	(69,194)	-	-	(69,194)	(76,135)	(267)	-	(76,402)
Present value of minimum lease payments	<u>451,716</u>	<u>-</u>	<u>-</u>	<u>451,716</u>	<u>506,219</u>	<u>27,392</u>	<u>-</u>	<u>533,611</u>

11.3 Advances include Rs. 21,698 million (2021: Rs. 23,407 million) which have been placed under non-performing status as detailed below:-

Category of classification	2022		2021	
	Non-performing loans	Provision	Non-performing loans	Provision
	-----Rupees '000-----			
Domestic				
- other assets especially mentioned	204,426	70	263,776	64
- substandard	504,838	82,646	1,366,413	117,909
- doubtful	858,706	242,963	595,141	215,372
- loss	20,130,413	18,231,738	21,181,566	19,211,197
Total	<u>21,698,383</u>	<u>18,557,417</u>	<u>23,406,896</u>	<u>19,544,542</u>

11.4 Particulars of provision against advances

Note	2022			2021		
	Specific	General	Total	Specific	General	Total
	-----Rupees '000-----					
Opening balance	19,544,542	945,573	20,490,115	20,649,632	915,776	21,565,408
Exchange adjustment	117,020	-	117,020	48,119	-	48,119
Charge for the year	1,085,432	-	1,085,432	2,464,778	29,797	2,494,575
Reversals during the year	(1,368,953)	(173,964)	(1,542,917)	(1,690,139)	-	(1,690,139)
	(283,521)	(173,964)	(457,485)	774,639	29,797	804,436
Amounts written off	(820,624)	-	(820,624)	(1,927,848)	-	(1,927,848)
Closing balance	<u>18,557,417</u>	<u>771,609</u>	<u>19,329,026</u>	<u>19,544,542</u>	<u>945,573</u>	<u>20,490,115</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

11.4.1 General provision represents provision maintained against fully secured performing portfolio of consumer finance and unsecured performing portfolio of consumer and small enterprise finance, as required by the Prudential Regulations issued by the SBP.

11.4.2 Particulars of provision against advances

	2022			2021		
	Specific	General	Total	Specific	General	Total
	Rupees '000					
In local currency	18,021,288	771,609	18,792,897	18,832,594	945,573	19,778,167
In foreign currencies	536,129	-	536,129	711,948	-	711,948
	<u>18,557,417</u>	<u>771,609</u>	<u>19,329,026</u>	<u>19,544,542</u>	<u>945,573</u>	<u>20,490,115</u>

11.4.3 As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 1,862.991 million (December 31, 2021: Rs 1,975.889 million) relating to advances while determining the provisioning requirement against non-performing financing as at December 31, 2022. The additional profit arising from availing the FSV benefit (net of tax) as at December 31, 2022 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 950.125 million (December 31, 2021: Rs 1,205.292 million).

	Note	2022	2021
		Rupees '000	
11.5 Particulars of write-offs			
11.5.1 Against provisions	11.4	820,624	1,927,848
Directly charged to unconsolidated profit and loss account	31	128,431	29,262
		<u>949,055</u>	<u>1,957,110</u>
11.5.2 Write-offs of Rs. 500,000 and above			
- domestic	11.6	745,966	603,088
Write-offs of below Rs. 500,000		203,089	1,354,022
		<u>949,055</u>	<u>1,957,110</u>

11.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2022 is given in Annexure - I to these unconsolidated financial statements.

	Note	2022	2021
		Rupees '000	
12 FIXED ASSETS			
Capital work-in-progress	12.1	2,392,116	1,640,844
Property and equipment	12.2	32,642,117	24,697,123
		<u>35,034,233</u>	<u>26,337,967</u>
12.1 Capital work-in-progress			
Civil works		346,816	287,365
Equipment		1,742,100	880,538
Furniture and fixture		220,794	124,286
Vehicles		42,164	33,289
Land and building		40,242	315,366
		<u>2,392,116</u>	<u>1,640,844</u>

Notes to and forming part of the Unconsolidated Financial Statements

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12.2 Property and equipment

2022										
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets-land and building	Total	
Rupees '000										
At January 1, 2022										
Cost / revalued amount	2,398,777	4,072,488	642,304	5,371,523	1,324,233	8,060,507	342,442	4,065,210	13,128,915	39,406,399
Accumulated depreciation	-	-	85,668	403,098	979,289	6,272,990	170,269	2,393,036	4,404,926	14,709,276
Net book value	2,398,777	4,072,488	556,636	4,968,425	344,944	1,787,517	172,173	1,672,174	8,723,989	24,697,123
Year ended December 31, 2022										
Opening net book value	2,398,777	4,072,488	556,636	4,968,425	344,944	1,787,517	172,173	1,672,174	8,723,989	24,697,123
Additions	-	139,753	-	160,488	170,157	1,039,719	16,402	1,049,066	3,435,953	6,011,538
Lease modification (note 12.2.4)	-	-	-	-	-	-	-	-	25,332	25,332
Movement in surplus on assets revalued during the year	979,909	3,563,735	275,008	477,234	-	-	-	-	-	5,295,886
Disposals	(25,086)	-	-	-	(96)	(957)	(1,033)	(1,131)	(248,584)	(276,887)
Depreciation charge (note 12.2.3)	-	-	(29,848)	(211,799)	(62,759)	(798,258)	(37,410)	(342,890)	(1,627,911)	(3,110,875)
Other adjustments / transfers	-	-	-	-	(39)	975	(1)	(935)	-	-
Closing net book value	3,353,600	7,775,976	801,796	5,394,348	452,207	2,028,996	150,131	2,376,284	10,308,779	32,642,117
At December 31, 2022										
Cost / revalued amount	3,353,600	7,775,976	801,796	5,394,348	1,484,438	9,073,271	353,975	5,105,048	16,341,616	49,684,068
Accumulated depreciation	-	-	-	-	1,032,231	7,044,275	203,844	2,728,764	6,032,837	17,041,951
Net book value	3,353,600	7,775,976	801,796	5,394,348	452,207	2,028,996	150,131	2,376,284	10,308,779	32,642,117
Rate of depreciation (%) / useful life	-	-	2%-11%	2%-20%	10%	14%-50%	20%	10%-20%	11 months - 34 years	

2021										
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets-land and building	Total	
Rupees '000										
At January 1, 2021										
Cost / revalued amount	2,214,316	3,551,147	591,064	5,142,586	1,294,613	7,316,680	321,744	3,664,851	10,983,405	35,080,406
Accumulated depreciation	-	-	40,223	199,830	935,914	5,597,933	134,236	2,110,671	2,856,175	11,874,982
Net book value	2,214,316	3,551,147	550,841	4,942,756	358,699	1,718,747	187,508	1,554,180	8,127,230	23,205,424
Year ended December 31, 2021										
Opening net book value	2,214,316	3,551,147	550,841	4,942,756	358,699	1,718,747	187,508	1,554,180	8,127,230	23,205,424
Additions	184,461	521,341	51,239	228,937	45,997	818,656	20,756	406,749	2,175,953	4,454,089
Lease modification (note 12.2.4)	-	-	-	-	-	-	-	-	(30,443)	(30,443)
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(3,646)	(1,662)	(9)	(2,248)	-	(7,565)
Depreciation charge (note 12.2.3)	-	-	(45,445)	(203,268)	(55,947)	(748,381)	(36,083)	(286,507)	(1,548,751)	(2,924,382)
Other adjustments / transfers	-	-	1	-	(159)	157	1	-	-	-
Closing net book value	2,398,777	4,072,488	556,636	4,968,425	344,944	1,787,517	172,173	1,672,174	8,723,989	24,697,123
At December 31, 2021										
Cost / revalued amount	2,398,777	4,072,488	642,304	5,371,523	1,324,233	8,060,507	342,442	4,065,210	13,128,915	39,406,399
Accumulated depreciation	-	-	85,668	403,098	979,289	6,272,990	170,269	2,393,036	4,404,926	14,709,276
Net book value	2,398,777	4,072,488	556,636	4,968,425	344,944	1,787,517	172,173	1,672,174	8,723,989	24,697,123
Rate of depreciation (%) / useful life	-	-	2%-11%	2%-20%	10%	14%-50%	20%	10%-20%	11 months - 34 years	

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12.2.1 The cost of fully depreciated fixed assets that are still in the Bank's use is as follows:

	<u>2022</u>	<u>2021</u>
	-----Rupees '000-----	
Building	-	35,291
Furniture and fixture	775,389	716,641
Electrical, office and computer equipment	4,960,129	4,500,076
Vehicles	6,536	115,675
Leasehold property and improvement	1,412,484	1,200,507
	<u>7,154,538</u>	<u>6,568,190</u>

12.2.2 The Bank's freehold / leasehold land and buildings on freehold / leasehold land were last revalued by Jospeh Lobo Co. (Private) Limited on December 31, 2022 on the basis of professional assessments of the market value.

Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2022 would have been Rs 4,984.67 million (2021: Rs 4,775.54 million).

12.2.3 Allocation of depreciation expense for the year is as follows:

	Note	<u>2022</u>	<u>2021</u>
		-----Rupees '000-----	
Property expense			
- owned assets	29	584,537	535,220
- right-of-use assets	29	1,627,911	1,548,751
		2,212,448	2,083,971
Information technology expense	29	369,593	354,605
Other operating expenses	29	528,834	485,806
		<u>3,110,875</u>	<u>2,924,382</u>

12.2.4 Lease modifications

During the current year, the Bank has renegotiated a number of existing lease agreements resulting in a modification of these lease agreements under IFRS 16, 'Leases'. These lease modifications pertain to:

- i) a change in consideration of the lease(s);
- ii) an increase in the scope of the lease(s) due to an extension in the contractual lease terms; or
- iii) termination of existing lease(s) due to relocation of the branches to new premises.

In case of (i) and (ii) above, the Bank has remeasured the lease liabilities by discounting the revised lease payments using the revised discount rates and making a corresponding adjustment to the right-of-use assets.

In case of (iii) above, the Bank has decreased the carrying amount of the right-of-use assets and the corresponding lease liabilities to reflect the full termination of the lease, taking any resultant gain or loss on such termination to the unconsolidated profit and loss account.

	Note	<u>2022</u>	<u>2021</u>
		-----Rupees '000-----	
13 INTANGIBLE ASSETS			
Capital work-in-progress	13.1	711,373	596,868
Intangibles	13.2	1,273,468	1,146,577
		<u>1,984,841</u>	<u>1,743,445</u>
13.1 Capital work-in-progress			
Computer software		<u>711,373</u>	<u>596,868</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

13.2 Intangibles

At January 1, 2022

Cost
Accumulated amortisation
Net book value

Year ended December 31, 2022

Opening net book value
Additions - directly purchased
Amortisation charge (note 29)
Closing net book value

At December 31, 2022

Cost
Accumulated amortisation
Net book value

Rate of amortisation (percentage)

Useful life

2022		
Computer software	Customer relationship (note 13.2.2)	Total

Rupees '000

3,041,143	2,557,167	5,598,310
2,428,042	2,023,691	4,451,733
613,101	533,476	1,146,577
613,101	533,476	1,146,577
430,546	-	430,546
(221,524)	(82,131)	(303,655)
822,123	451,345	1,273,468
3,471,689	2,557,167	6,028,856
2,649,566	2,105,822	4,755,388
822,123	451,345	1,273,468
14%-20%	5%-7%	
5-7 years	10-19 years	

2021		
Computer software	Customer relationship (note 13.2.2)	Total

Rupees '000

At January 1, 2021

Cost
Accumulated amortisation
Net book value

Year ended December 31, 2021

Opening net book value
Additions - directly purchased
Amortisation charge (note 29)
Closing net book value

At December 31, 2021

Cost
Accumulated amortisation
Net book value

Rate of amortisation (percentage)

Useful life

2,637,422	2,557,167	5,194,589
2,279,906	1,941,562	4,221,468
357,516	615,605	973,121
357,516	615,605	973,121
403,721	-	403,721
(148,136)	(82,129)	(230,265)
613,101	533,476	1,146,577
3,041,143	2,557,167	5,598,310
2,428,042	2,023,691	4,451,733
613,101	533,476	1,146,577
14%-20%	5%-10%	
5-7 years	10-19 years	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

13.2.1 The cost of fully amortised intangible assets that are still in the Bank's use is as follows:

	2022	2021
	-----Rupees '000-----	
Computer software	1,980,879	1,980,879
Customer relationship	1,099,722	1,099,722
	<u>3,080,601</u>	<u>3,080,601</u>

13.2.2 This represents an intangible asset (customer relationship) which comprises of core deposits which were recognised at the time of acquisition of ex-RBS Pakistan. These core deposits represent the funding benefit that would be available to the Bank on account of availability of funding through deposit customers rather than from the wholesale or interbank market. This benefit also considers the fact that the economic life time of these deposits is longer than their contractual life. Based on this assumption, this intangible asset had been valued using certain valuation techniques and is being amortised over the life expectancy of these deposits. As more fully explained in note 13.3 to these unconsolidated financial statements, the SBP allowed the Bank to adjust the amortisation charge arising on this intangible asset against non-distributable capital reserve. The remaining amortisation period of this intangible asset is ranging from 3 to 8 years.

13.3 Non-distributable capital reserve - gain on bargain purchase

As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as non-distributable capital reserve (NCR). The SBP allowed the Bank to adjust the amortisation of the intangible asset against the portion of reserve which arose on account of such asset. Accordingly, the Bank has adjusted amortisation of intangible asset amounting to Rs 68.149 million (2021: Rs. 50.1 million) (net of tax) from the non-distributable capital reserve.

	Note	2022	2021
		-----Rupees '000-----	
14 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		26,608,166	10,666,314
Income / mark-up accrued in foreign currencies - net of provision		35,156	4,524
Advances, deposits, advance rent and other prepayments		1,243,061	839,746
Non-banking assets acquired in satisfaction of claims	14.1	1,041,276	985,645
Mark to market gain on forward foreign exchange contracts		383,842	1,869,513
Fair value of derivative contracts		-	2,080
Acceptances	19	6,930,359	8,343,820
Credit cards and other products fee receivable		566,289	488,906
Receivable from brokers against sale of shares		268,523	370,970
Dividend receivable		75,348	75,348
Receivable from 1Link (Private) Limited		3,302,249	729,363
Rent and amenities receivable		43,456	22,006
Rebate receivable - net		118,625	22,668
Defined benefit plan asset	36	168,825	127,785
Others		2,305,179	265,741
		<u>43,090,354</u>	<u>24,814,429</u>
Less: provision held against other assets	14.2	(325,254)	(355,590)
Other assets - net of provision		42,765,100	24,458,839
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21.2	2,126,204	1,271,247
Other assets - total		<u>44,891,304</u>	<u>25,730,086</u>
14.1 Market value of non-banking assets acquired in satisfaction of claims		<u>3,167,480</u>	<u>2,509,571</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

The non-banking assets acquired in satisfaction of claims by the Bank have been revalued by an independent professional valuer as at December 31, 2022. The revaluation was carried out by Josph Lobo Co. (Private) on the basis of professional assessment of present market values. The SBP's Regulations for Debt Property Swap require the Bank to carry out a full scope valuation of non-banking assets after every three years.

	Note	2022	2021
-----Rupees '000-----			
14.1.1 Non-banking assets acquired in satisfaction of claims			
Opening Balance		2,256,892	2,683,207
Additions		48,000	-
Revaluation	21.2	854,957	-
Disposals		-	(421,350)
Reversal of impairment		12,596	-
Depreciation	29	(4,965)	(4,965)
Closing Balance		<u>3,167,480</u>	<u>2,256,892</u>
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		-	469,000
Less: carrying value		-	(421,350)
Gain on disposal	28	<u>-</u>	<u>47,650</u>
14.2 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		50,473	51,050
Security deposits		22,994	22,994
Others		176,439	206,198
		<u>325,254</u>	<u>355,590</u>
14.2.1 Movement in provision held against other assets			
Opening balance		355,590	325,832
Charge for the year	31	-	29,758
Reversals during the year		(30,336)	-
		(30,336)	29,758
Amounts written off		-	-
Closing balance		<u>325,254</u>	<u>355,590</u>
15 BILLS PAYABLE			
In Pakistan		<u>21,309,950</u>	<u>14,122,901</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

16 BORROWINGS	Note	2022	2021
		-----Rupees '000-----	
Secured			
Borrowings from the State Bank of Pakistan (SBP) under			
- Export refinance scheme - part I and II		-	614,152
- Long term financing facility		-	919,241
- Long term financing facility for renewable power energy (RPE)	16.1	9,502	717,788
- Scheme of financing facility for storage of agricultural produce	16.2	5,400	28,783
- Islamic export refinance scheme - part I and II	16.3	31,795,302	30,993,655
- Refinance scheme for payment of wages and salaries	16.4	885,681	7,280,953
- Islamic financing for renewable energy	16.5	6,914,074	5,973,187
- Islamic long term financing facility	16.6	12,407,019	7,733,936
- Islamic temporary economic refinance scheme	16.7	30,853,102	21,721,871
- Islamic refinance facility for combating COVID-19	16.8	232,778	314,644
- Islamic refinance facility for storage of agricultural produce	16.9	370,805	-
- Scheme of Islamic Rupee-based discounting facility under EFS/IERS facility under EFS/IERS	16.10	547,230	145,956
		84,020,892	76,444,166
Repurchase agreement borrowings	16.11 & 16.15	5,318,855	19,730,756
Borrowings from SBP under Open Market Operations (OMO)	16.12 & 16.15	29,061,914	-
Borrowing from other financial institution	16.13	1,440,559	467,156
Total secured		119,842,220	96,642,078
Unsecured			
Overdrawn nostro accounts		1,662,176	2,545,198
Musharaka acceptances	16.14	28,630,000	1,500,000
Other borrowings		-	10,502,553
Total unsecured		30,292,176	14,547,751
		150,134,396	111,189,829

16.1 These represent borrowings from the SBP under scheme for long term financing facility for renewable power energy (RPE). The mark-up rates on these facilities range from 2% to 3% per annum (2021: 2% to 3% per annum), payable on quarterly basis, with maturities upto December 2028. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.

16.2 These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. The mark-up rate on these facilities is 2% per annum (2021: 2.5% to 3.5%) payable on quarterly basis with maturities upto April 2024. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.

16.3 In accordance with the Islamic export refinance scheme (IERS), the Bank has entered into musharaka agreements for financing with the SBP for extending export finance to the customers. The average profit rates on this facility range from 3% to 10% (2021: 1% to 2%) payable on quarterly basis with maturities upto 180 days from the date of grant. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.

16.4 In accordance with the Islamic refinance scheme for payment of wages and salaries to the workers and employees of business concerns, the Bank has entered into mudarabah agreements for financing with the SBP for extending salary finance to the customers. The average profit rates on this facility range from 0% to 2% (2021: 0% to 2%) payable on quarterly basis with maturities upto March 2023. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

- 16.5** In accordance with the Islamic financing facility for renewable energy, the Bank has entered into mudarabah agreements for financing with the SBP for extending renewable energy finance to customers. The average profit rates on this facility range from 2% to 3% (2021: 2% to 3%) payable on quarterly basis with maturities upto May 2033. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.6** In accordance with the Islamic long term financing facility for plant and machinery, the Bank has entered into mudarabah agreements for financing with the SBP for extending Islamic long term finance to the customers. The average profit rates on this facility range from 3% to 10% (2021: 2% to 3.5%) payable on quarterly basis with maturities upto December 2034. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.7** In accordance with the Islamic temporary economic refinance facility (ITERF), the Bank has entered into mudarabah agreements for financing with the SBP for extending long term finance to the customers. The average profit rate on this facility is 1% (2021: 1%) payable on quarterly basis with maturities upto December 2032. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.8** In accordance with the Islamic refinance facility for combating COVID-19, the Bank has entered into mudarabah agreements for financing with the SBP for extending medical equipment finances to the customers. The average profit rate on this facility is 0% (2021: 0%) payable on quarterly basis with maturities upto June 2026. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.9** These represent balances due to the SBP under scheme of Islamic financing facility for storage of agricultural produce (IFFSAP). The profit rate on this facility is 2% per annum (2021: 4%) payable on quarterly basis with maturity upto February 2029. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.10** In accordance with rupee based discounting scheme under IERS, the Bank has entered into musharaka agreements for financing with the SBP for extending export finance to the customers. The average profit rates on this facility range from 0.5% to 2% payable on quarterly basis with maturities upto 180 days from the date of grant. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.11** These represent collateralised borrowings against Pakistan Investment Bonds. The mark-up rate on these borrowings is 16.13% (2021 : 9.8% to 10.2%) per annum having maturities upto March 2023.
- 16.12** This represents borrowing from State Bank of Pakistan under open market operation. The mark-up rates on these borrowing ranges from 16.09% to 16.24% per annum having maturity in February 2023.
- 16.13** This represents borrowing from Pakistan Mortgage Refinance Company (PMRC). The mark-up rate on this borrowing is 8.75% per annum (2021: 8.75%) having maturity in December 2025.
- 16.14** This represents Musharaka acceptance on profit and loss sharing basis. The expected rates on these deal ranges from 16.00% to 16.15% (2021: 9.5% per annum) having maturity in January 2022.
- 16.15** Details and nature of securities pledged as collateral against borrowings are given in note 10.3 to these unconsolidated financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

16.16 Particulars of borrowings with respect to currencies

- in local currency
- in foreign currencies

	2022	2021
	-----Rupees '000-----	
	148,472,220	98,142,078
	1,662,176	13,047,751
	<u>150,134,396</u>	<u>111,189,829</u>

17 DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000-----					
Customers						
Current deposits	233,289,655	26,500,047	259,789,702	184,248,112	24,957,795	209,205,907
Savings deposits	207,105,501	23,004,040	230,109,541	206,181,337	19,665,122	225,846,459
Term deposits	154,758,216	887,679	155,645,895	144,979,760	1,950,361	146,930,121
Margin deposits	7,661,317	229,752	7,891,069	3,603,873	7,416	3,611,289
	<u>602,814,689</u>	<u>50,621,518</u>	<u>653,436,207</u>	<u>539,013,082</u>	<u>46,580,694</u>	<u>585,593,776</u>
Financial institutions						
Current deposits	9,405,616	65,052	9,470,668	1,739,947	30,445	1,770,392
Savings deposits	118,138,305	-	118,138,305	45,359,590	-	45,359,590
Term deposits	525,550	-	525,550	11,365,550	-	11,365,550
	<u>128,069,471</u>	<u>65,052</u>	<u>128,134,523</u>	<u>58,465,087</u>	<u>30,445</u>	<u>58,495,532</u>
	<u>730,884,160</u>	<u>50,686,570</u>	<u>781,570,730</u>	<u>597,478,169</u>	<u>46,611,139</u>	<u>644,089,308</u>

17.1 Composition of deposits

- individuals
- government (Federal and Provincial)
- public sector entities
- banking companies
- non-banking financial institutions
- private sector

	2022	2021
	-----Rupees '000-----	
	141,563,384	138,633,764
	20,622,004	14,345,295
	19,009,076	24,879,734
	5,902,607	7,343,227
	122,231,916	51,152,305
	472,241,743	407,734,983
17.1.1	<u>781,570,730</u>	<u>644,089,308</u>

17.1.1 These include deposits eligible to be covered under insurance arrangements amounting to Rs 440.635 billion (2021: Rs 377.496 billion).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

18 DEFERRED TAX LIABILITIES / (ASSETS)

2022			
At January 1, 2022	Recognised in P&L	Recognised in OCI	At December 31, 2022

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

Taxable temporary differences on

- surplus on revaluation of fixed assets
- surplus on revaluation of non-banking assets
- surplus on revaluation of investments
- fair value adjustment relating to net assets acquired upon amalgamation
- accelerated tax depreciation

1,527,939	(73,379)	502,677	1,957,237
14,113	-	1,478	15,591
71,350	-	(1,463,653)	(1,392,303)
208,056	-	(13,977)	194,079
2,294	37,468	-	39,762
1,823,752	(35,911)	(973,475)	814,366

Deductible temporary differences on

- provision for diminution in the value of investments
- provision against advances, off balance sheet etc.
- provision against other assets

(31,811)	75,809	-	43,998
(1,059,541)	1,019,161	-	(40,380)
(140,068)	16,109	-	(123,959)
(1,231,420)	1,111,079	-	(120,341)
592,332	1,075,168	(973,475)	694,025

2021			
At January 1, 2021	Recognised in P&L	Recognised in OCI	At December 31, 2021

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

Taxable temporary differences on

- surplus on revaluation of fixed assets
- surplus on revaluation of non-banking assets
- surplus on revaluation of investments
- fair value adjustment relating to net assets acquired upon amalgamation
- accelerated tax depreciation

1,602,246	(74,307)	-	1,527,939
14,113	-	-	14,113
1,137,218	-	(1,065,868)	71,350
240,087	-	(32,031)	208,056
97,327	(95,033)	-	2,294
3,090,991	(169,340)	(1,097,899)	1,823,752

Deductible temporary differences on

- provision for diminution in the value of investments
- provision against advances, off balance sheet etc.
- provision against other assets

(155,137)	123,326	-	(31,811)
(1,215,623)	156,082	-	(1,059,541)
(128,462)	(11,606)	-	(140,068)
(1,499,222)	267,802	-	(1,231,420)
1,591,769	98,462	(1,097,899)	592,332

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
		-----Rupees '000-----	
19 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		6,735,294	2,567,306
Mark-up / return / interest payable in foreign currencies		5,357	3,109
Unearned commission and income on bills discounted		986,281	852,715
Accrued expenses		3,279,114	2,409,168
Acceptances	14	6,930,359	8,343,820
Unclaimed dividends		256,594	52,420
Mark to market loss on forward foreign exchange contracts		46,611	989,223
Current taxation (provision less payments)		1,081,615	782,370
Charity fund balance		1,634	1,273
Provision against off-balance sheet obligations	19.1	87,700	104,894
Security deposits against leases		108,319	189,725
Withholding tax payable		283,547	95,756
Federal excise duty payable		90,817	61,446
Payable to brokers against purchase of shares		1,235,367	522,535
Fair value of derivative contracts		1,507,683	966,691
Payable related to credit cards and other products		108,909	276,092
Lease liability against right-of-use assets		11,827,762	9,728,175
Advance against disposal of assets		9,187	4,366
Funds held as security		288,573	270,227
Payable to 1Link		359,297	78,572
Insurance payable		60,888	92,807
Clearing and settlement accounts		14,940,611	5,107,985
Others		328,832	293,839
		<u>50,560,351</u>	<u>33,794,514</u>
19.1 Provision against off-balance sheet obligations			
Opening balance		104,894	127,569
Charge for the year		3,596	2,075
Reversals during the year		(20,790)	(24,750)
	31	(17,194)	(22,675)
Closing balance		<u>87,700</u>	<u>104,894</u>
20 SHARE CAPITAL			
20.1 Authorised capital			
		2022	2021
		-----Rupees '000-----	
		2022	2021
		-----Number of shares -----	
		<u>2,200,000,000</u>	<u>2,200,000,000</u>
		22,000,000	22,000,000
		<u>22,000,000</u>	<u>22,000,000</u>
		Ordinary shares of Rs. 10 each	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

20.2 Issued, subscribed and paid up

2022	2021		2022	2021
----- Number of shares -----			-----Rupees '000-----	
Ordinary shares				
201,451,420	201,451,420	Fully paid in cash	2,014,514	2,014,514
1,298,772,879	1,298,772,879	Issued as bonus shares	12,987,729	12,987,729
17,472,226	17,472,226	Issued for consideration other than cash	174,722	174,722
<u>1,517,696,525</u>	<u>1,517,696,525</u>		<u>15,176,965</u>	<u>15,176,965</u>

20.2.1 As at December 31, 2022, Ithmaar Bank B.S.C. (closed) (the parent company of the Bank) directly and indirectly holds 1,013,473,712 ordinary shares of Rs. 10 each (2021: 1,013,473,712 ordinary shares).

	Note	2022	2021
		-----Rupees '000-----	
21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus on revaluation of:			
- available for sale securities	10.1	(3,237,915)	182,949
- fixed assets	21.1	12,341,050	7,220,789
- non-banking assets acquired in satisfaction of claims	21.2	2,126,204	1,271,247
		11,229,339	8,674,985
Deferred tax on surplus on revaluation of:			
- available for sale securities		1,392,303	(71,350)
- fixed assets	21.1	(1,957,237)	(1,527,939)
- non-banking assets acquired in satisfaction of claims	21.2	(15,591)	(14,113)
		(580,525)	(1,613,402)
		<u>10,648,814</u>	<u>7,061,583</u>
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		7,220,789	7,411,321
Recognised during the year		5,295,886	-
Surplus realised on disposal during the year		(4,977)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(170,648)	(190,532)
Surplus on revaluation of fixed assets as at December 31		12,341,050	7,220,789
Less: related deferred tax liability on:			
- revaluation as at January 1		(1,527,939)	(1,602,246)
- revaluation recognised during the year		(502,677)	-
- incremental depreciation charged during the year		73,379	74,307
		(1,957,237)	(1,527,939)
		<u>10,383,813</u>	<u>5,692,850</u>
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		1,271,247	1,453,786
Recognised during the year	14.1.1	854,957	-
Surplus realised on disposal during the year		-	(182,539)
Surplus on revaluation as at December 31		2,126,204	1,271,247
Less: related deferred tax liability on:			
- revaluation as at January 1		(14,113)	(14,113)
- revaluation recognised during the year		(1,478)	-
		(15,591)	(14,113)
		<u>2,110,613</u>	<u>1,257,134</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	38,920,372	34,644,920
Commitments	22.2	168,295,114	266,894,554
Other contingent liabilities	22.3	4,122,244	4,122,244
		<u>211,337,730</u>	<u>305,661,718</u>
22.1 Guarantees:			
Financial guarantees		5,725,594	6,686,179
Performance guarantees		12,053,909	9,614,460
Other guarantees		21,140,869	18,344,281
		<u>38,920,372</u>	<u>34,644,920</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		52,543,910	77,150,641
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	57,184,237	131,320,853
- forward government securities transactions	22.2.2	41,226,248	19,884,976
- derivatives - cross currency and interest rate swaps (notional principal)	22.2.3	1,510,401	6,681,964
- extending credit (irrevocable)	22.5	15,473,238	31,655,235
Commitments for acquisition of:			
- operating fixed assets		193,455	115,530
- intangible assets		163,625	85,355
		<u>168,295,114</u>	<u>266,894,554</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		50,919,583	90,624,579
Sale		6,264,654	40,696,274
		<u>57,184,237</u>	<u>131,320,853</u>
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		35,400,890	19,884,976
Sale		5,825,358	-
		<u>41,226,248</u>	<u>19,884,976</u>
22.2.3 Commitments in respect of derivatives			
Sale	23	1,510,401	6,681,964
22.3 Other contingent liabilities			
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case		2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	22.3.1	1,154,701	1,154,701
		<u>4,122,244</u>	<u>4,122,244</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

22.3.1 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, 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 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.

22.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 29,453 million (December 31, 2021: Rs 30,799 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, 2021: 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 unconsolidated financial statements.

22.5 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. 15,473 million (2021: Rs. 31,655 million) which are irrevocable in nature.

23 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

Interest rate swap (notional principal)

	<u>2022</u>	<u>2021</u>
	-----Rupees '000-----	
	1,510,401	6,417,194
	-	264,770

Derivative instruments, such as forward rate agreements, interest rate swaps, cross currency swaps and FX options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All derivative transactions are governed by "The Financial Derivatives Business Regulations" (FDBR) issued by the SBP.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

23.1 Product analysis

Counterparties	2022			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	----- Rupees '000 -----			
With banks for				
Hedging	-	-	-	-
Market making	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)	-	-

Counterparties	2021			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain
	----- Rupees '000 -----			
With banks for				
Hedging	-	-	-	-
Market making	2,682,872	(104,219)	264,770	2,080
With other entities for				
Hedging	-	-	-	-
Market making	3,734,322	(862,472)	-	-
Total				
Hedging	-	-	-	-
Market making	6,417,194	(966,691)	264,770	2,080

23.2 Maturity analysis

Remaining maturity	No. of contracts	2022			
		Notional principal	Mark to market		
			Negative	Positive	Net
	----- Rupees '000 -----				
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	6	810,638	(2,232,715)	1,411,141	(821,574)
3 to 5 years	4	699,763	(4,217,089)	3,530,980	(686,109)
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
Total		1,510,401	(6,449,804)	4,942,121	(1,507,683)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

Remaining maturity	2021				
	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
----- Rupees '000 -----					
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	2	529,540	(545,491)	527,068	(18,423)
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
3 to 5 years	10	6,152,424	(6,669,504)	5,723,316	(946,188)
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
Total		6,681,964	(7,214,995)	6,250,384	(964,611)

23.3 Risk management policies related to derivatives are discussed in note 44.6 to these unconsolidated financial statements.

	2022	2021
	----- Rupees '000 -----	
24 MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	52,767,525	29,054,986
Investments	49,475,306	24,201,945
Lendings to financial institutions	1,732,956	424,153
Balances with banks	4,156	216
Securities purchased under resale agreements	541,061	187,421
	<u>104,521,004</u>	<u>53,868,721</u>
25 MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	43,550,703	20,565,805
Securities sold under repurchase agreements	11,796,209	2,079,731
Other short term borrowings	489,914	71,769
SBP borrowings	1,992,558	1,023,608
Musharaka acceptances	1,683,862	121,643
Lease liability against right-of-use assets	1,260,134	1,258,754
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,759,788	2,913,374
	<u>64,533,168</u>	<u>28,034,684</u>
26 FEE AND COMMISSION INCOME		
Branch banking customer fees	964,381	837,552
Consumer finance related fees	578,091	489,793
Card related fees (debit and credit cards)	3,179,024	2,072,378
Credit related fees	10,904	24,749
Investment banking fees	283,990	248,804
Commission on trade	595,804	388,868
Commission on guarantees	174,220	149,980
Commission on cash management	92,721	77,161
Commission on remittances including home remittances	331,767	292,714
Commission on bancassurance	183,465	246,072
Commission on sale of funds unit	173,173	188,655
Others	60,834	77,447
	<u>6,628,374</u>	<u>5,094,173</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
27 (LOSS) / GAIN ON SECURITIES			
Realised	27.1	(1,559,655)	319,398
Unrealised - held for trading		-	(9,084)
		<u>(1,559,655)</u>	<u>310,314</u>
27.1 Realised (loss) / gain on:			
Federal Government securities		(238,170)	310,579
Shares		(1,300,500)	(76,640)
Open end mutual funds		(20,985)	85,459
		<u>(1,559,655)</u>	<u>319,398</u>
28 OTHER INCOME			
Rent on property		217,114	201,988
Gain on disposal of fixed assets - net		52,758	25,210
Gain on disposal of non-banking assets - net		-	47,650
Loss on short sale of Pakistan Investment Bonds (PIBs)		-	(561)
Notice pay		470	7,981
Scrap income		7,537	4,046
Others		663	405
		<u>278,542</u>	<u>286,719</u>
29 OPERATING EXPENSES			
Total compensation expense	29.2	10,783,444	8,384,910
Property expense			
Rent and taxes		341,935	438,003
Insurance		85,761	57,574
Utilities cost		1,408,082	818,416
Security (including guards)		1,120,494	811,103
Repair and maintenance (including janitorial charges)		784,910	614,414
Depreciation on owned fixed assets	12.2.3	584,537	535,220
Depreciation on non-banking assets	14.1.1	4,965	4,965
Depreciation on right-of-use assets	12.2.3	1,627,911	1,548,751
Others		167,284	94,856
		<u>6,125,879</u>	<u>4,923,302</u>
Information technology expenses			
Software maintenance		2,343,230	1,379,502
Hardware maintenance		323,188	269,982
Depreciation	12.2.3	369,593	354,605
Amortisation	13.2	221,524	148,136
Network charges		273,271	238,609
Others		-	304
		<u>3,530,806</u>	<u>2,391,138</u>
Other operating expenses			
Directors' fees and allowances	38.2	129,120	119,920
Legal and professional charges		158,199	127,149
Outsourced services costs - staff	35.1	525,761	430,249
Travelling and conveyance		188,485	108,353
NIFT clearing charges		63,024	56,947
Depreciation	12.2.3	528,834	485,806
Training and development		23,282	47,141
Postage and courier charges		246,340	160,253
Communication		357,057	227,295
Marketing, advertisement and publicity		1,085,304	567,810
Donations	29.3	88,257	79,917
Auditors remuneration	29.4	53,935	41,616
Insurance		753,404	584,055
Stationery and printing		569,183	359,984
Bank fees and charges		128,493	146,620
Brokerage and commission		46,169	68,809
Deposit protection premium		603,993	520,235
Credit card bonus points redemption		214,209	186,327
Others		792,136	588,348
		<u>6,555,185</u>	<u>4,906,834</u>
		<u>26,995,314</u>	<u>20,606,184</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

29.1 Cost of outsourced activities is Rs. 207.027 million (2021: Rs. 230.113 million). This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is Rs. Nil (2021: Rs. Nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017. Material outsourcings done by the Bank are listed below:

S.No	Name of outsourced agency	Nature of service	Estimated cost (Rupees '000)
1	Euronet Pakistan Private Limited	Credit cards, debit cards, prepaid cards and ATMs switch system host	181,026

29.2 Total compensation expense

Managerial Remuneration

i) Fixed

ii) Variable

of which;

a) Cash bonus / awards, etc.

b) Commission incentives

Charge for defined benefit plan

Contribution to defined contribution plan

Rent & house maintenance

Utilities

Medical

Insurance

Conveyance

Others

Sub-total

Sign-on bonus *

Grand Total

	2022	2021
	-----Rupees '000-----	
	4,598,809	3,670,993
	1,090,011	667,831
	909,229	745,577
	225,554	210,857
	284,039	249,422
	1,445,412	1,174,289
	348,624	286,242
	276,651	267,381
	350,106	269,396
	1,176,563	805,134
	77,246	35,788
	10,782,244	8,382,910
	1,200	2,000
	<u>10,783,444</u>	<u>8,384,910</u>
	88,257	79,917

* Sign on bonus was provided to 1 employee (2021: 1 employee).

29.3 Donations made during the year were as follows:

Donee

Waqf Faisal (Trust)

29.3.1 The President and Chief Executive Officer of the Bank is acting as trustee of Waqf Faisal (Trust). No other interest of any of the directors or their spouses exists.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
29.4 Auditors' remuneration			
Statutory audit fee		4,590	4,316
Fee for the consolidated financial statements		2,052	1,866
Fee for other statutory certifications		5,724	5,076
Fee for the quarterly and the annual group reportings		16,894	15,303
Fee for the review of the half yearly financial statements		1,296	1,166
Fee for the audit of employee funds		189	173
Special certifications and sundry advisory services		4,254	2,436
Tax services		14,051	9,180
Out-of-pocket expenses		4,885	2,100
		<u>53,935</u>	<u>41,616</u>
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		37,349	6,927
31 (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET			
Reversal of provision for diminution in value of investments	10.4	(167,637)	(325,301)
(Reversal of provision) / provision against loans and advances	11.4	(457,485)	804,436
(Reversal of provision) / provision against other assets	14.2.1	(30,336)	29,758
Bad debts written off directly	11.5	128,431	29,262
Recoveries of written off / charged off bad debts		(383,214)	(467,848)
Reversal of provision against off balance sheet obligations	19.1	(17,194)	(22,675)
Reversal of impairment charged for non-banking assets		(12,596)	-
		<u>(940,031)</u>	<u>47,632</u>
32 TAXATION			
Current		11,121,570	5,099,205
Prior years		(1,036,606)	57,990
Deferred	18	1,075,168	98,462
		<u>11,160,132</u>	<u>5,255,657</u>
32.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>22,393,300</u>	<u>13,408,837</u>
Tax calculated at the rate of 49% (2021: 39%)		10,972,717	5,229,446
Effect of:			
- permanent differences		76,307	2,702
- prior year charge		26,000	57,990
- others		85,108	(34,481)
Tax charge for the year		<u>11,160,132</u>	<u>5,255,657</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	-----Rupees '000-----	
33 BASIC / DILUTED EARNINGS PER SHARE		
Profit for the year	<u>11,233,168</u>	<u>8,153,180</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>7.40</u>	<u>5.37</u>

33.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at December 31, 2022 and December 31, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	<u>2022</u>	<u>2021</u>
		-----Rupees '000-----	
34 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks	7	56,130,549	58,516,627
Balance with other banks	8	2,785,035	3,517,282
Overdrawn nostros	16	(1,662,176)	(2,545,198)
		<u>57,253,408</u>	<u>59,488,711</u>

	<u>2022</u>	<u>2021</u>
	-----Number of employees-----	
35 STAFF STRENGTH		
Permanent	7,974	7,093
On Bank's contract	37	27
Bank's own staff strength at the end of the year	<u>8,011</u>	<u>7,120</u>

35.1 In addition to the above, 1,198 (2021: 1,073) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

36 DEFINED BENEFIT PLAN

36.1 General description

The Bank operates an approved funded gratuity scheme for all its permanent employees and employees who are on contractual service in non-management cadre. The benefits under the gratuity schemes are payable on retirement at the age of 60 years or earlier cessation of service in lumpsum. The benefits are equal to one month's last drawn basic salary for each year of eligible service or part thereof. The minimum qualifying eligible service for gratuity is 1 year for employees who became members of the Funds before November 12, 2002. In the case of other members of the Funds the minimum qualifying eligible service is 5 years. The minimum qualifying eligible service for contractual employees not employed under the management cadre is 6 months. The latest actuarial valuation of the Bank's defined benefit plan, based on the Projected Unit Credit Actuarial Cost Method, was carried out as at December 31, 2022.

As at December 31, 2022 the balance of conventional sub-funds has been transferred to islamic sub-fund

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	2022	2021
-----Number of employees-----		

36.2 Number of employees under the scheme

The number of employees covered under the following defined benefit scheme are:

- Gratuity fund

8,011	7,120
-------	-------

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2022 using the following significant assumptions:

	2022		2021	
	Conventional	Islamic	Conventional	Islamic
----- % per annum -----				
Discount rate	-	14.50	11.75	11.75
Expected rate of return on plan assets	-	14.50	11.75	11.75
Expected rate of salary increase	-	14.50	11.75	11.75

Note	2022			2021		
	Conventional	Islamic	Total	Conventional	Islamic	Total
	----- Rupees '000 -----					

36.4 Reconciliation of payable to defined benefit plan

Present value of obligations	36.5	-	1,418,129	1,418,129	300,575	889,309	1,189,884
Fair value of plan assets	36.6	-	(1,586,954)	(1,586,954)	(744,401)	(573,268)	(1,317,669)
		-	(168,825)	(168,825)	(443,826)	316,041	(127,785)

36.5 Movement in defined benefit obligations

Obligations at the beginning of the year	300,575	889,309	1,189,884	435,170	607,323	1,042,493
Current service cost	-	238,666	238,666	71,861	144,977	216,838
Interest cost	-	149,654	149,654	46,706	67,940	114,646
Benefits paid by the Bank	-	(110,108)	(110,108)	(31,035)	(47,568)	(78,603)
Transfer (out)/in	(300,575)	300,575	-	-	-	-
Re-measurement gain	-	(49,967)	(49,967)	(49,473)	(56,017)	(105,490)
Obligations at the end of the year	-	1,418,129	1,418,129	300,575	889,309	1,189,884

Notes to and forming part of the Unconsolidated Financial Statements

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Note	2022			2021		
	Conventional	Islamic	Total	Conventional	Islamic	Total
----- Rupees '000-----						
36.6 Movement in fair value of plan assets						
Fair value at the beginning of the year	(744,401)	(573,268)	(1,317,669)	(678,599)	(428,099)	(1,106,698)
Interest income on plan assets	-	(162,766)	(162,766)	(70,469)	(50,158)	(120,627)
Contribution by the Bank - net	-	(215,942)	(215,942)	(48,098)	(162,759)	(210,857)
Benefits paid by the Bank	-	110,108	110,108	31,035	47,568	78,603
Transfer out/(in)	744,401	(744,401)	-	-	-	-
Re-measurements loss / (gain); Net return on plan assets over interest income	36.8.2	(685)	(685)	21,730	20,180	41,910
Fair value at the end of the year	-	(1,586,954)	(1,586,954)	(744,401)	(573,268)	(1,317,669)
36.7 Movement in (receivable) / payable under defined benefit scheme						
Opening balance	(443,826)	316,041	(127,785)	(243,429)	179,224	(64,205)
Charge for the year	-	225,554	225,554	48,098	162,759	210,857
Contribution by the Bank - net	-	(215,942)	(215,942)	(48,098)	(162,759)	(210,857)
Re-measurement (gain) / loss recognised in OCI during the year	36.8.2	(50,652)	(50,652)	(27,743)	(35,837)	(63,580)
Transfer out/(in)	443,826	(443,826)	-	-	-	-
Amount in respect of inter bank employees transfer	-	-	-	(172,654)	172,654	-
Closing balance	-	(168,825)	(168,825)	(443,826)	316,041	(127,785)
36.8 Charge for defined benefit plans						
36.8.1 Cost recognised in profit and loss						
Current service cost	-	238,666	238,666	71,861	144,977	216,838
Net interest on defined benefit asset / liability	-	(13,112)	(13,112)	(23,763)	17,782	(5,981)
	-	225,554	225,554	48,098	162,759	210,857
36.8.2 Re-measurements recognised in OCI during the year						
(Gain) / loss on obligation						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	-	8,593	8,593	1,014	2,999	4,013
- experience adjustment	-	(58,560)	(58,560)	(50,487)	(59,016)	(109,503)
Return on plan assets over interest income	-	(685)	(685)	21,730	20,180	41,910
Total re-measurements recognised in OCI	-	(50,652)	(50,652)	(27,743)	(35,837)	(63,580)
36.9 Components of plan assets						
Cash and cash equivalents - net	-	421,285	421,285	458,762	136,520	595,282
Government securities / Ijarah sukuks	-	886,379	886,379	285,359	187,500	472,859
Shares / mutual funds	-	279,290	279,290	280	249,248	249,528
	-	1,586,954	1,586,954	744,401	573,268	1,317,669

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

The funds are primarily invested in GOP Ijara Sukuks and mutual funds and accordingly do not carry any credit risk. These are subject to interest rate risk. Cash and cash equivalents includes balances maintained with the Bank which are subject to credit risk. Equity securities are subject to price risk which is being regularly monitored by the Trustees of the employee fund.

36.10 Historical information

	2022	2021	2020	2019	2018
	Rupees '000				
Present value of defined benefit obligation	(1,418,129)	(1,189,884)	(1,042,493)	(851,200)	(710,647)
Fair value of plan assets	1,586,954	1,317,669	1,106,698	732,386	592,795
Surplus / (deficit)	168,825	127,785	64,205	(118,814)	(117,852)
Remeasurement of plan liabilities	49,967	105,490	78,713	49,504	8,344
Remeasurement of plan assets	685	(41,910)	(15,343)	42,454	(42,468)

36.11 Sensitivity analysis

The analysis based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption should be summarised as illustrated below:

	2022		2021	
	Conventional	Islamic	Conventional	Islamic
	Rupees '000			
1% increase in discount rate	-	(102,165)	(26,820)	(84,043)
1% decrease in discount rate	-	116,642	31,135	98,765
1% increase in expected rate of salary increase	-	118,901	31,576	100,016
1% decrease in expected rate of salary increase	-	(105,889)	(27,659)	(86,549)
1 year increase in expected life / withdrawal rate	-	(33,263)	(12,298)	(20,859)
1 year decrease in expected life / withdrawal rate	-	29,733	11,863	18,645

36.12 Expected maturity analysis of undiscounted obligation

Less than a year	-	111,448	20,164	46,172
Between 1-2 years	-	405,730	51,687	164,621
Between 2-5 years	-	955,088	121,207	391,535
Over 5 years	-	52,589,865	5,359,122	39,500,442
Total	-	54,062,131	5,552,180	40,102,770

Notes to and forming part of the Unconsolidated Financial Statements

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	2023	
	Conventional	Islamic
36.13 Expected contributions to be paid to the scheme in the next financial year	-	264,900
36.14 Expected charge for the next financial year	-	264,900

36.15 Maturity profile

The weighted average duration of the defined benefit obligation is 7.68 years.

36.16 Funding policy

The policy followed by the Bank in respect of the staff retirement benefit schemes is disclosed in note 6.11 of these unconsolidated financial statements.

36.17 The gratuity scheme exposes the Bank to the following risks:

Asset volatility

The Defined Benefit Gratuity Islamic Fund is invested in Faysal Savings Growth Fund and Ijarah Sukuk. The investment is almost 17.57% (Rs 279 million) for Faysal saving Funds while 55.85% (Rs 886 million) for Ijarah Sukuk. Islamic Fund have not such investment in any Government Bonds, equity or Corporate Bonds hence the asset volatility risk is lower.

Changes in bond yields

There are two dimensions to the changes in Bond yields: first, as described above; second, the valuation of the Gratuity Liability is discounted with reference to these bond yields. So any increase in Bond yields will lower the Gratuity Liability and vice versa, but, it will also lower the Asset values.

Inflation risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Bank.

Life expectancy / withdrawal rate

The Gratuity is paid off at the maximum of age 60. The Life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post- retirement benefit been given by the Bank like monthly pension, post-retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

Other risks

Though, not imminent and observable, over long term there are some risks that may crystallize. This includes :

- retention risk – The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

- final salary risk – The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- model risk – The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the Gratuity Fund are also marked to market. This two-tier valuation gives rise to the model risk.
- operational risk related to a separate entity - Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit Funds. This gives rise to some specific operational risks.
- compliance risk – The risk that retirement benefits offered by the Bank does not comply with minimum statutory requirements.
- legal/political risk – The risk that the legal/political environment changes and the Bank is required to offer additional or different retirement benefits than what the Bank projected.

37 DEFINED CONTRIBUTION PLAN

The Bank operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 10% of the basic salary. The financial statements of the fund are separately prepared and are not included as part of these unconsolidated financial statements.

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Particulars	2022			
	Members Shariah Board	President & CEO	Key executives	Other material risk takers / Controllers
	----- Rupees '000-----			
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	17,176	73,195	181,795	312,789
ii) Total variable	5,628	70,000	136,500	182,428
of which				
a) Cash bonus / awards - paid	4,363	52,500	102,375	145,943
b) Cash bonus / awards - deferred	1,265	17,500	34,125	36,485
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	1,210	6,099	10,084	17,269
Contribution to defined contribution plan	-	7,319	7,780	20,723
Rent & house maintenance	278	4,800	54,454	93,194
Utilities	69	2,298	14,581	20,723
Medical	63	739	1,347	5,343
Conveyance	5,879	-	51,855	107,318
Signing in bonus	-	-	-	-
Others	-	1,620	2,072	887
Total	30,303	166,070	460,468	760,674
Number of persons	5	1	16	61

Notes to and forming part of the Unconsolidated Financial Statements

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Particulars	2021			
	Members Shariah Board	President & CEO	Key executives	Other material risk takers / Controllers
	----- Rupees '000-----			
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	13,022	63,022	173,183	239,822
ii) Total variable	4,355	58,000	112,500	148,508
of which				
a) Cash bonus / awards - paid	3,361	43,500	84,375	119,692
b) Cash bonus / awards - deffered	994	14,500	28,125	28,816
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	911	5,252	9,587	13,259
Contribution to defined contribution plan	-	6,302	8,713	15,249
Rent & house maintenance	2,050	4,800	51,771	71,338
Utilities	513	400	13,024	15,917
Medical	126	-	1,362	4,805
Conveyance	1,613	-	48,942	78,897
Signing in bonus	-	-	-	-
Others	-	80	3,099	5,438
Total	22,590	137,856	422,181	593,233
Number of persons	5	1	17	60

38.1 The President & CEO is provided with the Bank's maintained cars in accordance with the terms of employment.

38.2 Remuneration paid to directors for participation in board and committee meetings

S.No.	Name of director	Board meetings	2022 Meeting fees and allowances paid						Total
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee	Independent directors meeting	
			----- Rupees '000-----						
1	Mr. Farooq Rahmatullah Khan	5,760	-	3,840	-	-	-	-	9,600
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	5,600	4,800	3,200	3,200	-	-	-	16,800
3	Mian Muhammad Younis	4,800	4,000	-	3,840	-	3,200	-	15,840
4	Mr. Imtiaz Ahmad Pervez	4,800	-	-	-	-	3,840	-	8,640
5	Mr. Ali Munir	4,800	4,000	-	3,200	3,840	-	-	15,840
6	Mr. Juma Hasan Ali Abul	5,600	4,000	3,200	3,200	-	-	-	16,000
7	Mr. Abdulelah Ebrahim Mohamed AlQasimi	5,600	-	-	-	3,200	3,200	-	12,000
8	Mr. Abdulla Abdulaziz Ali Taleb	5,600	-	-	-	3,200	3,200	-	12,000
9	Ms. Fatima Asad	4,800	4,000	3,200	-	-	-	-	12,000
10	Mr. Mohsin Tariq	4,000	-	3,200	-	3,200	-	-	10,400
	Total amount paid	51,360	20,800	16,640	13,440	13,440	13,440	-	129,120

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S.No.	Name of director	2021							Total
		Board meetings	Meeting fees and allowances paid						
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee	Independent directors meeting	
Rupees '000									
1	Mr. Farooq Rahmatullah Khan	5,760	-	3,720	-	-	-	-	9,480
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	3,200	3,600	2,300	3,800	-	-	-	12,900
3	Mian Muhammad Younis	4,800	3,800	-	4,680	-	2,400	800	16,480
4	Mr. Imtiaz Ahmad Pervez	4,000	-	-	-	-	2,760	-	6,760
5	Mr. Ali Munir	4,800	3,800	-	3,900	4,680	-	960	18,140
6	Mr. Juma Hasan Ali Abul	3,200	3,000	2,300	3,800	-	-	-	12,300
7	Mr. Abdulelah Ebrahim Mohamed AlQasimi	3,200	-	-	-	3,800	2,300	-	9,300
8	Mr. Abdulla Abdulaziz Ali Taleb	3,200	-	-	-	3,800	2,460	-	9,460
9	Ms. Fatima Asad	4,800	3,800	3,100	-	-	-	800	12,500
10	Mr. Mohsin Tariq	4,800	-	3,100	-	3,900	-	800	12,600
	Total amount paid	41,760	18,000	14,520	16,180	16,180	9,920	3,360	119,920

38.3 Remuneration paid to shariah board members

Description	2022				2021			
	Chairman	Resident member	Non-resident member	Shariah board member	Chairman	Resident member	Non-resident member	Shariah board member
Rupees '000								
Fees and allowances etc.	-	-	-	-	-	-	-	-
Managerial remuneration								
i) Fixed	6,946	3,370	4,200	2,660	6,041	3,332	2,377	1,272
ii) Total variable	4,500	700	-	428	3,500	593	262	-
of which								
a) Cash bonus / awards - paid	3,375	560	-	428	2,625	474	262	-
b) Cash bonus / awards - deferred	1,125	140	-	-	875	119	-	-
Charge for defined benefit plan	580	280	211	139	440	268	151	52
Rent & house maintenance	-	-	-	278	1,578	-	472	-
Utilities	-	-	-	69	395	-	118	-
Medical	-	-	-	63	63	-	63	-
Conveyance	3,600	1,407	-	872	962	303	-	348
Total	15,626	5,757	4,411	4,509	12,979	4,496	3,443	1,672
Number of persons	1	1	1	2	1	1	1	2

39 FAIR VALUE MEASUREMENTS

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

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

39.1 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:

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

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

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

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

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

	2022			
	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 (note 10.7.1)	-	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
2021				
	Level 1	Level 2	Level 3	Total
----- Rupees '000-----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	286,782,453	-	286,782,453
Shares	7,188,901	1,834,687	-	9,023,588
Non-Government debt securities	47,512,500	5,389,647	-	52,902,147
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities (note 10.7.1)	-	6,754,838	-	6,754,838
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,996,326	11,996,326
Non-banking assets acquired in satisfaction of claims	-	-	2,509,571	2,509,571
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	92,123,357	-	92,123,357
Forward sale of foreign exchange	-	41,314,763	-	41,314,763
Derivatives sales	-	6,681,964	-	6,681,964

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

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

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV / PKFRV rates.
Ijara Sukuk	Fair values of GoP Ijara Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from different pre-defined / approved dealers / brokers.
Unlisted ordinary shares	Break-up value is determined on the basis of the NAV of the company using the latest available audited financial statements.
Term Finance Certificates (TFCs) and Sukuk Certificates	Fair values of TFCs and Sukuk certificates are determined using the MUFAP or PSX rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivative instruments	The Bank enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly 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 note 6.6.
Non-banking assets (NBAs) acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in note 6.9.

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 unconsolidated financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

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40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2022					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Unconsolidated profit and loss account						
Net mark-up / return / profit	(28,919,342)	36,213,873	32,840,466	229,850	(377,011)	39,987,836
Inter segment revenue - net	56,756,516	(32,274,010)	(30,122,499)	167,069	5,472,924	-
Non mark-up / return / interest income	5,973,502	1,741,537	2,085,329	(106,743)	(734,244)	8,959,381
Total income	33,810,676	5,681,400	4,803,296	290,176	4,361,669	48,947,217
Segment direct expenses	16,143,170	826,133	298,007	176,041	10,050,597	27,493,948
Inter segment expense allocation	8,918,417	803,043	167,195	161,942	(10,050,597)	-
Total expenses	25,061,587	1,629,176	465,202	337,983	-	27,493,948
(Reversals) / Provisions	(461,419)	503,105	(78,757)	(904,379)	1,419	(940,031)
Profit before tax	9,210,508	3,549,119	4,416,851	856,572	4,360,250	22,393,300
Unconsolidated statement of financial position						
Cash and bank balances	19,076,053	-	39,839,531	-	-	58,915,584
Lendings to 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)	-
Advances - performing	101,531,845	342,314,662	-	-	8,044,744	451,891,251
Advances - non-performing	3,463,386	5,586,833	-	12,444,525	203,639	21,698,383
- Advances - 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
Borrowings	9,147,902	78,339,254	62,647,240	-	-	150,134,396
Subordinated debt	-	-	-	-	-	-
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
	2021					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Unconsolidated profit and loss account						
Net mark-up / return / profit	(11,215,235)	19,142,147	18,136,553	283,888	(513,316)	25,834,037
Inter segment revenue - net	29,121,446	(14,900,367)	(16,931,597)	(94,204)	2,804,722	-
Non mark-up / return / interest income	4,887,937	1,523,327	2,959,155	(8,819)	(852,407)	8,509,193
Total income	22,794,148	5,765,107	4,164,111	180,865	1,438,999	34,343,230
Segment direct expenses	12,306,504	541,198	270,700	139,798	7,628,561	20,886,761
Inter segment expense allocation	6,747,160	624,979	134,074	122,348	(7,628,561)	-
Total expenses	19,053,664	1,166,177	404,774	262,146	-	20,886,761
(Reversals) / Provisions	(6,419)	1,476,691	(314,577)	(1,064,517)	(43,546)	47,632
Profit before tax	3,746,903	3,122,239	4,073,914	983,236	1,482,545	13,408,837
Unconsolidated statement of financial position						
Cash and bank balances	25,719,573	-	36,314,336	-	-	62,033,909
Lendings to financial institutions	-	-	-	-	-	-
Investments	-	12,146,534	344,341,447	3,295,550	1,139,893	360,923,424
- Investment provision	-	-	(1,376,309)	(2,075,678)	-	(3,451,987)
Net inter segment lending	544,980,846	-	-	-	(544,980,846)	-
Advances - performing	44,232,459	299,855,056	-	-	49,291,066	393,378,581
Advances - non-performing	4,367,247	5,552,943	-	13,322,251	164,455	23,406,896
- Advances - provisions	(3,436,824)	(3,915,462)	-	(13,008,111)	(129,718)	(20,490,115)
Others	14,556,574	3,271,446	6,421,470	(1,884,442)	31,446,450	53,811,498
Total assets	630,419,875	316,910,517	385,700,944	(350,430)	(463,068,700)	869,612,206
Borrowings	8,613,513	67,596,975	34,979,341	-	-	111,189,829
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	597,346,400	46,115,178	-	293,151	334,579	644,089,308
Net inter segment borrowing	-	201,826,122	347,495,914	(642,968)	(548,679,068)	-
Others	24,459,962	1,372,242	1,591,877	(613)	21,086,279	48,509,747
Total liabilities	630,419,875	316,910,517	384,067,132	(350,430)	(527,258,210)	803,788,884
Equity	-	-	1,633,812	-	64,189,510	65,823,322
Total equity and liabilities	630,419,875	316,910,517	385,700,944	(350,430)	(463,068,700)	869,612,206
Contingencies and commitments	17,549,250	128,712,861	157,887,793	1,310,929	200,885	305,661,718

Notes to and forming part of the Unconsolidated Financial Statements

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40.2 Segment details with respect to geographical locations

Segment details with respect to geographical locations are not presented in these unconsolidated financial statements as geographically the Bank is concentrated in Pakistan only.

41 TRUST ACTIVITIES

The Bank acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Bank and, therefore, are not included in the unconsolidated statement of financial position. The following is the list of assets held under trust:

2022						
Category	No. of IPS accounts	Securities held (face value)				Total
		Market Treasury Bills	Pakistan Investment	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
----- Rupees '000-----						
Corporate	58	-	95,600	-	-	95,600
Insurance companies	3	-	-	-	-	-
Asset management companies	50	-	23,000	70,000	-	93,000
Employees funds	172	37,000	6,475,600	69,000	-	6,581,600
Charitable institution / NGOs	22	-	-	-	-	-
Individuals	11,415	-	171,200	419,800	1,755,743	2,346,743
Related parties	9	243,650	385,400	1,507,600	-	2,136,650
Others	7	-	-	-	-	-
	<u>11,736</u>	<u>280,650</u>	<u>7,150,800</u>	<u>2,066,400</u>	<u>1,755,743</u>	<u>11,253,593</u>

2021						
Category	No. of IPS accounts	Securities held (face value)				Total
		Market Treasury Bills	Pakistan Investment	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
----- Rupees '000-----						
Corporate	59	2,492,720	1,332,400	872,800	-	4,697,920
Insurance companies	3	-	-	-	-	-
Asset management companies	50	76,000	30,000	-	-	106,000
Employees funds	168	4,701,580	9,317,900	5,000	-	14,024,480
Charitable institution / NGOs	22	651,690	830,300	-	-	1,481,990
Individuals	7,967	1,329,215	501,300	65,100	1,781,789	3,677,404
Related parties	9	10,360	284,600	461,800	-	756,760
Others	6	-	-	-	-	-
	<u>8,284</u>	<u>9,261,565</u>	<u>12,296,500</u>	<u>1,404,700</u>	<u>1,781,789</u>	<u>24,744,554</u>

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RELATED PARTY TRANSACTIONS

The Bank has related party transactions with various parties including 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 and balances with related parties as at the year end, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2022					2021						
	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	893,247	3,904,683	-	-	-	1,139,893	1,161,872	3,495,158
Investment made during the year	-	-	-	-	1,283,823	12,215,000	-	-	-	-	200,000	15,218,625
Investment redeemed / sold during the year	-	-	-	-	(425,748)	(12,760,046)	-	-	-	-	(468,625)	(14,809,100)
Closing balance	-	-	-	1,139,893	1,751,322	3,359,637	-	-	-	1,139,893	893,247	3,904,683
Provision for diminution in value of investments	-	-	-	-	-	1,984,337	-	-	-	-	-	2,037,337
Advances												
Opening balance	-	-	436,889	-	-	1,709,934	-	-	255,772	-	-	1,799,681
Addition during the year	-	7	272,733	-	-	617,654	-	-	418,843	-	-	483,407
Repaid during the year	-	-	(186,557)	-	-	(935,508)	-	-	(237,726)	-	-	(573,154)
Closing balance	-	7	523,065	-	-	1,392,080	-	-	436,889	-	-	1,709,934
Provision held against advances	-	-	-	-	-	457,987	-	-	-	-	-	508,642
Fixed assets - right-of-use assets												
Opening balance	-	-	-	2,878	-	-	-	-	-	7,814	-	-
Addition during the year	-	-	-	18,742	-	-	-	-	-	(4,936)	-	-
Depreciation for the year	-	-	-	(5,482)	-	-	-	-	-	2,878	-	-
Closing balance	-	-	-	16,138	-	-	-	-	-	11,927	-	-
Accumulated depreciation	-	-	-	17,409	-	-	-	-	-	-	-	-

Rupees '000

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	2022					2021						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Other assets												
Interest / mark-up accrued	-	-	1,081	-	-	79,923	-	-	512	-	-	63,774
Commission income receivable	-	-	-	12,025	-	-	-	-	-	-	222	37,861
Defined benefit plan asset	-	-	-	-	-	168,825	-	-	-	-	-	127,785
Maintenance and other receivables	-	-	-	-	-	-	-	-	-	5,817	-	-
Rent receivable	-	-	-	-	-	-	-	-	-	6,984	-	-
Others	-	-	-	-	-	3,302,249	-	-	-	-	-	729,363
	-	-	1,081	12,025	-	3,550,997	-	-	512	12,801	222	958,783
Deposits and other accounts												
Opening balance	328,397	51,148	178,430	55,236	15,350	9,800,472	182	44,456	139,814	4,244	14,910	10,509,734
Received during the year	4,595,017	88,829	1,951,839	19,350,507	3,243,262	603,296,210	705,659	99,608	2,583,653	22,955,686	1,427,130	512,144,964
Withdrawn during the year	(328,215)	(81,321)	(2,025,092)	(19,385,656)	(3,201,219)	(587,056,581)	(377,444)	(63,916)	(2,545,037)	(22,904,694)	(1,424,649)	(512,856,267)
Transfer in / (out) during the year	-	-	-	-	-	-	-	-	-	-	(2,041)	2,041
Closing balance	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
Other liabilities												
Interest / mark-up payable	-	429	594	179	355	319,447	-	207	127	-	-	48,212
Lease liability against right-of-use assets	-	-	-	12,833	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	18,833	-	359,297	-	-	-	18,833	-	78,572
	-	429	594	31,845	355	678,744	-	207	127	18,833	-	126,784
Contingencies and commitments												
Guarantees issued favouring related parties or on their behalf*	-	-	-	-	-	-	-	-	-	-	-	-
Trade related commitments	-	-	-	-	-	10,603	-	-	-	-	-	135,898
	-	-	-	-	-	10,603	-	-	-	-	-	135,898

Rupees '000

* represents outstanding guarantee

42.1

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 Unconsolidated Financial Statements

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Details of outstanding investments in the subsidiary company and donations made during the year relating to related parties are given in notes 10 and 29.3 to these unconsolidated financial statements. Contributions to and accruals in respect of retirement benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan (refer notes 36 and 37 to these unconsolidated financial statements for the details of the plans). Remuneration of the President and Chief Executive Officer, directors' fee, and certain related information are disclosed in note 38 to these unconsolidated financial statements. Such remuneration is determined in accordance with the terms of their employment. Details of shares held by the parent company are disclosed in note 20.2.1 to these unconsolidated financial statements. Details of assets held under trust arrangement on behalf of the related parties are given in note 41 to these unconsolidated financial statements.

42.3

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

	2022					2021						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Income												
Mark-up / return / interest earned	-	-	27,882	-	-	108,414	-	-	17,389	-	-	21,822
Fee and commission income	-	65	111	173,230	41	11,002	-	43	99	188,708	34	8,567
Dividend income	-	-	-	-	65,333	88,672	-	-	-	-	57,867	60,885
Net gain on sale of securities	-	-	231	-	(40,748)	9,098	-	-	163	17	61,520	24,262
Net gain on disposal of fixed assets	-	-	-	-	-	-	-	-	11	-	-	-
Maintenance income	-	-	-	7,916	-	-	-	-	-	7,192	-	-
Occupancy and conservancy income	-	-	-	-	-	-	-	-	-	1,871	-	-
Rent income	-	-	-	29,223	-	-	-	-	-	26,556	-	-
Other income	-	-	-	-	-	-	-	-	-	1,291	-	-
Expense												
Mark-up / return / interest paid	-	4,185	2,936	2,117	7,441	1,006,218	-	1,623	3,664	1,625	1,598	749,814
Interest expense on lease liability	-	-	-	694	-	-	-	-	-	474	-	-
Director's fee and other expenses	-	129,120	-	-	-	-	-	119,920	-	-	-	-
Remuneration	-	-	626,538	-	-	1,362	-	-	560,037	-	-	1,835
Subscription Fees	-	-	-	-	-	3,005	-	-	-	-	-	9,286
Commission expense	-	-	-	33,333	-	-	-	-	-	32,959	-	-
Charge for defined benefit plan	-	-	-	-	-	225,554	-	-	-	-	-	210,857
Contribution to defined contribution plan	-	-	-	-	-	284,039	-	-	-	-	-	249,422
Donations made during the year	-	-	-	-	-	88,257	-	-	-	-	-	79,917
Others												
Shares / units purchased during the year	-	-	-	-	-	12,215,000	-	-	-	-	-	15,218,625
Shares / units sold during the year	-	-	-	-	385,000	12,768,626	-	-	-	-	261,520	14,893,038
Government securities purchased during the year	-	-	504,715	-	-	2,054,560	-	-	887,718	-	-	3,701,645
Government securities sold during the year	-	-	406,936	-	-	4,151,535	-	-	799,333	495,847	-	6,117,558
Contribution to defined benefit plan	-	-	-	-	-	215,942	-	-	-	-	-	210,857
Sale proceeds from disposal of fixed assets	-	-	-	-	-	-	-	-	52	-	-	-
Lease rentals during the year	-	-	-	-	-	-	-	-	-	6,114	-	-

Rupees '000

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43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum capital requirement (MCR):

Paid-up capital (net of losses)

Capital adequacy ratio (CAR):

Eligible common equity tier 1 (CET 1) capital

Eligible additional tier 1 (ADT 1) capital

Total eligible tier 1 capital

Eligible tier 2 capital

Total eligible capital (tier 1 + tier 2)

Risk weighted assets (RWAs):

Credit risk

Market risk

Operational risk

Total

Common equity tier 1 capital adequacy ratio (in %)

Tier 1 Capital adequacy ratio (in %)

Total Capital adequacy ratio (in %)

	2022	2021
	-----Rupees '000-----	
Paid-up capital (net of losses)	15,176,965	15,176,965
Eligible common equity tier 1 (CET 1) capital	55,718,084	57,148,341
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	55,718,084	57,148,341
Eligible tier 2 capital	11,155,422	6,750,021
Total eligible capital (tier 1 + tier 2)	66,873,506	63,898,362
Credit risk	308,988,249	276,029,983
Market risk	51,454,833	30,008,658
Operational risk	71,817,545	58,490,426
Total	432,260,627	364,529,067
Common equity tier 1 capital adequacy ratio (in %)	12.89%	15.68%
Tier 1 Capital adequacy ratio (in %)	12.89%	15.68%
Total Capital adequacy ratio (in %)	15.47%	17.53%

Capital adequacy is regularly monitored by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and as per the requirements of the SBP. The required information is submitted to the SBP on a quarterly basis.

As at December 31, 2021, the SBP requires each bank or banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10% and (c) maintain common equity tier I (CET1) ratio and tier 1 ratio of 6% and 7.5% respectively.

An additional capital conservation buffer (CCB) of 1.5% (to be met from CET1) has to be maintained over and above the minimum required level.

The paid-up capital of the Bank for the year ended December 31, 2022, stood at Rs 15.177 billion (2021: Rs 15.177 billion). As at December 31, 2022, the Bank's CAR stood at 15.47% (December 31, 2021: 17.53%) whereas CET1 and Tier 1 ratios both stood at 12.89% (December 31, 2021: 15.68%).

The Bank is also in compliance with the capital conservation buffer requirements.

Leverage ratio (LR):

Eligible tier-1 capital

Total exposures

Leverage ratio (%)

Liquidity coverage ratio (LCR):

Total high quality liquid assets

Total net cash outflow

Liquidity coverage ratio (Ratio)

Net stable funding ratio (NSFR):

Total available stable funding

Total required stable funding

Net stable funding ratio (%)

	2022	2021
	-----Rupees '000-----	
Eligible tier-1 capital	55,718,084	57,148,341
Total exposures	1,237,857,649	1,046,913,545
Leverage ratio (%)	4.50%	5.46%
Total high quality liquid assets	368,486,552	327,727,701
Total net cash outflow	206,193,466	153,262,154
Liquidity coverage ratio (Ratio)	1.787	2.138
Total available stable funding	706,214,017	594,201,368
Total required stable funding	416,224,461	345,964,068
Net stable funding ratio (%)	169.67%	171.75%

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43.1 The link to the full disclosure is available at <https://www.faysalbank.com/en/capital-adequacy-ratio-car/>

44 RISK MANAGEMENT

Risk management group (RMG) has been organised under the Chief Risk Officer (CRO). It has been authorised by the Board of Directors (BoD) to monitor the implementation of various risk policies via implementation of an integrated risk management framework across the Bank. As an ongoing exercise to integrate risk related functions, RMG has been expanded, strengthened and entrusted to monitor the risk areas across the organisation, including adoption and convergence towards regulatory and Basel guidelines on risk management.

The primary objective of this architecture is to inculcate risk management into the organisation flows to ensure that risks are timely and accurately identified and assessed, properly documented, approved and adequately monitored and managed in order to ensure that risk taking activities are in line with the guidelines approved by the BoD and to protect the interests of the Bank's depositors and shareholders.

The 'risk management framework' at the Bank encompasses:

- scope of risks to be managed;
- process, systems and procedures to manage risk; and
- roles and responsibilities of individuals involved in risk management.

The Bank has adopted an approach that gives an integrated view of the risks faced by the organisation. This calls for aligning strategic vision, policy objectives and business processes / procedures within the risk management framework. The management of risk is integrated with the Bank's management of capital and strategy. This ensures that risks taken in pursuit of the Bank's strategic objectives are consistent with the policies, translating into targeted shareholder return as well as the Bank's desired credit rating and risk appetite.

With this in view, the risk management framework endeavours to be a comprehensive and evolving guidelines to cater to changing business dynamics. The risk management framework includes:

- clearly defined risk management policies;
- well constituted organisational structure; and
- mechanism for ongoing review of all policies and procedures and risk exposures.

The 'risk management framework' is built on the following elements:

- comprehensive risk governance; and
- effective risk processes.

The Bank has developed and implemented a governance and management structure, processes surrounding each risk area, including credit risk, market risk, liquidity risk, capital management, operational risk, environmental risk and information security risk.

The essential components which contribute in effective management of all these risks are as follows:

- active board / senior management strategic direction and centralised RMG oversight;
- sufficient policies, procedures and limits;
- adequate risk measurement, monitoring and management information systems; and
- comprehensive internal controls.

The Board of Directors (BoD) monitoring and oversight is facilitated through the Board Risk Management Committee (BRMC), comprising of directors including the President & CEO. It is appointed and authorised by the BoD to assist in the design, regular evaluation and timely updation of the risk management framework. The BRMC has further authorised management committees such as Country Credit Committee (CCC), Agriculture Credit Committee (ACC), Enterprise Risk

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Management Committee (ERMC) and Assets and Liabilities Committee (ALCO) to supervise risk management activities within their respective areas.

In order to have an effective and efficient risk assessment, and to closely align its functions with business, RMG has separate risk management functions for credit risk management, based on the specialised skill sets and required specific experience in various business segments. These functions comprise of corporate risk, CBSME, agri and retail risk management.

The common responsibilities of all credit risk management functions include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with compliance department of the Bank to ensure conformity to the relevant Government regulations, the SBP PRs as well as internal policies.
- work with relationship teams to structure exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure adequate risk coverage.

The risk management architecture is further fostered by enterprise risk management, risk policy & analytics, information security function and an independent credit administration department.

The enterprise risk management function is responsible for managing and controlling market, operational and liquidity risks at an enterprise level and monitoring regulatory capital requirements of the Bank.

Credit administration department - independent from the Risk Management function - looks after the security, loan documentation, disbursement and post disbursement monitoring aspects of the credit portfolio.

Risk policy and analytics department serves as an independent check in the risk management function. It performs periodic review of all credit related portfolios (corporate, CBSME, retail, agri, SAM) and analyses portfolio compositions, risk rating distributions, emerging trends of NPLs, renewal status of Risk Approvals (RAs) as per policy and other policy related matters. It also formulates / updates credit policies (along with various limits prescribed therein) in line with regulatory environment, business strategy, the BoD approvals and the best practices.

The information security risk function is responsible for information security risk identification, monitoring and reporting.

44.1 Credit risk

Credit risk is the identification of probability that a counterparty will cause a financial loss to the Bank due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from both direct lending activities as well as contingent liabilities.

The Bank's credit risk philosophy is based on the Bank's overall business strategy / direction as established by the Board. The Bank is committed to the appropriate level of due diligence to ensure that credit risks have been properly analysed, fully disclosed to the approving authorities, appropriately rated, appropriately structured, appropriately priced and documented.

The Bank deals with many different types of borrowers and borrowing structures across the corporate, commercial, SME, agriculture and retail segments. The Bank manages customer credit risk exposures within appropriate limits to ensure that it does not provide a disproportionate level of credit to a single customer or group of connected clients. The Bank follows aggregation principles – summing of credit risk limits to the same customer, or group of connected clients – to identify and manage effectively all significant credit risk exposures to a single customer within an individual business and, where appropriate, across other business segments.

The Bank has well-defined credit approval and review processes under which senior officers with the requisite credit background, critically scrutinise, advise and discuss associated risks and recommend / review / approve credit facilities and financing, through respective credit committees. Besides financial, industry and transaction analysis, in order to

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quantify risks of counterparty, the credit evaluation also includes risk rating system to evaluate risk rating of the customers which is then monitored on a portfolio basis to gauge the Bank's credit portfolio quality. To avoid risk concentration, counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

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

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

During 2022, Pakistan witnessed significant economic headwinds. Rising inflation, increasing fuel prices, depleting foreign exchange reserves, massive devaluation of the Pakistani rupee, political instability, increasing interest rates, and high budget deficit made the year more challenging. In this backdrop, Fitch, Moody's and S&P Global lowered the country's sovereign credit rating. In June 2022, Pakistan was hit with a natural catastrophe in the shape of worst ever floods in the history of the country. The floods resulted in millions of people being displaced and severe damage to both crops and livestock. Additionally, international commodity prices also remained volatile through the year. The headline inflation increased significantly touching a multi-year high of 27.32% in August. During the year, SBP increased the benchmark interest rate by a cumulative 625 bps to 16%. This steep increase was aimed at reducing aggregate demand in the economy and also to counter high inflation. This led to a steep uptick in domestic food prices.

The Bank is regularly conducting credit portfolio reviews to assess early warning signs, with robust post disbursement credit review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. Bank is confident that it has adequate capacity to withstand these difficult times.

44.1.1 Segment by class of business

Credit Risk Management (CRM) Framework (non-retail / non-individual portfolio) covers three business segments: corporate risk management, commercial banking and SME (including agri) risk management and retail risk management. Based on overall guidance provided by a recognised and established external consultant, in line with the global best practices while ensuring regulatory compliance and alleviation of any (perceived) conflict of interest, credit management process has been segregated into two distinct categories:

- independent risk advice by risk management function.
- credit approvals by credit committee(s), while taking into consideration the business unit recommendations / approvals and independent risk advice.

With this segregation, the role of risk management function in credit approval process is focused to provide risk advice only, based on key risk parameters; whereas relevant credit committees are responsible for providing credit related approvals.

The common responsibilities of corporate risk management and commercial banking and SME (including agri) risk management include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with relationship teams to advise on structure of exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure risk coverage.
- work with the independent credit risk review team (under internal audit) for effective and periodic review of the credit portfolio.

Retail risk management is responsible for managing the credit risk of consumer finance credit products, with credit facilities extended to individual (non-corporate) customers. The consumer finance / retail finance function operates on a

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program approach, which are approved by the Country Credit Committee and subsequently by the BoD. The retail risk management provides its input on risk parameters in term of 'risk advice', at the time of approval / changes in product programs. The retail risk management also ensures that all the ongoing individual credit approvals are within pre-defined risk parameters as per the approved product programs.

44.1.2 Credit risk: general disclosures Basel specific

The Bank has adopted the standardised approach under Basel. According to the regulatory statement submitted under the standardised approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 60.12% (2021: 65.11%) of the total credit risk weighted assets, 1.00% (2021: 1.79%) represents claims on PSEs and 15.31% (2021: 14.49%) exposure pertains to claims categorised as retail portfolio.

44.1.3 Credit risk: disclosures for portfolio subject to standardised approach

For domestic claims, external credit assessment institutions (ECAIs) recommended by the SBP, namely Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited are used. For claims on foreign entities, ratings assigned by Standard and Poor, Fitch and Moody's are used. Exposures not rated by any of the aforementioned rating agencies are categorised as unrated.

Exposures	PACRA	VIS	Standard and Poor's	Moody's	Fitch
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
Sovereigns	-	-	✓	✓	✓
PSEs	✓	✓	-	-	-

The SBP's indicative mapping process as instructed in the SBP's circular "Minimum capital requirements for banks and DFIs" (indicated in table below) was used to map alpha numeric ratings of PACRA, VIS, S&P's, Moody's, Fitch ratings, and numeric scores of ECAs, to the SBP's rating grades.

Long term rating grades mapping

SBP rating	ECA scores	PACRA	VIS	S & P	Moody's	Fitch
1	0,1	AA- and above	AA- and above	AA- and above	Aa3 and above	AA- and above
2	2	A+ to A-	A+ to A-	A+ to A-	A1 to A3	A+ to A-
3	3	BBB+ to BBB-	BBB+ to BBB-	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
4	4	BB+ to BB-	BB+ to BB-	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
5	5,6	B+ to B-	B+ to B-	B+ to B-	B1 to B3	B+ to B-
6	7	CCC+ & Below	CCC+ & Below	CCC+ & Below	Caa1 & Below	CCC+ & Below

Short term rating grades mapping

SBP rating	PACRA	VIS	S & P	Moody's	Fitch
S1	A-1 & above	A-1 & above	A-1 & above	P-1	F1
S2	A-2	A-2	A-2	P-2	F2
S3	A-3	A-3	A-3	P-3	F3
S4	Others	Others	Others	Others	Others

Particulars of the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

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44.1.4 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	----- Rupees '000-----					
Public / Government	5,815,098	-	-	-	-	-
Private	4,000,000	-	-	-	-	-
	<u>9,815,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

44.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	----- Rupees '000-----					
Textile	10,981	49,206	10,981	49,206	10,981	49,206
Chemical and pharmaceuticals	1,467,506	1,537,161	1,467,506	1,518,161	1,467,506	1,518,161
Cement	500,000	500,000	500,000	500,000	500,000	500,000
Sugar	8,311	8,311	8,311	8,311	8,311	8,311
Power (electricity), gas, water, sanitary	49,860,108	54,617,664	-	-	-	-
Financial	839,000	750,000	-	-	-	-
Services	1,648,238	1,732,943	-	-	-	-
	<u>54,334,144</u>	<u>59,195,285</u>	<u>1,986,798</u>	<u>2,075,678</u>	<u>1,986,798</u>	<u>2,075,678</u>

Credit risk by public / private sector

Public / Government	49,862,130	54,617,664	-	-	-	-
Private	4,472,014	4,577,621	1,986,798	2,075,678	1,986,798	2,075,678
	<u>54,334,144</u>	<u>59,195,285</u>	<u>1,986,798</u>	<u>2,075,678</u>	<u>1,986,798</u>	<u>2,075,678</u>

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44.1.6 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	----- Rupees '000 -----					
Agriculture, forestry, hunting and fishing	40,813,176	42,384,335	1,027,515	1,231,355	845,941	911,977
Mining and quarrying	8,746,866	8,770,702	6,231	3,451	3,683	3,451
Textile	83,030,104	63,685,273	5,907,748	6,602,501	5,776,564	6,470,270
Chemical and pharmaceuticals	17,360,361	9,664,209	586,371	669,993	518,267	549,784
Cement	15,398,016	10,041,721	41,608	41,608	39,108	39,108
Sugar	9,896,413	7,439,984	625,650	633,650	618,070	595,687
Footwear and leather garments	2,771,751	2,853,225	388,111	384,339	276,535	272,763
Automobile and transportation equipment	11,152,983	7,133,451	167,224	173,226	159,867	165,869
Electronics and electrical appliances	6,460,299	7,053,115	550,432	567,004	437,547	454,119
Construction	7,961,057	7,875,493	344,746	351,667	339,675	330,969
Power (electricity), gas, water, sanitary	73,371,182	69,211,880	1,827,534	1,845,437	1,748,555	1,603,828
Wholesale and retail trade	11,188,003	8,900,872	2,039,456	2,410,202	1,601,896	1,785,724
Transport, storage and communication	31,713,613	31,198,194	94,199	119,777	72,346	78,436
Financial	850,853	1,117,517	50,853	50,853	50,309	50,309
Insurance	10,250	11,602	-	-	-	-
Services	18,099,162	19,558,984	372,049	476,309	267,198	337,440
Individuals	55,782,330	48,699,162	1,636,282	1,787,102	1,122,073	1,136,889
Others	78,983,215	71,185,758	6,032,374	6,058,422	4,679,783	4,757,919
	<u>473,589,634</u>	<u>416,785,477</u>	<u>21,698,383</u>	<u>23,406,896</u>	<u>18,557,417</u>	<u>19,544,542</u>
Credit risk by public / private sector						
Public / Government	96,817,234	93,220,230	-	-	-	-
Private	<u>376,772,400</u>	<u>323,565,247</u>	<u>21,698,383</u>	<u>23,406,896</u>	<u>18,557,417</u>	<u>19,544,542</u>
	<u>473,589,634</u>	<u>416,785,477</u>	<u>21,698,383</u>	<u>23,406,896</u>	<u>18,557,417</u>	<u>19,544,542</u>

44.1.7 Contingencies and Commitments

Credit risk by industry sector

	2022	2021
	----- Rupees '000 -----	
Agriculture, forestry, hunting and fishing	78,065	44,037
Mining and quarrying	678,139	3,261,211
Textile	22,734,584	21,451,666
Chemical and pharmaceuticals	12,055,320	7,050,986
Cement	1,058,029	8,652,440
Sugar	205,989	643,720
Footwear and leather garments	298,884	466,910
Automobile and transportation equipment	1,167,955	5,645,982
Electronics and electrical appliances	1,174,849	510,289
Construction	2,234,021	1,892,355
Power (electricity), gas, water, sanitary	8,076,607	10,994,170
Wholesale and retail trade	6,434,119	7,728,377
Exports / imports	2,114	243,016
Transport, storage and communication	728,540	772,633
Financial	3,611,351	2,304,557
Services	4,611,413	4,762,588
Individuals	660,530	990,992
Others	26,111,316	34,837,175
	<u>91,921,825</u>	<u>112,253,104</u>
Credit risk by public / private sector		
Public / Government	105,113	18,505,122
Private	<u>91,816,712</u>	<u>93,747,982</u>
	<u>91,921,825</u>	<u>112,253,104</u>

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44.1.8 Concentration of advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 152,999 million (2021: Rs 180,968 million) are as following:

	2022	2021
	-----Rupees '000-----	
Funded	146,646,588	155,492,328
Non-funded	6,351,980	25,475,404
Total exposure	<u>152,998,568</u>	<u>180,967,732</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 211,207 million (2021: Rs 211,207 million).

There are no classified exposures under this category of advances.

44.1.9 Advances - province / region-wise disbursement and utilisation

Province / region	2022						
	Disburse-ments	Utilisation					AJK including Gilgit-Baltistan
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
	-----Rupees '000-----						
Punjab	177,180,673	164,005,930	4,104,856	8,445,608	-	225,727	398,552
Sindh	293,029,999	6,307,610	246,804,499	39,402,869	26,641	192,011	296,369
KPK including FATA	4,856,540	-	-	4,845,455	-	11,085	-
Balochistan	-	-	-	-	-	-	-
Islamabad	16,735,716	734,210	99,542	1,063,018	55,308	14,726,430	57,208
AJK including Gilgit-Baltistan	49,888	-	-	3,459	-	-	46,429
Total	<u>491,852,816</u>	<u>171,047,750</u>	<u>251,008,897</u>	<u>53,760,409</u>	<u>81,949</u>	<u>15,155,253</u>	<u>798,558</u>

Province / region	2021						
	Disburse-ments	Utilisation					AJK including Gilgit-Baltistan
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
	-----Rupees '000-----						
Punjab	271,037,685	264,677,854	4,718,916	249,972	1,324	1,271,014	118,605
Sindh	489,387,231	204,009,492	285,238,092	18,657	89,087	23,517	8,386
KPK including FATA	1,325,334	119,890	-	1,177,886	-	27,558	-
Balochistan	8,987	-	-	-	8,987	-	-
Islamabad	21,226,128	8,279,867	276,765	587,246	6,125	11,958,767	117,358
AJK including Gilgit-Baltistan	34,511	10,962	-	-	-	-	23,549
Total	<u>783,019,876</u>	<u>477,098,065</u>	<u>290,233,773</u>	<u>2,033,761</u>	<u>105,523</u>	<u>13,280,856</u>	<u>267,898</u>

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44.2 Market Risk

It is the risk that the value of on-balance sheet and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Bank seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office, market risk management and treasury middle office perform market risk management activities within the Bank. The Bank has Enterprise Risk Management Committee which is responsible for recommending market risk policies and strategies for the Board approval and its subsequent implementation and review.

44.2.1 Unconsolidated statement of financial position split by trading and banking books

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees '000					
Cash and balances with treasury banks	56,130,549	-	56,130,549	58,516,627	-	58,516,627
Balances with other banks	2,785,035	-	2,785,035	3,517,282	-	3,517,282
Lendings to financial institutions	9,815,098	-	9,815,098	-	-	-
Investments	13,506,172	455,945,023	469,451,195	14,393,686	343,077,751	357,471,437
Advances	454,260,608	-	454,260,608	396,295,362	-	396,295,362
Fixed assets	35,034,233	-	35,034,233	26,337,967	-	26,337,967
Intangible assets	1,984,841	-	1,984,841	1,743,445	-	1,743,445
Deferred tax assets	-	-	-	-	-	-
Other assets	44,891,304	-	44,891,304	25,730,086	-	25,730,086
	<u>618,407,840</u>	<u>455,945,023</u>	<u>1,074,352,863</u>	<u>526,534,455</u>	<u>343,077,751</u>	<u>869,612,206</u>

44.2.2 Foreign Exchange Risk

Foreign exchange risk / currency risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movements in currency exchange rates on the value of open foreign currency positions. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect revenues from foreign exchange dealing.

The Bank undertakes currency risk mostly to support its trade services and maintains overall foreign exchange risk position to the extent of statutory Foreign Exchange Exposure Limit (FEEL) prescribed by the SBP.

Exposure limits such as counterparty, gap, net open position, dealer and bucket-wise currency delta limits are in place in accordance with the Bank's approved policies in order to manage associated risk and concentration at the acceptable tolerance levels.

Notes to and forming part of the Unconsolidated Financial Statements

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	2022				2021			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	Rupees '000							
United States Dollar	10,061,861	50,359,791	39,414,819	(883,111)	11,909,389	55,055,595	42,400,210	(745,996)
Great Britain Pound Sterling	1,381,063	5,644,913	4,259,981	(3,869)	888,498	5,828,896	4,940,112	(286)
Euro	1,226,225	3,050,832	1,832,092	7,485	662,854	2,701,127	2,042,484	4,211
Japanese Yen	2,996	1,444	-	1,552	241	99,829	99,645	57
Other currencies	936,471	860,316	-	76,155	270,061	407,738	145,761	8,084
	<u>13,608,616</u>	<u>59,917,296</u>	<u>45,506,892</u>	<u>(801,788)</u>	<u>13,731,043</u>	<u>64,093,185</u>	<u>49,628,212</u>	<u>(733,930)</u>

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 1% change in foreign exchange rates on				
- profit and loss account	(41)	(7,835)	(9)	(7,303)
- other comprehensive income	-	-	-	-

44.2.3 Equity position Risk

Equity position risk is the risk arising from unfavourable fluctuations in prices of shares in which the Bank carries positions. It is a risk to earnings or capital that results from adverse changes in the value of equity related portfolios of the Bank. Price risk associated with equities could be systematic or unsystematic. Systematic risk is due to sensitivity of portfolio's value to changes in overall level of equity prices, while unsystematic risk is associated with price volatility that is determined by the specific characteristics of the investee company.

The Bank's equity position is governed by position limits imposed by the SBP for overall investment and per scrip exposure. Additionally, there are internal limits set to manage overall earnings in the form of stop loss limits and maintain a diverse portfolio through sector concentration limits.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 5% change in equity prices on				
- profit and loss account	-	-	-	30,287
- other comprehensive income	4,633	552,833	4,196	455,127

44.2.4 Yield / interest rate risk in the banking book (IRRBB)-Basel II specific

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees '000			
Impact of 1% change in interest rates on				
- profit and loss account	(1,266,083)	3,124,480	(1,374,678)	2,553,183
- other comprehensive income	-	(3,109,517)	-	(1,026,876)

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44.2.5 Mismatch of interest rate sensitive assets and liabilities

		2022									
		Exposed to yield / interest risk									
Effective yield / interest rate (%)	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
On-balance sheet financial instruments											
Assets											
	Cash and balances with treasury banks	-	-	-	-	-	-	-	-	-	56,130,549
	Balances with other banks	-	-	-	-	-	-	-	-	-	2,785,035
	Lending to financial institutions	9,815,098	-	-	-	-	-	-	-	-	-
16.5	Investments	17,473,983	49,865,260	336,510,383	6,029,190	1,304,583	5,695,344	40,158,612	-	-	12,413,820
12.3	Advances	454,260,608	87,011,370	30,256,232	19,283,170	99,028	353,572	6,302,332	21,970,250	-	3,140,967
11.7	Other assets	40,311,338	-	-	-	-	-	-	-	-	40,311,338
		1,032,754,423	313,122,833	366,766,625	25,312,360	1,403,621	6,053,916	46,460,944	21,970,250	4,935	114,782,309
Liabilities											
	Bills payable	-	-	-	-	-	-	-	-	-	21,309,950
10.5	Borrowings	150,134,396	47,004,394	11,925,013	62,754	5,553,188	1,652,193	4,209,566	45,632,011	105,383	1,662,178
6.5	Deposits and other accounts	781,570,730	374,125,072	20,145,315	12,930,817	180,983	39,365	83,636	-	-	301,019,240
	Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
	Subordinated debt	-	-	-	-	-	-	-	-	-	-
	Other liabilities	47,622,088	-	-	-	-	-	-	-	-	47,622,088
		1,000,637,164	406,451,848	32,071,328	12,993,571	5,734,171	1,690,498	4,293,202	45,632,011	105,383	371,613,456
	On-balance sheet gap	32,117,259	(93,329,015)	(16,824,934)	334,695,297	(12,318,789)	(4,330,560)	4,363,418	42,167,742	(23,661,761)	(256,831,147)
	Net non-financial assets	37,966,152	-	-	-	-	-	-	-	-	-
	Total net assets	70,083,411	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments											
Commitments in respect of:											
	- forward foreign exchange contracts (lending)	50,919,563	15,258,965	18,020,766	777,000	-	-	-	-	-	-
	- forward foreign exchange contracts (borrowing)	6,264,654	4,407,179	67,660	-	-	-	-	-	-	-
	- forward government securities transactions (lending)	5,825,358	-	-	-	-	-	-	-	-	-
	- forward government securities transactions (borrowing)	35,400,890	35,400,890	-	-	-	-	-	-	-	1,510,401
	- cross currency and interest rate swaps	-	-	-	-	-	-	-	-	-	-
	- forward lending	-	-	-	-	-	-	-	-	-	-
	Off-balance sheet gap	13,568,996	(16,677,144)	(20,327,853)	17,953,106	-	-	-	-	-	(1,510,401)
	Total yield / interest risk sensitivity gap	(76,651,871)	(3,502,919)	352,648,403	13,095,789	(4,330,560)	4,363,418	42,167,742	(23,661,761)	(100,448)	
	Cumulative yield / interest risk sensitivity gap	(76,651,871)	(80,154,790)	272,493,613	285,589,402	281,258,852	285,622,270	327,790,012	304,128,251	304,027,803	

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		2021									
		Exposed to yield / interest risk									
Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		(%)	Rupees '000								
On-balance sheet financial instruments											
Assets											
	Cash and balances with treasury banks	-	-	-	-	-	-	-	-	-	58,516,627
	Balances with other banks	-	-	-	-	-	-	-	-	-	3,517,282
	Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
7.5	Investments	95,912,948	78,698,653	11,090,787	-	-	160,712,321	-	-	-	11,056,728
8.1	Advances	163,504,430	100,148,055	60,895,039	44,614,728	2,842,339	2,948,423	12,962,289	4,356,624	-	3,862,354
	Other assets	-	-	2,080	-	-	-	-	-	-	22,503,583
		259,417,378	178,846,708	71,987,906	44,614,728	2,842,339	163,660,744	12,962,289	4,356,624	-	99,456,574
Liabilities											
	Bills payable	-	-	-	-	-	-	-	-	-	14,122,901
7.7	Borrowings	14,376,667	30,221,760	18,921,598	7,394,561	127,515	2,553,729	29,976,064	4,508,729	-	2,545,196
3.7	Deposits and other accounts	343,847,429	52,464,330	12,910,472	19,520,599	79,178	8,638	1,000	-	-	214,587,589
	Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
	Subordinated debt	-	-	-	-	-	-	-	-	-	-
	Other liabilities	320,391	625,797	20,503	-	-	-	-	-	-	30,378,684
		358,544,487	83,311,887	31,852,573	26,915,160	206,693	1,234,083	2,562,367	29,977,064	4,508,729	261,634,370
		(89,127,109)	95,534,821	40,135,333	17,699,588	2,635,646	(1,073,002)	161,098,377	(17,014,775)	(152,105)	(162,177,796)
	On-balance sheet gap										
	Net non-financial assets	28,264,364									
	Total net assets	65,823,322									
Off-balance sheet financial instruments											
Commitments in respect of:											
	- forward foreign exchange contracts (lending)	90,624,579	22,989,453	31,929,618	35,065,118	647,390	-	-	-	-	-
	- forward foreign exchange contracts (borrowing)	40,696,274	17,796,399	13,928,728	8,971,147	-	-	-	-	-	-
	- forward government securities transactions (lending)	-	-	-	-	-	-	-	-	-	-
	- forward government securities transactions (borrowing)	19,884,976	11,925,766	7,969,210	-	-	-	-	-	-	-
	- cross currency and interest rate swaps	6,661,964	-	-	-	-	-	-	-	-	6,661,964
	- forward lending	-	-	-	-	-	-	-	-	-	-
	Off-balance sheet gap	23,361,365	(6,732,712)	10,041,680	26,086,971	647,390	-	-	-	-	(6,661,964)
	Total yield / interest risk sensitivity gap	(105,859,821)	105,576,501	66,222,304	18,346,958	2,635,646	(1,073,002)	161,098,377	(17,014,775)	(152,105)	
	Cumulative yield / interest risk sensitivity gap	(105,859,821)	(283,320)	65,939,984	84,285,942	86,921,588	85,846,586	246,946,963	229,932,188	229,780,083	

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Yield curve risk is the risk that a financial instrument will suffer either a decline in income or capital because future changes in prevailing interest rates impact assets more or less than they impact liabilities.

The interest rate risk of the Bank arises when there is a mismatch between contractual maturities, which are subject to interest rate adjustment within a specified period or re-pricing of on and off-balance sheet assets and liabilities. Risk is addressed by Asset and Liability Management Committee that reviews the interest rate dynamics at regular intervals and decides re-pricing of assets and liabilities to ensure that the spread of the Bank remains at an acceptable level.

Major sources of interest rate risk are;

- i) differences between the timing of rate changes and the timing of cash flows (re-pricing risk);
- ii) changing rate relationships among different yield curves affecting the Bank's activities (basis risk);
- iii) changing rate relationships across the range of maturities (yield curve risk);
- iv) interest-related options embedded in the Bank's products (options risk); and
- v) changes in marked-to-market value of financial instruments which occur when interest rate changes (price risk).

44.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human factors or from external events. The Bank's businesses are dependent on the ability to process a large number of transactions efficiently and accurately. Operational risks and losses originate from business / operational process failure, IT security failure, natural disasters, dependence on key suppliers, fraud, service quality compromises, regulatory non-compliance, loss of key staff and social and environmental impacts.

The operational risk management function is primarily responsible for the oversight of operational risk management across the Bank. The operational risk management framework of the Bank is governed by the operational risk management policy and procedures, while the implementation is supported by an operational risk management system and designated operational risk coordinators within different units across the Bank. The framework is in line with international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organizational learning and future requirements.

The Bank has implemented an effective operational risk management framework for managing operational risk. Each department has processes and system controls in place to address operational risks within their area. Operational loss data is collected through a well defined program implemented across the Bank. Periodic workshops are conducted for risk and control self assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key risk indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes are subject to comprehensive operational risk assessments, before implementation. Regular updates on operational risk status is presented to Enterprise Risk Management Committee (ERMC) and the Board of Directors through the Board Risk Management Committee (BRMC).

Operational risk-disclosures Basel II specific

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank is currently using basic indicator approach for calculating operational risk capital charge.

Under basic indicator approach the capital charge for operational risk is a fixed percentage (denoted alpha) of average positive annual gross income of the Bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

44.4 Shariah Non-Compliance Risk (SNCR)

Shariah Non-Compliance Risk (SNCR) is the risk that arises from a bank's failure to comply with the Shariah rules and principles prescribed by the State Bank of Pakistan and Shariah Board of the Bank. Managing Shariah non-compliance risk is vital for the establishment of an effective Shariah governance system. Shariah compliance is critical to an Islamic bank's operations and such compliance requirements must permeate throughout the organization and its products and

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

activities.

Faysal Bank Limited (FBL), being converted into an Islamic Bank is fully aware of the importance and implication of Shariah non-compliance risk on its business and strategy and therefore, ensures Shariah compliance in its business activities & operations. FBL has also developed a comprehensive framework for Shariah Non-Compliance Risk management, which entails identification, assessment, monitoring / controlling and reporting of SNCR residing in the Bank.

44.5 Liquidity risk

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

Liquidity risk management framework is governed by the liquidity risk management policy. The policy provides specific directives for measuring and managing liquidity risk identifies responsible personnel; and defines their respective roles and responsibilities relating to liquidity risk management.

The management of liquidity risk is accomplished through a formal structure which includes:

- Board of Directors (BoD)
- Board Risk Management Committee (BRMC)
- Asset and Liability Committee (ALCO)
- Enterprise Risk Management Committee (ERMC)
- Treasury
- Risk management (enterprise risk management)
- Finance

The BoD approves the liquidity risk management policy including risk limits and ensures, through quarterly reviews by the BRMC, that the Bank's liquidity risk is being managed prudently. The BRMC plays a strategic role in liquidity risk management by overseeing the liquidity risk profile of the Bank. ERMC defines the risk tolerance levels and setting risk limits for effective liquidity risk management. ALCO ensures adherence with policy requirements and risk limits so that the Bank remains sufficiently liquid at all times.

The market and liquidity risk under enterprise risk management function overseas liquidity risk. The Bank's Asset and Liability Committee manages the liquidity position on a continuous basis.

The Bank ensures to maintain a diversified portfolio of liquid assets and funding base. Sources of funding comprise of a good mix of core deposits. Concentration in deposit, especially large volume deposits, is closely monitored to anticipate any potential liquidity issues in case of their withdrawals.

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like liquid assets to liquid liabilities, liquid assets to total deposits, large volume deposits to total deposits, advances to deposit, liquid assets to volatile funding; on a regular basis against defined limits. Further, liquidity gaps over different time bands, are also monitored through maturity profiling of assets and liabilities. The Bank also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, the Bank has also implemented the SBP's Basel III liquidity standards for ensuring compliance with the requirements of LCR, NSFR and other monitoring tools.

The Bank performs liquidity stress testing on periodic basis in order to ensure sufficient liquidity is always available to meet financial obligations / commitments. Stress testing aims to quantify the potential impact of extreme yet plausible events or movements on the value of portfolio. Shocks include withdrawal of deposits, withdrawal of wholesale / large deposits, withdrawal of top deposits, etc. The results of liquidity stress testing are shared with relevant authorities / committees, on periodic basis.

Contingency funding plan (CFP) is a part of liquidity risk management policy of the Bank. CFP provides a set of several early warning indicators of a possible liquidity shortfall situation; describes the actions to be taken to manage it and identifies the roles and responsibilities of ALCO, CFP team or other relevant authorities.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

44.5.1 Maturities of assets and liabilities - based on contractual maturities

	2022												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets	Rupees '000												
Cash and balances with treasury banks	56,130,549	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,785,035	2,785,035	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	9,815,098	9,815,098	-	-	-	-	-	-	-	-	-	-	-
Investments	469,451,195	-	-	9,093,505	1,551,727	1,551,728	7,905,036	7,111,539	3,103,455	1,304,593	34,065,999	352,683,849	51,099,864
Advances	454,260,608	37,040,685	23,600,062	56,288,565	167,39,520	34,460,468	41,330,889	13,508,603	14,769,861	43,227,548	38,136,574	48,307,902	52,655,167
Fixed assets	35,034,233	44,540	139,540	318,949	588,728	600,630	615,336	697,636	49,035	560,338	918,548	3,004,622	27,366,645
Intangible assets	1,984,841	5,928	41,497	94,850	177,843	178,155	177,843	6,254	42,987	47,183	607,102	569,630	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	44,891,304	2,413,101	2,563,514	5,456,129	5,264,821	4,526,933	15,689,975	1,085,712	1,602,493	2,942,649	26,896	-	191,800
	1,074,362,863	89,465,052	62,209,094	71,251,988	24,332,639	41,317,914	65,729,089	22,409,704	19,567,831	48,082,331	73,775,119	404,566,006	131,273,476
Liabilities	Rupees '000												
Bills payable	21,309,950	710,333	4,972,321	11,365,306	-	-	-	-	-	-	-	-	-
Borrowings	150,134,396	3,181,672	6,482,506	7,562,339	31,418,445	15,585,950	11,926,013	35,535	27,219	5,553,188	1,632,133	4,209,566	45,737,395
Deposits and other accounts	781,570,730	625,649,585	19,570,683	22,341,735	26,417,044	46,630,258	20,145,315	6,665,682	6,265,135	180,983	38,365	83,636	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	694,025	-	-	-	-	-	-	-	-	-	694,025	-	-
Other liabilities *	50,560,351	335,631	2,320,110	574,959	4,751,305	7,738,669	9,407,642	3,772,954	5,675,198	8,274,763	54,573	1,434	-
	1,004,269,452	629,877,221	43,081,221	21,357,246	47,011,339	62,586,794	69,954,877	41,478,970	11,967,552	14,008,934	2,439,096	4,294,636	45,737,395
Net assets	70,083,411	(536,412,169)	9,127,873	5,015,367	24,240,669	(36,254,155)	(26,636,963)	24,250,119	11,935,633	34,073,367	71,336,023	400,271,367	85,536,081
Share capital	15,176,965	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	11,675,968	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	10,648,814	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	32,581,664	-	-	-	-	-	-	-	-	-	-	-	-
	70,083,411	-	-	-	-	-	-	-	-	-	-	-	-

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

	2022												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Liabilities	Rupees '000												
Lease liabilities	11,827,762	-	-	-	514	818	3,227	10,342	107,249	123,713	441,652	1,586,179	9,538,068

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

2021

Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
58,516,627	38,516,627	-	-	-	-	-	-	-	-	-	-	-	-
3,517,282	3,517,282	-	-	-	-	-	-	-	-	-	-	-	-
357,471,437	-	-	53,694,757	722,503	10,103	17,926,397	7,747,534	2,314,513	3,404,002	45,873,493	3,249,110	170,066,605	52,462,420
396,295,362	42,076,919	30,081,712	12,149,811	29,077,453	33,648,642	21,340,575	35,959,212	9,801,512	13,437,244	36,820,194	36,169,242	44,383,735	51,349,111
26,337,967	410,103	82,042	95,716	218,779	412,443	417,877	435,757	57,832	110,769	389,719	1,106,294	2,694,063	19,906,573
1,743,445	4,974	29,843	34,817	79,582	149,217	149,217	149,217	-	-	32,876	1,25,546	334,836	633,320
25,730,086	2,224,001	1,045,476	1,346,742	3,927,782	4,771,017	2,539,049	7,063,669	560,344	723,736	1,328,869	199,351	-	-
669,612,206	106,749,906	31,239,073	67,327,843	34,026,089	38,991,422	42,373,115	51,355,419	12,734,201	17,675,751	84,445,171	40,949,543	217,479,239	124,371,424

Rupees '000

Assets

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions
Investments
Advances
Fixed assets
Intangible assets
Deferred tax assets
Other assets

Liabilities

Bills payable
Borrowings
Deposits and other accounts
Liabilities against assets subject to finance lease
Subordinated debt
Deferred tax liabilities
Other liabilities *

14,122,901	14,122,901	-	-	-	-	-	-	-	-	-	-	-	-
111,189,829	2,935,770	13,414,094	100,000	472,000	16,687,909	13,533,850	18,921,598	45,376	7,349,164	127,515	564,010	2,553,691	34,484,832
644,089,308	486,034,980	10,505,757	4,699,300	34,960,287	28,340,728	41,608,503	14,402,808	4,570,031	17,897,790	202,029	805,755	60,350	1,000
592,332	-	-	-	-	-	-	-	-	-	-	-	-	-
33,794,514	137,947	594,018	813,311	7,626,289	3,920,861	2,678,275	3,727,719	1,364,747	1,292,386	868,671	548,049	2,599,554	7,842,657
803,788,884	503,231,578	24,503,869	5,612,611	43,058,586	48,949,518	57,820,628	37,052,125	5,980,154	26,539,380	1,188,215	1,917,814	5,213,955	42,720,821
65,823,322	(396,461,672)	67,35,204	61,709,232	(9,032,497)	(9,958,096)	(15,447,513)	14,303,294	6,754,047	(8,863,609)	83,256,956	38,931,729	212,265,644	81,650,603

Share capital

Reserves

Surplus on revaluation of assets - net

Unappropriated profit

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

2021

Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
9,728,175	-	-	-	-	468	2,636	2,769	2,769	36,765	161,180	2,26,608	1,652,322	7,642,658

Rupees '000

Liabilities

Lease liabilities

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

2021									
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets	Rupees '000								
Cash and balances with treasury banks	292,485	588,749	1,182,161	2,379,488	4,605,339	5,715,789	10,959,163	18,902,266	13,891,187
Balances with other banks	17,580	35,388	71,057	143,025	276,815	343,561	658,727	1,136,166	834,963
Lendings to financial institutions	-	-	-	-	-	-	-	-	-
Investments	54,417,260	17,936,500	7,747,534	5,718,514	45,873,493	3,249,110	170,066,605	51,130,709	1,331,712
Advances	47,806,696	64,487,314	51,361,081	57,370,872	40,039,627	39,496,925	44,383,735	44,075,202	7,273,910
Fixed assets	806,641	830,320	435,757	168,601	389,719	1,106,294	2,694,063	8,486,348	11,420,224
Intangible assets	149,217	298,434	149,217	-	32,876	125,546	334,836	653,319	-
Deferred tax assets	-	-	-	-	-	-	-	-	-
Other assets	8,544,000	7,310,066	7,063,699	1,284,080	1,328,889	199,352	-	-	-
	869,612,206	112,033,879	68,010,506	67,064,580	92,546,758	50,236,577	229,097,129	124,384,010	34,751,996
Liabilities	Rupees '000								
Bills payable	14,122,901	-	-	-	-	-	-	-	-
Borrowings	16,921,864	30,221,760	18,921,598	7,394,561	127,515	564,010	2,553,729	29,976,025	4,508,767
Deposits and other accounts	52,824,321	74,811,641	24,170,545	42,116,249	38,462,298	48,263,320	91,168,398	156,787,784	115,484,752
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	592,332	-
Other liabilities *	9,162,119	5,837,194	3,727,341	2,660,913	1,621,342	543,395	2,599,553	6,827,586	815,071
	803,788,884	93,031,205	46,819,484	52,171,723	40,211,155	49,370,725	96,321,680	194,183,727	120,808,590
Net assets	19,002,674	(19,383,824)	21,191,022	14,892,857	52,335,603	865,852	132,775,449	(69,799,717)	(86,056,594)
Share capital	15,176,965	-	-	-	-	-	-	-	-
Reserves	12,613,183	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	7,061,583	-	-	-	-	-	-	-	-
Unappropriated profit	30,971,591	-	-	-	-	-	-	-	-
	65,823,322	-	-	-	-	-	-	-	-
	9,728,175	-	3,103	2,769	39,534	161,180	226,608	1,652,322	6,827,586
815,071									
Liabilities	Rupees '000								
Lease liabilities									

* These contain maturity analysis of lease liabilities based on expected maturities which is shown below:

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

44.6 Derivative risk management

The Bank's derivatives risk management is performed under market risk management which is an independent unit reporting to the Chief Risk Officer. The risk management policies are governed by the regulatory and internal guidelines. The risk management department of the Bank reviews credit risk, market risk and other risks associated with the derivative transactions or related area of the activity and assigns limits within which the transactions / area of activity can be carried out. Furthermore, Banks derivative portfolio is on run off basis due to conversion. Adherence to these limits is ensured through independent monitoring and control functions.

There are a number of risks undertaken by the Bank, which need to be monitored and assessed. The management of risks includes the following primary components:

- comprehensive risk measurement approach;
- detailed structure of limits, guidelines and other parameters used to govern risk taking; and
- strong management information system for controlling, monitoring and reporting risks.

Major risks associated with the derivative instruments are market risk, credit risk and liquidity risk. The Bank uses SunGard-Sierra to measure and manage these risks which provides end-to-end capability with respect to transaction life cycle.

Market risk

Market risk is the risk that the value of a derivative contract will be adversely affected by movements in equity prices, profit rates, currency exchange rates and commodity prices. The authority for approving policies, limits and periodic reviews rest with the Board of Directors. The critical measures used to manage market risks are profit rate delta and currency delta basis. These measures involve extreme shifts in a variety of parameters, such as FX rates, profit rates, equity prices, implied volatility levels and combinations of the above. These measures are calculated through the relevant systems.

Credit risk

Credit risk is the risk that a party to a derivative contract will fail to perform its obligation. There is a settlement risk associated with the derivative transactions. Settlement risk is monitored on a daily basis. Risk management department of the Bank sets the policies and limits for counterparty risk based on a pre-defined criteria linked with the internal risk rating of the customer.

Liquidity risk

Liquidity risk is managed as part of the overall liquidity risk of the Bank. The risk management policies related to liquidity risk are explained in note 44.5 to these unconsolidated financial statements.

45 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on February 23, 2023 by the Board of Directors of the Bank.

46 GENERAL

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

47 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 23, 2023 has proposed a final cash dividend of 10% (2021:10%). These unconsolidated financial statements for the year ended December 31, 2022 do not include the effect of these appropriations which will be accounted for subsequent to the year end.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Annexure I to and forming part of the Unconsolidated Financial Statements

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2021 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)	9				
1	2	3	4		5	6	7	8	9	10	11	12	13	
														Rupees '000
1	Leisure Apparels (Pvt) Ltd	87/I, 14Th Street, Khayaban-E-Sahar, Phase-VI, Dha, Karachi	1-Ahmed Fuad Mirza 2-Fatza Fuad	1-42301-2976899-5 2-42301-8271842-4	1-Ahmed Jamal Mirza 2-Ahmed Fuad Mirza	-	12,488	944	13,432	-	12,488	944	13,432	
2	Paramount Spinning Mills	157, 2Nd Floor Cotton Exchange Building I,Chundrigar Road Karachi.	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	-	29,715	-	29,715	-	29,715	-	29,715	
3	Paramount Spinning Mills	157, 2Nd Floor Cotton Exchange Building I,Chundrigar Road Karachi.	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	-	163,639	17	163,656	-	163,639	17	163,656	
4	Paramount Spinning Mills	157, 2Nd Floor Cotton Exchange Building I,Chundrigar Road Karachi.	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	-	47,972	-	47,972	-	47,972	-	47,972	
5	Dhrr Marketers (Mohammad Taufiq)	501 5Th Floor Uni Shoppin Uni Shopping Centre Abdullhan Haroon Road Karachi	Mohammad Taufiq	42301-0822745-9	Mohammad Gasim	25,000	65,661	-	90,661	-	65,365	-	56,365	
6	Nazura Ali Sayal	173-1 Khayaban-E-Muhatif, Ph Ase-Vi Dha Karachi Pakistan Karachi	1-Nazura Ali Sayal 2-Alisha Wafa Sayal	1-42301-1641574-4 2-42301-9910000-4	1-Akber Ali Sayal 2-Akber Ali Sayal	13,337	19,170	-	32,507	-	15,808	-	15,808	
7	Ghulam Hussain	House No.337, B-1-Area, Liaquatabad, Karachi.	Ghulam Hussain	42101-1433062-9	Muhammad Yousaf	1,446	3,116	-	4,562	-	3,133	-	3,133	
8	Gulshan Weaving Mills Ltd.	2Nd Floor Finlay House, I.I. Chundrigar Roadkarachi	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	79,370	113,246	-	192,616	79,370	118,804	-	198,174	
9	Gulshan Weaving Mills Ltd.	2Nd Floor Finlay House, I.I. Chundrigar Roadkarachi	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	139,005	141,884	-	280,889	139,005	148,600	-	287,605	
10	Gulshan Weaving Mills Ltd.	2Nd Floor Finlay House, I.I. Chundrigar Roadkarachi	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	141,381	197,693	-	339,074	124,427	203,313	-	327,740	
11	Incus Battery Industries	F-244, Site Industrial Area Karachi	1-Ahmad Ismail (Late) 2-Habib Jamal 3-Rashid Ahmad 4-Tahir Ahmed 5-Asad Ahmad 6-Khuram Jamal 7-Shamina Begum 8-Kishwar Jamal 9-Farraz Ahmed	1-42201-5777085-1 2-42201-4933927-9 3-42201-0498734-7 4-42201-4203452-3 5-42201-3798740-1 6-42201-7257154-9 7-42201-47167570-4 8-42201-9288941-4 9-42201-9401530-2	1-Muhammad Ismail 2-Muhammad Ismail 3-Muhammad Ismail 4-Ahmad Ismail 5-Ahmad Ismail 6-Habib Jamal 7-Ahmed Ismail 8-Habib Jamal 9-Asad Ahmad	-	68,266	-	68,266	-	68,266	-	68,266	
12	Farraz Ahmad (Image Embroidery)	15/C 3Rd Zamzama Commercial Lane, Phase-V, Dha, Karachi,	Farraz Ahmad	42201-9401530-2	Asad Ahmad	-	97,719	-	97,719	-	64,983	-	64,983	

Annexure I to and forming part of the Unconsolidated Financial Statements

S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
													Rupees '000
13	Fahima Garments (Shoab Usman Sulman)	23-Dawood Colony, Block No.IV & V, Kda Scheme No.7, Stadium Road-Karachi	Shoab Osman Sulman	42201-0719719-5	Usman Sulman	49	2,299	-	2,348	-	2,205	-	2,205
14	Fahima Garments (Shoab Usman Sulman)	23-Dawood Colony, Block No.IV & V, Kda Scheme No.7, Stadium Road-Karachi	Shoab Osman Sulman	42201-0719719-5	Usman Sulman	5,000	8,582	-	13,582	-	9,108	-	9,108
15	Aaa Electronics Industries (Pvt.) Ltd.	11- Modern Co-Operative Housing Society, Tipu Sultan Road Karachi	1-Abid Farooq 2-Amjad Farooq 3-Arshad Farooq 4-Surya Farooq 5-S.M.Farooq	1-35202-0485641-3 2-42000-0397564-5 3-42000-0497406-1 4-42000-038449-6 5-42000-0412513-5	1-S.M Farooq 2-S.M Farooq 3-S.M Farooq 4-S.M Farooq 5-Ahmedudul Mangoon	-	11,785	-	11,785	-	11,421	-	11,421
16	Pakistan Air Conditioning (Pvt.) Ltd.	11- Modern Co-Operative Housing Society, Tipu Sultan Road Karachi	1-Abid Farooq 2-Amjad Farooq 3-Arshad Farooq 4-Surya Farooq 5-S.M.Farooq	1-35202-0485641-3 2-42000-0397564-5 3-42000-0497406-1 4-42000-038449-6 5-42000-0412513-5	1-S.M Farooq 2-S.M Farooq 3-S.M Farooq 4-S.M Farooq 5-Ahmedudul Mangoon	-	23,591	-	23,591	-	22,685	-	22,685
17	Rabica Wahab (Logistics Management)	H.No.325 Garden West Karachi	Mrs. Rabica Wahab	42201-9608506-6	Mr. Abdul Wahab	-	1,546	-	1,546	-	546	-	546
18	Progressive Distribution	Plot 313 & 314, Sector 27/Korangi Industrial Area Karachi	Shahab Islam Abad Ahmed Mst. Noor Jahan Asher Mehtab Faisal Mehtab	42201-2327236-5 42101-1760816-5 42201-2573233-8 42201-4612257-3 42201-0719075-9	Mehtab Ahmed Abdul Waheed Abdul Khair Mehtab Ahmed Mehtab Ahmed Mehtab Ahmed	9,592	8,075	-	17,667	-	8,816	-	8,816
19	Paramount Spinning Mills	157, 2Nd Floor Cotton Exchange Building, I.Chundrigar Road Karachi.	1-Abdul Shakoor 2-Nasser Ahmed 3-Tanveer Ahmed	1-42201-0360228-5 2-42201-0632509-5 3-42201-0350138-5	1- Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	174,521	310,667	-	485,188	375,652	348,746	-	724,398
20	Nextel Communications.	P 110 - Bukhari Plaza chiniot Bazar, Faisalabad	1. Shahid Mehmood 2.Sadia Shahid	1. 33100-3006222-3 2. 33100-5170313-0	1.Ch Sultan Ali 2.Shahid Mehmood	5,952	3,449	-	9,401	-	2,757	-	2,757
21	M/S Euro Heights	Gt Road Gujrat	Meher Muhammad Afzal	34201-1572914-9	Meher Muhammad Anwar	-	7,052	-	7,052	-	7,052	-	7,052
22	Saqib Traders	(1) 6 & 7 A Gda Commercial Plaza Gujranwala (2) Shop # 17 & 18 New Sabzi Mandi, Gujranwala	Sheikh Muhammad Ashtaq	34101-1971651-5	Sh Muhammad Anwar	-	989	-	989	-	689	-	689
23	Shaheen Construction Company	House No.130, Block-M, Model Town, Lahore	Muhammad Masood Ahmed Khan	35202-5174914-9	Bashir Ahmed Khan	310	3,576	-	3,886	-	3,464	-	3,464
24	Zahid Hussain & Co	172 - Mohalla Gulistan colony No. 02 Faisalabad	1.Aamir Hussain 2.Hamid Hussain 3.Zahid Hussain	1. 33100-3844207-1 2. 33100-5999703-5 3. 33100-8835708-5	1.Zahid Hussain 2.Allah Dita 3.Allah Dita	4,931	5,287	-	10,218	-	4,344	-	4,344
25	Mazma International	67 B, Dha Lahore	Sheikh Azhar Mehmood	42301-1374564-9	Sheikh Mahmood Ali	11,713	26,526	-	38,239	-	19,595	-	19,595
26	Imperial Dental Supply Company	14 Shairi Plaza 26 Shairah E Quid E Azam, 151 McLeod Road Lahore.	Muhammad Ifkhar	35200-1502456-7	Muhammad Ali	1,400	8,716	-	10,116	-	7,936	-	7,936

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						Principal	Interest / Mark-up	Others	Total (6+7+8)				Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs
									6	7	8				
						Rupees '000									
1	2	3	4	5	6	7	8	9	10	11	12	13			
27	Mass Constructors	310-M Dha Lahore	Muhammad Younes	35201-1488296-3	Ghulam Muhammad	-	1,868	-	1,868	-	-	1,868			
28	M/S Citi International	42-F Mall Avenue 54 The Mall Lahore	1. Muhammad Afzal 2. Muhammad Shafi	(1) 61101-5495846-5 (2) 226-30-080602	1. Abul Sattar Shahid 2. Alan Ditta	-	29,333	-	29,333	-	-	25,333			
			3. Sheheen Zahid Deewan	(3) 517-85-395275	3. Zahid Jamal Dewan										
29	M/S Kissan Enterprises	Phalia Road Mangeti Islamabad	1. Muhammad Afzal Shahid 2. Muhammad Akhtar	(1) 61101-5495846-5 (2) 34402-8529663-1	1. Abul Sattar Shahid 2. Muhammad Shafi	711	2,631	-	3,342	-	-	2,640			
30	Top Line Poultry Breeder	268-Aa Shadman 1 Lahore	1. Basharat Ahmed Khan 2. Zafar Iqbal	1. 35201-2200244-3 2. 35202-8486405-9	1. Umar Khatab Khan 2. Abul Hameed	-	9,425	-	9,425	-	-	7,425			
31	Saeed Munir & Company	Grain Market Vehari	Saeed Ul-Haq	36603-1503835-3	Mehr Dh	-	5,394	-	5,394	-	-	4,794			
32	Jh Corporation	112 E Model Town Lahore	Ihsan Hyder Tarrar	34301-1783977-3	Shujaat Hussain Tarrar	1,500	9,634	-	11,134	-	-	8,149			
33	Zanal Textiles (Pvt) Limited	13/A-1 Main Peco Road Township Lahore	1. Shehzada Alamgir Shah 2. Syed Khuram Mehboob	1. 35200-1535632-9 2. 36302-0967610-1	1. Syed Muhammad Shah 2. Syed Mehboob Alam	105,431	105,431	-	105,431	-	-	105,431			
34	Zanal Textiles (Pvt) Limited	13/A-1 Main Peco Road Township Lahore	1. Shehzada Alamgir Shah 2. Syed Khuram Mehboob	1. 35200-1535632-9 2. 36302-0967610-1	1. Syed Muhammad Shah 2. Syed Mehboob Alam	-	118,782	-	118,782	-	-	118,782			
35	Haji Muhammad Abdullahi/Samira Abdullah	House No.304 G-III, M.A. Johar Town, Lahore	Haji Muhammad Abdullah	35200-6502339-1	Muhammad Hanif	6,212	11,256	-	17,468	-	-	8,815			
36	Ss-100 Traders	20-168, Chah Jattan, Daak Khana Sramat Ali Sialkot	Shahid Maqbool	34603-2886411-5	Muhammad Ismail	-	1,606	-	1,606	-	-	1,206			
37	Hassan Zaman (Private) Limited	White House 21-B Block M, Gulberg iii Lahore	1. Kashif Saeed 2. Muhammad Saleem Rana 3. Moeen Saleem Rana 4. Muhammad Saeed Malik 5. Bilal Saeed 6. Usman Saleem Rana	1. 35202-1516887-3 2. 35202-2052703-5 3. 35202-2200102-1 4. 35202-2631584-3 5. 35202-8307762-3 6. 35202-8916013-3	1. Muhammad Saeed Malik 2. Rana Hassan Muhammad 3. Muhammad Saleem Rana 4. Muhammad Zaman 5. Muhammad Saeed Malik 6. Muhammad Saleem Rana	-	18,955	-	18,955	-	-	16,855			
38	Achan International	122-Temple Road Lahore	Muhammad Achan Ameen	35202-1007251-9	Muhammad Ameen	1,700	8,220	-	9,920	-	-	7,180			
39	Fairhad	House 3 Street 9 Sector F-8-3 Islamabad	Fairhad Khan	61101-7321421-9	Jahangir Ahmed	-	5,257	-	5,257	-	-	2,757			
40	Saeed Ahmed	127, Imran Road, Khyaban Colony No. 2, Faisalabad	Saeed Ahmed	33100-6311844-5	Bashir Ahmed	360	6,198	-	6,508	-	-	6,094			
41	Genertech Pakistan Limited.	317/C-1, Ghalib Road Gulberg Lahore	1. Tanvir Elahi 2. Alangir Elahi 3. Jahangir Elahi 4. Nadir Ali Awan 5. Amir Jahangir 6. Shahzad Elahi	1. 35200-5522225-3 2. 270-88-158235 3. 35202-2561094-5 4. 272-92-508977 5. 35202-0676798-7 6. 35200-1962823-7	1. Jahangir Elahi 2. Ehsan Elahi 3. Jahangir Elahi 4. Muzaffer Ali 5. Ehsan Elahi 6. Tanveer Elahi	17,903	184,073	-	201,976	-	-	185,001			
42	A & N Worldwide (Pvt) Ltd	P-110 Bank Square Faisalabad	1. Sh Shahid Aziz 2. Muhammad Akram 3. Nooreen Shahid	1. 33100-1276311-5 2. 33100-6193334-7 3. 33100-9144482-2	1. Abul Aziz 2. Noor Muhammad 3. Shahid Aziz	4,995	6,207	-	11,202	-	-	6,502			

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
43	A & N Worldwide (Pvt) Ltd	P-110 Bank Square Faisalabad	1. Sh Shahid Aziz 2. Muhammad Akram 3. Nooreen Shahid	1. 33100-1276311-5 2. 33100-6193334-7 3. 33100-9144482-2	1. Abdul Aziz 2. Noor Muhammad 3. Shahid Aziz	900	3,622	4,522	-	1,835	-	1,835	
44	Navebsons Laboratories (Pvt) Ltd.	7 A-Friends Colony, Bastami Road, Lahore	1. Arjumand Akhtar 2. Akhtar Hussain Bhutta 3. Nadeem Akhtar Bhutta	1. 35202-2415746-1 2. 35202-2415746-7 3. 35202-2415748-3	1. Akhtar Hussain Bhutta 2. Nawab Din 3. Akhtar Hussain Bhutta	-	88,841	88,841	-	84,035	-	84,035	
45	Rena Estate Developers Investors	163-D, Post Staff Housing Society, College Road, Lahore	Rana Muhammad Haizee Ullah	61101-0445019-7	Rana Mohd Aziz Ullah	-	7,250	7,250	-	6,900	-	6,900	
46	Al Qamar Flour & General Mills	Lohianwala Bypass Near Sammabad Octroi Post Office Gujranwala	1. Babar Saeed 2. Dental Saeed 3. Gohar Saeed	1. 34101-6668722-9 2. 34101-5213331-9 3. 34101-6915949-9	1. Mukhtar Ahmad Shekh 2. Mukhtar Ahmad Shekh 3. Mukhtar Ahmad Shekh	67,883	30,427	98,310	-	11,649	-	11,649	
47	Punjab Bricks Company	Kotli Toleke, Tehsil Kamoki, District Gujranwala	Saad Imtiaz virk	34102-042485-3	Imtiaz Ahmed Virk	1,996	1,139	3,135	-	836	-	836	
48	Anwar & Brothers	30-Feet Bazar, Near Factory Golden Engine Sataheen Abad Gujranwala.	Muhammad Yaqoob	34101-2428809-7	Muhammad Srafi	1,300	1,350	2,650	-	1,205	-	1,205	
49	Ideal Garments Industries	Ideal House, 13 Km, Multan Road, Thokar Niaz Bag, Lahore	1. Aamer Rafique Qureshi 2. Ghazanfar Rafique Qureshi	1. 35202-8585766-7 2. 35202-9574991-3	1. Muhammad Rafique Qureshi 2. Muhammad Rafique Qureshi	-	52,248	52,248	-	52,248	-	52,248	
50	Medline International	Shop 11 Basement Asalm Centre 9 A Shah Alam Market Lahore	Waqar Masud Raither	35202-5894635-9	M.D Masud Raither	3,494	2,502	5,996	-	2,306	-	2,306	
51	Khuram Rafique	House B-2/299 Mohallah Bara Darbhinder Road Gujrat	Khuram Rafique	34201-2865631-3	Muhammad Rafique	-	939	943	-	939	4	943	
52	Aa Cotton Ginner	Gram Market, Haroonabad, Distt. Bahawalnagar	Muhammad Arian Asim	31104-1673837-5	Muhammad Akram Khan	7,970	4,074	12,044	-	4,010	-	4,010	
53	Ali Reza Industries (Pvt) Ltd	F-4, Industrial Estate Multan	1. Nabeed Jahan Altaf 2. Muhammad Khurshid Za	1. 36302-0405531-2 2. 36302-5442152-3	1. Mian Muhammad Ali 2. Mian Muhammad Ali	6,002	6,393	12,395	-	5,111	-	5,111	
54	Lala Basfir And Sons Okara	Shop No. 93, Ghallaha Mandi Okara	Shaikat Ali	35302-2002641-1	Malik Basfir Ahmed	4,700	7,665	12,365	-	6,713	-	6,713	
55	Syed Bhai's (Pvt) Ltd.	200, Ferozepur, Road, Lahore	1. Sabiha Mansoor 2. Masroor Ahmed Khan 3. Zamir Ahmed Khan 4. Mansoor Ahmed Khan 5. Rashida Zamir	1. 35201-1286206-0 2. 35201-1355027-9 3. 35201-1330550-3 4. 35201-1355003-5 5. 35201-1271240-8	1. Mansoor Ahmed Khan 2. Zamir Ahmed Khan 3. K.B Basfir Ahmed Khan 4. Zamir Ahmed Khan 5. Zamir Ahmed Khan	-	89,369	89,413	-	89,369	44	89,413	
56	Ishaq & Brother	Tahli Morhi Chowk Rawalpindi	Muhammad Ishaq	37405-6270233-1	Muhammad Asghar	550	2,723	3,273	-	2,721	-	2,721	
57	Syed Bhai's (Pvt) Ltd	200, Feroze Pur Road, Lahore	1. Sabiha Mansoor 2. Masroor Ahmed Khan 3. Zamir Ahmed Khan 4. Mansoor Ahmed Khan 5. Rashida Zamir	1. 35201-1286206-0 2. 35201-1355027-9 3. 35201-1330550-3 4. 35201-1355003-5 5. 35201-1271240-8	1. Mansoor Ahmed Khan 2. Zamir Ahmed Khan 3. K.B Basfir Ahmed Khan 4. Zamir Ahmed Khan 5. Zamir Ahmed Khan	14,884	411,576	426,460	-	382,986	-	382,986	
58	M/S Baiwa Trading.Co/Prop Rashid Na	Rahman Trading Co 130-C Sattelite Town Near Masjid Ayesha Sargodha	Rashid Naeem	38403-8192919-9	Muhammad Saadiq	4,984	8,936	13,920	-	9,410	-	9,410	

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						Principal	Interest / Mark-up	Others	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
59	Riaz Muhammad Shehzad	72-E, Holy Family Hospital Road, Satellite Town Rawalpindi	Riaz Muhammad Shehzad	37405-5716689-7	Faz. Mohammad	656	8,526	-	9,182	-	7,926	-	7,926
60	Dewan-E-Khas	G. T. Road Gujrat	Ch Zaheer Peneez	34201-2298894-3	Ch Muhammad Yousof	8,800	26,469	-	35,269	-	25,454	-	25,454
61	Ilyas Auto Store	Purana Lari Adda Multan Road Vehari	Muhammad Anjad Hameed	36603-1426257-9	Ch Abdul Hameed	2,000	4,366	-	6,366	-	4,144	-	4,144
62	Multinational Industrial System	St-1, Za-Ul-Haq Road, Gujranwala	Muhammad Irfan	34101-3501924-9	Muhammad Sardar	926	2,239	3	3,168	-	1,717	3	1,720
63	Al-Mukhtar House (Hostel)	3-S-34, Ibrahim Street, Naksha Stop, Rawan Warden, Ichra Lahore	Sajjad Ahmed Shah	33203-1243551-9	Mukhtar Ahmed Shah	544	650	-	1,194	-	583	-	583
64	Raja Kashif Saleem Chib	H No. 3 St No. 8,F-8-3, Islamabad	Raja Kashif Saleem Chib	37405-0146622-9	Raja Muhammad Saleem	-	28,344	-	28,344	-	22,844	-	22,844
65	Robin Soap Factory	Po-86 Saqpur Road Phiroza Rawalpindi	1. Khawaja Shehzad Jalli 2. Khawaja Elz Jalli	1. 37405-1681804-7 2. 37405-2983288-1	1. Khawaja Abdul Jalli 2. Khawaja Abdul Jalli	3,497	7,794	-	11,291	-	7,318	-	7,318
66	Chohan Brothers	Amanabadi Gate, Near Shekhpura Road, Gujranwala	Muhammad Arif Javed	34101-7840870-9	Ashiq Hussain	5,693	5,728	-	11,421	-	4,660	-	4,660
67	Sox Chemicals (Pvt) Ltd	25 A li, Industrial Estate Multan	1. Muhammad Altaf Shahid 2. Muhammad Ashfaq	1. 36302-0207129-1 2. 36302-5303347-7	1. Abdul Rasheed 2. Abdul Rasheed	5,978	26,669	-	32,647	-	20,187	-	20,187
68	Tera Star Industries	Air Port (Kulwal) Road Gohat Pur Sialkot	1. Nadeem 2. Naeem Ashraf	1. 34603-2889781-1 2. 34603-4857122-7	1. Muhammad Ashraf 2. Muhammad Ashraf	5,999	11,402	-	17,401	-	10,964	-	10,964
69	Advance Agro Tech	25 A li, Industrial Estate Multan	1. Muhammad Saleem 2. Muhammad Khalil-Ur-Rehman	1. 36302-1549099-3 2. 36302-8951962-1	1. Shaqoor-Ullah 2. Muhammad Altaf Shahid	700	15,922	-	16,622	-	12,301	-	12,301
70	M/S Dawood Steel	32-DI Muhammad Road Lahore	Ghazala Bilal	35202-5218037-6	Muhammad Bilal	5,500	13,834	-	19,334	-	11,165	-	11,165
71	Haleem Aslam Malik	H No. P-23, Race Course Road, Faisalabad	Haleem Aslam	33100-0670713-3	Malik M Aslam	12,400	22,024	-	34,424	-	18,701	-	18,701
72	Mumtaz Ahmed Bilal, Abida Zulfiqar	P1222, Mohallah Banni, Said Pur Road, Rawalpindi	1. Mumtaz Ahmed Bilal 2. Abida Zulfiqar	1. 37405-5187095-3 2. 37405-9062586-0	Ch Muhammad Siddique	4,251	6,619	-	10,870	-	5,187	-	5,187
73	Pak Italian Ceramics	Pak Italian Ceramics - Main G.T. Road, Wazirabad	Sarmad Gondal	34104-2326249-3	Ghazantari Ali Gondal	-	1,873	-	1,873	-	1,873	-	1,873
74	Muhammad Nawaz	Jhallar Dewana Po Madharynwala Hafizabad	Muhammad Nawaz	34301-8644559-3	Alah Ditta	-	1,990	6	1,996	-	1,990	6	1,996
75	Hakim Ali	Ahmadabad Po Luddan Tehsil And District Vehari	Hakim Ali	36603-4181067-9	Peer Bux	-	597	-	597	-	597	-	597
76	Saqib Ali Khawaja	Ward No.2 Muhalla Khawaja Meerpur Bathoro Distt. Thatha	Saqib Ali Khawaja	41405-4204996-7	Zulfiqar Ali Khawaja	-	530	-	530	-	530	-	530
77	Sajjad Feroz Ahmed	Sajjad Feroz Ahmed Bhooma Bhatt P.O Same Tehsil Wazirabad, Gujranwala	Sajjad Feroz Ahmed	34104-2333919-9	Muhammad Feroz	817	1,133	-	1,950	-	1,114	-	1,114
78	Muhammad Arif	Chak No. 169 Murad Po Datrawala Tehsil Chishtian	Muhammad Arif	31102-1124950-9	Ali Muhammad	600	957	-	1,557	-	670	-	670
79	Irran Nawaz	Wagon Jhanda Po Wattoonwan Tehsil And Distt Shekhpura	Irran Nawaz	35404-6270757-7	Malik Muhammad Nawaz Wattoo	851	1,201	74	2,126	-	1,004	-	1,004

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						Principal	Interest / Mark-up	Others		Total					
								6	7						
Rupees '000															
1		3	4		5	6	7	8	9	10	11	12	13		
80	Muhammad Shatzad Malik	House # 23-2, Habib Colony, Bahawalpur	Muhammad Shatzad Malik	31202-0340214-3	Muhammad Manzoor Malik	702	1,972	-	2,674	-	1,645	-	-	1,645	
81	Liaqat Ali	Jasukay Po Tahli Goraya Tehsil Pindi Bhatian	Liaqat Ali	34302-1247933-9	Muhammad Yaqoob	-	1,364	-	1,364	-	1,314	-	-	1,314	
82	Dil Murad	Village Haji Muhammad Ramzan Po Daur 68 Nusrat Distt Shaheed Benazir Abad	Dil Murad	45402-0963456-5	Muhammad Ramzan	1,350	1,225	9	2,584	-	707	-	-	707	
83	Sardar Amjad Hassan Gurcharni	Lot Larbi M.P. Post Khatlas Lal Garh P.O Khas Teh Jampur Distt Rajanpur	Sardar Amjad Hassan Gurcharni	32402-1422980-1	Sardar Zaffar Ullah Khan Gorcharni	1,500	2,151	-	3,651	-	1,508	-	-	1,508	
84	Muhammad Saleem Reza	House No. 186 Street No.1 Faysal Colony Okara	Muhammad Saleem Reza	35302-8661816-7	Ghulam Muhammad	3,117	1,660	31	4,808	-	1,493	-	-	1,493	
85	Haji Muhammad Ameer	Muhalla Shekhan Wala P.O Dewaran Raja Pur Teh Distt Lodharan	Haji Muhammad Ameer	36203-1805633-1	Shiekh Haji Mukhtarian Ali	650	777	11	1,438	-	671	-	-	671	
86	Rana Arshad Ali	Village & P.O. Kotli Bawa Faqir Chand Tehsil Pastur Sialkot. Res:595770300.6408953	Rana Arshad Ali	34602-2033004-1	Rana Suleman Khan	700	1,583	-	2,283	-	1,493	-	-	1,493	
87	Muhammad Usman Khan	Bonga Lashari Po Jamal Pur Haslipur	Muhammad Usman Khan	31203-7799070-3	Ahmed Khan Doltana	-	1,061	-	1,061	-	1,061	-	-	1,061	
88	Sialwart Seeds And Chemical	Sialwart Seed And Chemical - 10Km Multan Road Sahiwal 1. House No. 155 Block Y Scheme No. 03 Farid Town Sahiwal 2. Mandar Wali Badomahni The & Distt Narowal	1. Muhammad Iqbal Bhangu 2. Sana Ullah	1. 31102-0648129-1 2. 34501-2010463-3	1. Haji Allah Rakha 2. Muhammad Tufail	-	2,932	-	2,932	-	2,782	-	-	2,782	
89	Muhammad Sharif	H No 352 St. 4 Mohala Sharqi Colony Southern Block Vehari	Muhammad Sharif	36603-5171446-5	Permat Ali	800	2,291	-	3,091	-	2,020	-	-	2,020	
90	Shan Traders	Shan Traders - House# 78, Block M, Tehsil Atitwala Distt Pakpattan	Zeeshan Aamir	36401-0894037-7	Rafique Ahmad Chaudhry	15,000	8,794	67	23,861	-	8,065	-	-	8,065	
91	Syed Iqbal Hussain Shah	16-S Wapda Town Phase 2 Multan	Syed Iqbal Hussain Shah	36202-8624167-7	Ghulam Jahaniyan Shah	200	4,428	-	4,628	-	3,838	-	-	3,838	
92	Maqbool Ahmad	Dado Ahoka Po Pakpattan Teh And Distt. Pakpattan	Maqbool Ahmad	36402-7990541-5	Ghulam Muhammad	-	1,818	-	1,818	-	1,218	-	-	1,218	
93	Abdul Jabbar	Ahad Rice Mills Chak# 99/9-L Pakpattan Road Sahiwal	Abdul Jabbar	35301-1910052-5	Allah Yar	1,850	3,021	11	4,882	-	2,218	-	-	2,218	
94	Imtiaz Ahmed Zahid	Raja Cotton Industries Chak 29Dnb Shah Wala Road Ahmed Pur East	Imtiaz Ahmed Zahid	31201-2792758-7	Jan Muhammad Zahid	-	2,416	-	2,416	-	2,016	-	-	2,016	
95	Chaudhary Sajid Mehmood	Chak No.24 Shumail Tehsil Bhatwal Distt Sargodha	Chaudhary Sajid Mehmood	91609-0119279-3	Bashir Ahmad	4,102	12,159	-	16,261	-	12,004	-	-	12,004	

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
96	Abdul Razzaq Qureshi	Chak# 66-Kb Kot Qazi P.O Karam Pur Tehsil Mailsi Distt Vehari	Abdul Razzaq Qureshi	36602-0928227-5	Ghulam Muhammad Qureshi	6,405	2,338	-	8,743	-	-	2,646	2,646
97	Ali Abidi	Chak# 218 Eb Po Chark 216Eb Vehari	Ali Abidi	36603-3819481-1	Akbar Ali	228	591	15	834	-	-	492	507
98	Khawar Nazir	Mouza Alla Abad Tehsil And District Vehari	Khawar Nazir	36603-2347384-5	Muhammad Nazir	2,521	6,009	5	8,535	-	-	5,584	5,584
99	Naveed Ahmed Tariq	Chak No.517 E.B. Mohallah Iqbal Nagar Near Fareed Town Tehsil Burewala Distt Vehari	Naveed Ahmed Tariq	36601-3458991-7	Gulzar Ahmad Tariq	800	1,636	20	2,456	-	-	1,409	1,409
100	Muhammad Azam Wattoo	Charat Singh Tehsil Deeparpur Distt Okara	Muhammad Azam Wattoo	35301-2010345-9	Mian Allawal Wattoo	982	2,387	195	3,564	-	-	2,355	2,470
101	Muhammad Azam Sheikh	Hajveri Filing Station Lahore Sigodha Road Farooq Abad	Muhammad Azam Sheikh	35404-0758804-1	Sheikh Muhammad Tufail	-	3,562	-	3,562	-	-	3,262	3,262
102	Hazara Poultry Services	Hazara Poultry Services - Saadat Market Manshehra Road Qalanderabad Abbottabad	1. Asad Sajawal 2. Sajawal Khan	1. 13101-2447824-7 2. 13101-0987425-3	1. Sajawal Khan 2. Allah Dad Khan	-	595	-	595	-	-	595	595
103	Muhammad Nawaz	Lorhki P/O Khas Tehsil Daeka Distt Sialkot 03349743054	Muhammad Nawaz	34601-5231084-5	Khushi Muhammad	323	799	18	1,140	-	-	726	726
104	Fazal Mahmood	Akuka House Bangla Road Haroonabad	Fazal Mahmood	31101-5663345-1	Muhammad Yar Khan	3,639	3,696	18	7,353	-	-	3,649	3,649
105	Zafar Iqbal Khan	Mouza Hussain Abad Tari, Tehsil Kabinwala, Distt Khanewal	Zafar Iqbal Khan	36302-3292269-9	Haji Rabriwaz Khan	475	892	-	1,367	-	-	826	826
106	Muzzaifer Iqbal	Mouza Rukan Pura Po Khas Depalpur Okara	Muzzaifer Iqbal	35301-5029875-9	Atta Muhammad	1,611	2,751	6	4,368	-	-	2,599	2,599
107	Khizar Hayat Shahid	H# 15-A Tariq Street# 11 Zakeriya Town Bossan Road Multan	Khizar Hayat Shahid	36302-0543702-1	Rab Nawaz Khan	1,605	1,732	-	3,337	-	-	1,791	1,791
108	Sardar Ali	Khali Abad Colony Depalpur Okara	Sardar Ali	35301-2003916-9	Ashraf Ali	402	2,062	61	2,525	-	-	1,910	1,910
109	Riasat Ali	Mouza Lurkey Naimat Tehsil Sharapur Distt Sheikhpura	Riasat Ali	35402-4763024-9	Muhammad Akbar	2,497	4,933	85	7,515	-	-	4,292	4,292
110	Chaudhary Cold Storage	Chaudhary Cold Storage - Adda Maharawal Main Khurdianwala Jaranwala Faisalabad	1. Abid Latif 2. Muhammad Shahid	1. 33104-2878996-9 2. 33104-3154364-9	1. Muhammad Latif 2. Muhammad Latif	1,900	3,290	-	5,190	-	-	2,792	2,792
		1. 61/Gb, Maharawal, Tehsil Jaranwala, District Faisalabad											
		2. 61/Gb, Maharawal, Tehsil Jaranwala, District Faisalabad											

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
126	Mian Sheeraz Qureshi	Village Near Saibo Banglow Phariaro P/O Chondiko Tehsil Naro Dist Khairpur	Mian Sheeraz Qureshi	45602-6416282-9	Mian Atta Muhammad	26	1,875	1	1,902	-	1,277	-	1,277
127	Muhammad Nawaz	Yachoki Khurd Po Jaran Teh Dist Hafizabad	Muhammad Nawaz	34-301-17-66525-3	Muhammad Inayat	-	759	-	759	-	609	-	609
128	Abdul Rasheed Dogar	Noor Ul Haq Colony H# 74-B Bahawal Pur	Abdul Rasheed Dogar	31202-3694701-5	Mehmood Ul Hassan	4,983	391	-	5,384	-	974	-	974
129	Muhammad Reza Ali Przada	Shekh Wahan Post Office Khas Teh Khairpur Tarnawali Bahawalpur	Muhammad Reza Ali Przada	31204-7335431-3	Mian Reza Husain Przada	9,050	11,023	33	20,106	-	11,920	-	11,920
130	Rizwan Saddique	H# 04, Moh Shebri Colony, Near Sp Office Behim Yar Khan	Rizwan Saddique	31303-7028329-9	Muhammad Saddique	1,976	789	-	2,765	-	841	-	841
131	Imtiaz Ahmed	Mouza Dera Jamat Ali Tehsil Kamoke Dist Gujranwala	Imtiaz Ahmed	34-101-2527083-3	Jamat Ali	69	649	-	718	-	533	-	533
132	Al Syed Protein Farm	Al Syed Protein Farm - House No. 253 E. Erne Society Lahore	1. Syed Ahmad Reza Shah 2. Syed Anwar Ali Shah 3. Syed Mukarram Ali Shah	1. 35102-0205454-9 2. 35202-6832708-3 3. 35202-4124424-1	1. Syed Mahboob Shah 2. Syed Muhammad Siddique Shah 3. Syed Anwar Ali Shah	4,999	485	-	5,484	-	809	-	809
133	Skandar Khan	Skandar Khan 603, Patha Mandi Road, Muzam-E-Hayat, Sargodha Pakistan	Skandar Khan	38-403-5361953-9	Khan Muhammad	-	1,366	-	1,366	-	966	-	966
134	Muhammad Raaique	49 Acres Chek # 44Db Tehsil Yazman District Bahawalpur	Muhammad Raaique S/O Elm U-Din	31205-7890290-9	Elm Uddin	306	826	48	1,180	-	878	29	907
135	Muhammad Ashraf	Muhalah Jaktadan Tehsil Jampur Dist Rajan Pur	Muhammad Ashraf	32102-9704035-9	Malik Raheem Buksh	860	965	-	1,825	-	1,013	-	1,013
136	Shah Nawaz Bhatti	Thatha Eisa Tehsil And Dist Nankana Sahb	Shah Nawaz Bhatti	35-402-8515618-9	Muhammad Akbar Khan	1,000	2,535	95	3,630	-	2,282	-	2,282
137	Muhammad Rasheed	Multan Road Maraka Po Khas Teh Dist Lahore	Muhammad Rasheed	35202-6511458-5	Salamat Ali	1,141	2,297	-	3,438	-	2,099	-	2,099
138	Anser Ayub	Chek# 14 Ucc Dakhana Mandi Faizabad Ferozvala Sheikhpura	Anser Ayub	35-401-358820-9	Umer Hayat	479	931	25	1,435	-	911	67	978
139	Saeed Ahmad	Mouza Lurkey/Namat Tehsil Sharapur Dist Sheikhpura	Saeed Ahmad	35202-1426853-7	Shoukat Ali	-	2,264	88	2,352	-	2,114	38	2,152
140	Sarraz Khan	93 Acres Mouza Rappar Tehsil Keenoor Pacca District Lodhian	Sarraz Khan	36202-0956121-9	Mohammad Ali Khan	2,469	6,945	47	9,461	-	6,955	-	6,955

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
141	Syad Zaighum Hayat Jahandad	Shah Jewana Po Khas Teh & Distt Jhang 03009727234/03005100962 03005100962	Syad Zaighum Hayat Jahandad	61101-1368335-1	S Hassan Shah	7,902	4,445	-	12,347	-	-	3,597	3,597
142	Muhammad Buksh	Mouza Bhaqi Wahan Tehsil Kehror Pacca District Lodhran	Muhammad Buksh	36202-0184901-5	Abdul Ghafoor	1,200	3,682	62	4,944	-	62	3,692	3,754
143	Ahmed Nawaz	Chak No.31 W.B. Tehsil Arid District Vehari	Ahmed Nawaz	36501-5838017-5	Ahmad Bukhsh	689	1,560	-	2,249	-	-	1,563	1,563
144	Muhammad Hashim	Village Khan Muhammad Laghari Kanyani Golarchi Distt Badin	Muhammad Hashim	41102-2404363-3	Khan Muhammad	500	612	12	1,124	-	-	668	668
145	Mubarak Ali Zahid	Dera Phian Wah Ahata Po Chak# 88/P Teh Distt Rahim Yar Khan	Mubarak Ali Zahid	31303-8487013-1	Muhammad Saadiq	814	796	-	1,610	-	-	805	805
146	Muhammad Nadeem Anjum	Muhammad Nadeem Anjum Sndu Chak No 313 Eb Po Box Tehsil Burewala Distt Vehari 03006992013	Muhammad Nadeem Anjum	36601-9025707-5	Asghar Ali	2,494	1,805	-	4,299	-	-	2,303	2,303
147	Sardar Imitiaz Farid Khan	Mooda P.O Basir Pur Tehsil Depalpur Distt Okara	Sardar Imitiaz Farid Khan	35301-2342530-5	Hamid Ali Khan	1,801	4,809	25	6,635	-	100	4,450	4,550
148	Rashid Mehmood	Mouza Rukan Pur Tehsil & District Lodhran	Rashid Mehmood	31202-3715679-1	Mian Ashiq Muhammad	-	2,027	43	2,070	-	-	1,620	1,620
149	Muhammad Asim Khan	Muhammad Asim Khan S/O M Akram Khanmouza Shatab Garh Tehsil Malisli Distt Vehari 0302-7351744	Muhammad Asim Khan	36602-0928906-1	Muhammad Akram	150	1,524	-	1,674	-	-	1,198	1,198
150	Mohsin Farid Chisti	Mohsin Farid Chisti Mouza Khokhar P.O Sohaka Burawala Distt Vehari 0345-7100075	Mohsin Farid Chisti	36601-8176773-1	Sardar Ali	-	1,082	-	1,082	-	-	732	732
151	Mir Rahman	H #101/2 Street #7 Off Khayaban-E- Fehat Phase VI Dha Karachi	Mir Rahman	42000-0371188-1	Mir Jamil Ur Rahman	1,187	485	9	1,681	1,187	9	485	1,681
152	Farukh Butt	Falek Butt & Co., Construction Co , 136/8- B- Bk Lahore Canal Bank Housing Society Lahore	Farukh Butt	34601-2642185-7	Muhammad Zahoor Butt	391	113	10	514	391	10	113	514
153	Sultan Ghazi	Royal Estate Shop#01 Plot#945-C Bk-2 Pechs Nr. Jheel Park Karachi	Sultan Ghazi	42201-0574561-7	Muhammad Iqbal Ghazi	442	110	15	567	442	15	110	567
154	Usman Salar	H# 665 A Miahilil Peoples Colony No 01 Faisalabad	Usman Salar	33100-4252864-5	Ghulam Mustata	859	179	7	1,045	859	7	179	1,045
155	Hamood Khalid Choudh	Rapid Cargo Off 40 6Th Fir Arkay Square Sny E Liaqat Off li Chundrigar Rd Karachi	Hamood Khalid Choudh	42101-9466093-7	Muhammad Khalid	483	40	12	535	483	12	40	535
156	Muhammad Sharhazad	H # 186 Block G-3 Wapda , Town , Lahore	Muhammad Sharhazad	35202-1050635-3	Mukhtar Ahmed	104	102	-	206	506	-	110	616
157	Syed Zameer Uddin	Flat 1201, Block L, Creek Vista Apartments, Phase VIII, Dha, Karachi	Syed Zameer Uddin	42000-4143783-7	Syed Abdul Rauf Shah	759	48	25	832	-	24	544	568

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						Principal	Interest / Mark-up	Others		Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs		
								6	7				8	
						Rupees '000								
158	Asif Khaili	Easy Ticket, Off # 41, 1st, Central Plaza, Barkat Market Lahore	Asif Khaili	35202-6679260-3	Khushi Muhammad	667	37	21	725	631	-	-	631	
159	Muhammad Tufail	U Micro Finance Bank, Dept Sales Aftab Steel Market Gt Rd Nr Summit Bnk Gujranwala	Muhammad Tufail	341012-690674-3	Muhammad Boota	61	23	11	95	561	30	11	602	
160	Abid Hussain	Asat Product Build 2C Mezzane Flr 7 Badar Commercial Phs V/Dha Nr Shoukat Khanum Karachi	Abid Hussain	42201-8064371-9	Ghulam Ali	78	21	14	113	469	27	14	510	
161	Muhammad Durrani	Apartment No 217 2Nd Floor Silver Oaks F-10 Markaz Islamabad	Muhammad Durrani	16101-9549769-9	Abdul Sattar Khan Durrani	73	18	22	113	583	26	22	631	
162	Muhammad Asad	City Steel Industries 4 Rajput Street Badami Bagh Lahore	Muhammad Asad	35202-2352972-7	Muhammad Akshad	59	12	10	81	707	31	10	748	
163	Mudassar Mahmood Butt	H # 14 / A, Street # 37 Nawazish Street Ghari Shatro Lahore Lahore	Mudassar Mahmood Butt	35202-2647617-5	Mahmood Ahmad Butt	448	114	29	591	448	114	29	591	
164	Atif Sheikh	Premier Trading Company Basement 4-A Shah Alam Market Lahore	Atif Sheikh	35202-0596718-1	Sheikh Sajjad Ahmad	516	32	9	557	516	32	9	557	
165	Zulfiqar Ali	House No 57 Defence Fort Ghazi Road Lahore	Zulfiqar Ali	35201-2308362-1	Alah Ditta	513	30	9	562	513	30	9	562	
166	Nasar Iqbal	H No 82 G Block Marghazar Society Multan Road Lahore Lahore	Nasar Iqbal	35202-2851656-7	Fazal Hussain	732	31	14	777	725	31	2	758	
167	Ali Mughal	Upwards Spiral Traders, Office # 27 / A Awasi Gerni Road, Islam Pura Lahore	Ali Mughal	35202-9625728-1	Muhammad Aslam	566	33	22	621	566	33	22	621	
168	Chaudhary Jafri	180 - Park Block Allama Iqbal Town Lahore	Chaudhary Jafri	35202-2849784-1	Ch Akhtar Abbas Jafri	599	37	19	665	599	37	19	665	
169	Sharzad Liaqat	Al Aziz Mobile Center College Road Mc Plaza, Christian Bahawalnagar	Sharzad Liaqat	31102-7398137-9	Liaqat Ali	543	33	12	588	543	33	12	588	
170	Ghulam Jijeeaa	Ghulam Moiddin Jahiandhri Bldg, 1 St Flr Flat# 18 Nr Dilpasand Sweet M.A Jimnah Rd Opp Baloch Park Eid Gah, Kti	Ghulam Jijeeaa	42301-1091614-1	Muhammad Usman	142	19	18	179	560	-	-	560	
171	Shakil Chaudry	Apartment No 505 Warda Hamna Residencia # 02 Street # 91 Sec#G -11/3 Islamabad	Shakil Chaudry	61101-3150840-9	Jamil Ahmad Chaudhary	349	35	24	408	484	65	26	575	
172	Muhammad Ibrahlim	House # 397-399 Gzri Road Clifton Ground Flr Karachi	Muhammad Ibrahlim	42301-2424659-9	Abdul Haq	98	14	20	132	585	30	20	635	

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4		5	6	7	8	9	10	11	12	13
173	Muhammad Kashif Sham	H # B-7, Circular Street Phase 2, D.H.A Near Abu Bakar Mosque Karachi	Muhammad Kashif Sham	42301-2478227-7	About Samad Shamsi	380	15	25	420	682	24	25	731
174	Mohsin Saleem	34A Gosta-E-Alhbab Tech Society Canal Bank Opposite Doctor Hospital Lahore	Mohsin Saleem	35200-1518434-9	Saleem Ahmed Malik	299	93	9	401	445	58	-	503
175	Muhammad Iftikhar Alam	Hno. 140 Street No.9 Rawal Town Islamabad	Muhammad Iftikhar Alam	61101-5067182-7	Muhammad Younas	387	45	-	432	387	47	100	534
176	Saeed Mazhar Ali	H # 12/2 5Th Street Khayaban E Pehat Phase 6 Dh, 4 Karachi	Saeed Mazhar Ali	42201-4356951-1	Mazhar Ali Khan	429	98	10	537	536	98	10	644
177	Badar Ud Din	House R-116,Shair Muhammad Baloch Society, Blk-10, G-Joulhar,Karachi	Badar Ud Din	42501-9729427-9	Lutf Uddin	1,410	567	-	1,977	-	482	100	582
178	Muhammad Taseen Khan	House # 557 Block- E Phase I.M.A Johar Town Scheme Lahore	Muhammad Taseen Khan	35201-5344337-7	Muhammad Yameen Khan	4,617	7,236	-	11,853	-	7,287	100	7,387
179	Muhammad Naveed Tahir	House # 66 Rahman Villas Defence Road Cantt Lahore	Muhammad Naveed Tahir	35201-5965977-9	M Siddique Butt	1,897	2,652	-	4,549	-	2,187	100	2,287
180	Nasir Ansari	Flt#A-411 5Th Flr Welcome Centre Blk-19 Gulistan E Johar Nr Johar Sw Karachi	Nasir Ansari	42101-8504281-1	M Munawwar Azeem Ansari	842	116	-	958	842	-	-	842
181	Amreen Naqi & Syed Sarfaraz Hussain	House # 19- C Govt Employee Housing Society Peco Road Lahore	Amreen Naqi & Syed Sarfaraz Hussain	35202-8983059-6	Syed Sarfaraz Hussain Naqvi	1,176	781	-	1,957	-	780	100	880
182	Mubarak Bin Awad	H# 07, Block-10, Area 1-C, Landhi # 1, Karachi.	Mubarak Bin Awad	42201-1628498-9	Awad Bin Ahmed	1,074	207	-	1,281	579	126	-	705
183	Nasir Munir Ahmed	House # 263 Shaibr Sharif Road Pawalpindi	Nasir Munir Ahmed	37405-4544782-9	M. Munir Ahmad	3,373	1,234	-	4,607	-	1,203	100	1,303
184	Syed Shamim-Ud-Din Bukhtar	House # 17- D Pcr College Road Lahore	Syed Shamim-Ud-Din Bukhtar	35202-2625500-1	Syed Zameer Uddin	2,928	4,221	-	7,149	-	1,141	100	1,241
185	Abdul Majid Samin Khan	H#326 Lain 05 Askari Colony Phase 2 Cantt Multan	Abdul Majid Samin Khan	36302-9404351-7	Muhammad Abdul Qadir Khan	703	72	-	775	703	-	-	703
186	Muhammad Salim Bag	Flat # 2 1st Floor, Plot # 17-C Khayaban-E-Shamsher, Phase 6, Dha,Karachi	Muhammad Salim Bag	42301-1974874-1	Muhammad Yaqoob Baig	1,306	113	3	1,422	1,306	259	4	1,569
187	Saiga Ch.	House # 35-A, Education Town, Wahdat Road, Lahore	Saiga Ch.	35202-9504428-2	Rao Hashmat Ali	4,289	5,905	-	10,194	-	4,813	-	4,813
188	Tabish Shaibaz Khan	P-182 Umer Block St. # 01 Muslim Town # 01 Kabanstan Road Noor Pur Faisalabad	Tabish Shaibaz Khan	33100-3400233-9	Shahbaz Khan	3,537	268	-	3,795	-	443	176	619
189	Huma Akif	Little Steps 36 - 37 C - 1 Gulberg - Iii Lahore Pakistan	Huma Akif	35202-0346103-6	Muhammad Akif Chaudhry	821	16	-	837	810	140	-	950

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	10			
1	2	3	4	5	6	7	8	9	10	11	12	13	
									Rupees '000				
190	Muhammad Hassan	House #01 Mihalah Sher Khan Bhurgari Nr Gbps School Tando Hyder Road Tan Hyderabad 35 Pakistan	Muhammad Hassan	41303-0584064-3	Jamal Khan	510	11	-	521	484	36	-	520
191	Muhammad Ateeq Qureshi	P-59 Street No-5 Aslam Gurji Tezab Mill Road Near Kamoka Textile Faisalabad	Muhammad Ateeq Qureshi	33100-3060700-9	M Rafique Qureshi	577	35	-	612	577	-	-	577
192	Sharoon Malik	H # 17-C, St # 8, Youhanabad, Lahore,	Sharoon Malik	35201-6538641-9	Rofan Malik	1,666	143	-	1,809	-	544	-	544
193	S.M.Faheem Uddin	House # A-301 Block N Kda Scheme # 2 North Nazimabad Karachi	S.M.Faheem Uddin	42101-9429872-3	S.M. Fayyaz Uddin	4,556	1,779	-	6,335	-	1,232	100	1,332
194	Muhammad Akbar Jalal	H # 269 , Sikandar Block Allama Iqbal Town Lahore	Muhammad Akbar Jalal	35201-0418342-1	Choudhary Bashir Ahmad	488	42	-	530	488	66	-	554
195	Akif Razza	HR#-32, Shalimar Villas, B#3-A, Gulshan-E-Jauhar, Karachi.	Akif Razza	42000-2007020-3	Iqbal Ahmed Hussaini	2,299	-	-	2,299	-	688	-	688
196	Moaazzam Ali Qureshi	H# 67 /1-C, Blk 6 Pechs Karachi	Moaazzam Ali Qureshi	42000-4751468-3	Muhammad Imran Qureshi	1,792	141	-	1,933	-	596	100	896
197	Chaudhary Muhammad Haroon Bashir	199- Ee , Dha Phase - Iv Lahore Pakistan	Chaudhary Muhammad Haroon Bashir	42301-4759666-7	Chaudhary Bashir Ahmad	748	18	-	766	164	583	-	747
198	Khalid Waheed Sultan	House No 705 Street No 47 Sector G-9/1	Khalid Waheed Sultan	61101-4079511-9	Chaudhry Saeed Akhter	498	26	4	528	500	35	7	542
199	Aamir Liaqat Bajwa	Po Box # 08 Sharjah # 08 Sharjah United Arab Emirates	Aamir Liaqat Bajwa	31101-1696983-1	Liaqat Ali Bajwa	2,413	766	-	3,179	-	894	-	894
200	Imran Saleem & Rabia Saleem	House # 14/ 1 Block # P , Phase Ii Dha Lahore	Imran Saleem & Rabia Saleem	35201-8007321-1	Omer Farooq	7,744	3,738	-	11,482	-	2,156	100	2,256
201	Muhammad Rizaz	House # 310- J Ii M.A Johar Town Lahore	Muhammad Rizaz	35202-7047073-3	Muhammad Saadiq	2,825	2,389	-	5,214	-	3,763	100	3,853
202	Tanveer Iqbal	H # 23 - B , St # 02 , Farooq Colony , Walton Road Lahore	Tanveer Iqbal	35101-4236785-3	M Iqbal Tahir	1,113	92	-	1,205	1,113	162	-	1,275
203	Ghazala	Flat # 102, First Floor, Plot No. B-49, Block No. 11, Kda Scheme No. 24 Gulshan-E-Iqbal Karachi	Ghazala	42201-7214669-0	Zafar Iqbal	3,137	1,147	-	4,284	-	663	100	763
204	Anjad Ahmed Siddiqui	D-102, Block-B, North Nazimabad, Karachi.	Anjad Ahmed Siddiqui	42101-7317284-7	Ifthikar Ahmed	699	368	-	1,067	-	1,449	-	1,449
205	Aris Ahmed Safi	H # 194-J, Erme Sector, Lahore.	Aris Ahmed Safi	35202-9950879-7	Naseeb Ahmad Saifi	-	584	-	584	-	584	-	584
206	Azz Ahmed Nahiyoan	H# 84 Al Raheem Villas Nr Jama-E-Masjid Banoo Hashim/Nr Bypass Qasimabad Hy Hyderabad 60 Pakistan	Azz Ahmed Nahiyoan	41303-4521152-7	Jan Muhammad Nahiyoan	557	-	-	557	502	23	-	625
207	Mohammad Maqbool Tahir	House#187 S Treet#82 Mangla Road G-9/4	Mohammad Maqbool Tahir	61101-2699492-3	Muhammad Hassan	963	110	5	1,078	938	243	4	1,185

Annexure I to and forming part of the Unconsolidated Financial Statements

S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
208	Sheikh Liaquat Ali	St # 2-A H # 2 Javaid Park Kala Khatali Rd Nr Al Hadees Masjid Shahdara Lahore	Sheikh Liaquat Ali	35401-1838407-3	Muhammad Shafi	484	27	-	511	484	123	5	612
209	Naveed Murtaza	Chak No 219 Rb Koonhan Wala St 4 Mohallah Jamili Park Faisalabad	Naveed Murtaza	33100-3549982-3	Ghulam Murtaza	739	45	-	784	739	106	-	845
210	Sameer Ullah Khan	H # 603 , Block - A Gulshan Ravi Lahore	Sameer Ullah Khan	35202-3823404-7	Nusrat Ullah Khan	616	33	-	649	616	76	-	692
211	Farkhal Shakeel	H # 13 , Malik Town , Daska Chowk Near Ravi View Hotel , Shahdara Lahore	Farkhal Shakeel	35202-6100851-7	Shakeel Javaid Bhatti	1,686	22	-	1,718	-	479	86	565
212	Haider Ali Bhatti	H # 11-17-B1 Near Chaudhary Chowk, College Road, Township, Lahore.	Haider Ali Bhatti	35202-6560916-7	Muhammad Yaqoob Bhatti	2,010	55	-	2,065	-	503	52	555
213	Muhammad Rizaz	Muhallah Islam Pura Imam Bargah Maisi	Muhammad Rizaz	36603-1389772-7	Muhammad Abdullah	1,844	466	-	2,310	-	424	100	524
214	Inayat Ullah	House # 19, Street # 44, F-8/1, Islamabad	Inayat Ullah	17301-2935935-3	Muhammad Ameer	1,754	656	-	2,410	-	656	-	656
215	Rashid Mahmood	H # 135 , D - 3 Wapoda Town Lahore	Rashid Mahmood	35202-6220889-7	Mahmood Ahmed	672	32	-	704	-	549	-	549
216	Abdul Pazzaz	Property Address Cha No. 196, Rb Antinorotics Office, Elahi Town, Near Millat Town, Tenzaisader Distt Faisalabad	Abdul Pazzaz	36103-3150382-3	Sheer Muhammad	7,317	11,125	-	18,442	-	8,994	100	9,094
217	Ghulam Murtaza Khoro	H # C F-13 Income Tax Commissioner Colony Sharah-E-Ghalib Blk#1 Clifton Karachi	Ghulam Murtaza Khoro	45202-6852457-5	Muhammad Arif	923	27	-	950	118	596	-	714
218	Faisal Umar	House , H # 155 D Blk Satalite Town Moh Madni Masjid Gujranwala	Faisal Umar	34101-9430190-7	Arif Javed Butt	1,243	58	-	1,301	1,243	176	-	1,419
219	Muhammad Farhan Zafar	H # 22, Askari Heaver Colony M/A Jinnah Road Multan	Muhammad Farhan Zafar	36302-6868344-7	Zafar Iqbal	1,264	187	-	1,451	-	409	100	509
220	Rehim Khan	House # 434 Area Sector 51/A Korangi # 6 Karachi Pakistan	Rehim Khan	42201-51188776-7	Hussain Khan	498	28	9	535	461	88	11	560
221	Muhammad Jawad	St # 01 , Umer Farooq Colony Nr Penger Head Quarter Kasur Pakistan	Muhammad Jawad	35102-3388895-5	Sajjad Ahmad	3,272	1,333	-	4,605	-	1,676	-	1,676
222	Tariq Mahmood Mir	R-704, Block 1 Shafiqabad, Fb Area, Karachi	Tariq Mahmood Mir	42101-8944362-7	Fazal Mahmood Mir	441	41	-	482	-	685	-	685
223	Taimur Amar Kayani	H # 498 Bloc K- F Gulshan Ravi Near Usman Park Lahore	Taimur Amar Kayani	35202-2924052-3	Amar Rafique Kayani	793	20	-	813	-	728	-	728
224	Farrat Kamal	House #26-A, Street # 37, Jamil Town, Sabzazar, Lahore	Farrat Kamal	35202-6505777-7	Abdul Latif	1,087	197	100	1,384	437	197	170	804
						1,057,567	3,065,495	2,825	4,125,887	745,966	2,961,466	3,776	3,711,208

Annexure II to and forming part of the Unconsolidated Financial Statements

The Bank is operating 700 Islamic banking branches (December 31, 2021: 595) including 2 Islamic sub-branches (December 31, 2021: 2). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2022 are as follows:

	Note	2022	2021
-----Rupees '000-----			
(A) Statement of financial position			
ASSETS			
Cash and balances with treasury banks		53,620,528	34,500,786
Balances with other banks		1,526,612	2,345,633
Due from financial institutions		4,000,000	-
Investments	1	443,604,835	169,622,462
Islamic financing and related assets - net	2	437,804,503	351,466,762
Fixed assets		35,493,325	18,063,668
Intangible assets		1,529,495	231,682
Due from head office		2,969,272	79,488
Other assets		43,648,123	16,326,810
		1,024,196,693	592,637,291
LIABILITIES			
Bills payable		18,997,842	9,671,804
Due to financial institutions		144,147,220	99,267,708
Deposits and other accounts	3	768,985,659	428,362,073
Due to head office		-	4,666,798
Other liabilities		34,684,644	17,501,285
		966,815,365	559,469,668
NET ASSETS			
		57,381,328	33,167,623
REPRESENTED BY			
Islamic banking fund		27,180,000	22,180,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		10,759,271	1,132,979
Unappropriated profit	5	19,442,057	9,854,644
		57,381,328	33,167,623
CONTINGENCIES AND COMMITMENTS			
	6		
(B) Profit and loss account			
Profit / return earned	7	84,181,410	28,279,592
Profit / return expensed	8	47,806,779	11,095,454
Net profit / return		36,374,631	17,184,138
Other income			
Fee and commission income		3,612,219	1,941,525
Foreign exchange income		1,099,721	503,437
Gain on securities		2,982	75,879
Others		243,231	130,623
Total other income		4,958,153	2,651,464
Total income			
		41,332,784	19,835,602
Other expenses			
Operating expenses		21,040,986	10,400,364
Other charges		312,237	1,037
Total other expenses		21,353,223	10,401,401
Profit before provisions		19,979,561	9,434,201
Provisions and write offs - net		865,899	1,680,479
Profit before taxation		19,113,662	7,753,722
Taxation		9,526,249	3,023,952
Profit after taxation		9,587,413	4,729,770

Annexure II to and forming part of the Unconsolidated Financial Statements

1	INVESTMENTS BY SEGMENTS:	2022				2021			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000-----									
	Federal Government securities:								
	- Ijarah Sukuks	387,017,281	-	(3,914,959)	383,102,322	142,350,109	-	(1,014,416)	141,335,693
	- Other Federal Government securities	4,801,581	-	-	4,801,581	925,512	-	-	925,512
		391,818,862	-	(3,914,959)	387,903,903	143,275,621	-	(1,014,416)	142,261,205
	Shares								
	- Listed companies	11,604,100	(604,620)	(1,481,894)	9,517,586	100,000	-	-	100,000
	Non Government Debt securities:								
	- Listed	37,000,000	-	1,836,000	38,836,000	15,000,000	-	487,500	15,487,500
	- Unlisted	7,347,346	-	-	7,347,346	11,773,608	-	149	11,773,757
		44,347,346	-	1,836,000	46,183,346	26,773,608	-	487,649	27,261,257
	Total investments	447,770,308	(604,620)	(3,560,853)	443,604,835	170,149,229	-	(526,767)	169,622,462

2	ISLAMIC FINANCING AND RELATED ASSETS - NET	Note	2022	2021
			----- Rupees '000-----	
	Murabaha	2.2	10,837,970	31,630,824
	Musharaka		90,906	7,164
	Diminishing Musharaka		213,134,744	169,178,512
	Istisna		31,870,700	29,274,907
	Tawwaruq		13,206,270	2,131,046
	Running Musharaka		119,430,547	73,228,956
	Fixed assets Ijarah financing - net	2.1	32,109	47,914
	Tijarah		2,274,421	1,091,633
	Advance against Murabaha financing		1,675,896	2,440,981
	Advanced against Diminishing Musharaka		15,556,470	19,610,409
	Advance against Ijarah		-	1,312,461
	Advance against Istisna		21,163,846	12,906,932
	Advance against Islamic export refinance		3,642,674	5,225,476
	Advance against Tijarah		467,445	216,504
	Advance against Salam		83,236	-
	Musawamah		150,680	187,825
	Bai salam		99,342	433,702
	Salam		101,200	13,500
	Inventory related to Istisna		6,205,350	2,814,621
	Inventory related to Murabaha		203,694	1,535,917
	Inventory related to Salam		-	100,000
	Inventory related to Musawamah		3,980	-
	Inventory related to Tijarah		1,346,223	984,847
	Gross Islamic financing and related assets		441,577,703	354,374,131
	Less: provision against Islamic financings			
	- specific		(3,534,367)	(2,666,575)
	- general		(238,833)	(240,794)
			(3,773,200)	(2,907,369)
	Islamic financing and related assets - net of provision		437,804,503	351,466,762

Annexure II to and forming part of the Unconsolidated Financial Statements

2.1 Ijarah

	2022						
	Cost			Accumulated depreciation			Book value as at Dec 31, 2022
	As at Jan 1, 2022	Additions / (deletions)	As at Dec 31, 2022	As at Jan 1, 2022	Charge for the year	As at Dec 31, 2022	
	----- Rupees '000 -----						
Plant and machinery	147,395	(94,960)	52,435	99,481	(79,155)	20,326	32,109
Total	147,395	(94,960)	52,435	99,481	(79,155)	20,326	32,109

	2021						
	Cost			Accumulated depreciation			Book value as at Dec 31, 2021
	As at Jan 1, 2021	Additions / (deletions)	As at Dec 31, 2021	As at Jan 1, 2021	Charge for the year	As at Dec 31, 2021	
	----- Rupees '000 -----						
Plant & Machinery	147,395	-	147,395	69,339	30,142	99,481	47,914
Total	147,395	-	147,395	69,339	30,142	99,481	47,914

Future Ijarah payments receivable

	2022				2021			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	----- Rupees '000 -----							
Ijarah rental receivables	33,506	-	-	33,506	48,653	-	-	48,653

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

2.2 Murabaha

	Note	2022		2021	
		----- Rupees '000 -----			
Murabaha financing	2.2.1	10,837,970		31,630,824	
Inventory for Murabaha		203,694		1,535,917	
Advances for Murabaha		1,675,896		2,440,981	
		<u>12,717,560</u>		<u>35,607,722</u>	
2.2.1 Murabaha receivable - gross	2.2.3	11,529,227		32,541,234	
Less: Deferred murabaha income	2.2.4	(350,063)		(275,779)	
Profit receivable shown in other assets		(341,194)		(634,631)	
Murabaha financings		<u>10,837,970</u>		<u>31,630,824</u>	
2.2.2 The movement in Murabaha financing during the year is as follows:					
Opening balance			31,630,824		2,802,616
Sales during the year			111,886,384		60,522,835
Adjusted during the year			(132,679,238)		(31,694,627)
Closing balance			<u>10,837,970</u>		<u>31,630,824</u>

Annexure II to and forming part of the Unconsolidated Financial Statements

	2022	2021
	-----Rupees '000-----	
2.2.3 Murabaha sale price	11,529,227	32,541,234
Murabaha purchase price	(10,837,970)	(31,630,824)
	<u>691,257</u>	<u>910,410</u>
2.2.4 Deferred murabaha income		
Opening balance	275,779	65,167
Arising during the year	4,602,165	1,707,627
Less: recognised during the year	(4,527,881)	(1,497,015)
Closing balance	<u>350,063</u>	<u>275,779</u>

3 DEPOSITS

Customers

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Current deposits	230,370,374	25,984,343	256,354,717	171,716,974	21,947,496	193,664,470
Savings deposits	201,420,482	22,483,986	223,904,468	168,304,245	15,291,589	183,595,834
Term deposits	152,681,148	815,829	153,496,977	30,904,502	490,615	31,395,117
Margin	7,053,895	41,484	7,095,379	-	-	-
	<u>591,525,899</u>	<u>49,325,642</u>	<u>640,851,541</u>	<u>370,925,721</u>	<u>37,729,700</u>	<u>408,655,421</u>

Financial institutions

Current deposits	9,405,615	65,052	9,470,667	247,179	30,425	277,604
Savings deposits	118,137,901	-	118,137,901	14,963,498	-	14,963,498
Term deposits	525,550	-	525,550	4,465,550	-	4,465,550
	<u>128,069,066</u>	<u>65,052</u>	<u>128,134,118</u>	<u>19,676,227</u>	<u>30,425</u>	<u>19,706,652</u>
	<u>719,594,965</u>	<u>49,390,694</u>	<u>768,985,659</u>	<u>390,601,948</u>	<u>37,760,125</u>	<u>428,362,073</u>

	2022	2021
	-----Rupees '000-----	
3.1 Composition of deposits		
- Individuals	138,037,575	117,358,082
- Government / Public Sector Entities	39,625,447	3,916,151
- Banking Companies	5,902,607	12,229
- Non-Banking Financial Institutions	122,231,511	19,694,422
- Private Sector	463,188,519	287,381,189
	<u>768,985,659</u>	<u>428,362,073</u>

3.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 431.530 billion (2021: Rs 338.045 billion).

Annexure II to and forming part of the Unconsolidated Financial Statements

	2022	2021
	-----Rupees '000-----	
4 CHARITY FUND		
Opening balance	42,956	26,070
Additions during the year		
Received from customers on account of delayed payment	188,806	45,000
Other Non-Shariah compliant income	8,713	723
Profit on charity saving account	5,256	1,017
	202,775	46,740
Payments / utilisation during the year		
Education	12,000	21,354
Health	10,000	7,500
Social work	24,053	1,000
	46,053	29,854
Closing balance	199,678	42,956
Donee wise details of charity disbursements over Rs 0.5 million;		
HIRA Foundation	-	3,354
Alamgir Welfare Trust	5,000	-
The Citizens Foundation	5,500	-
Bait us Salam Welfare Trust	5,000	1,000
Saylani Welfare Trust	5,000	-
Patients' Aid Foundation	-	2,500
Darul Uloom Karachi	-	10,000
Lahore University of Management Sciences	-	5,000
CEIF IM Sciences, Peshawar	5,000	3,000
Pakistan Children s Heart Foundation	-	5,000
Pink Ribbon Pakistan	5,000	-
Akhuwat Foundation	5,000	-
Indus Hospital & Health Network	5,000	-
Rations Bags (For Flood Victims)	4,053	-
Developments in Literacy	1,500	-
There were no charity disbursement to related parties of the Bank.		
5 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	9,854,644	5,124,874
Add: Islamic banking profit for the year	19,113,662	7,753,722
Less: taxation	(9,526,249)	(3,023,952)
Closing balance	19,442,057	9,854,644
6 CONTINGENCIES AND COMMITMENTS		
Guarantees	37,760,844	23,409,723
Commitments	132,750,751	109,246,212
	170,511,595	132,655,935
7 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	46,822,185	20,102,058
Investments	37,359,225	8,177,534
	84,181,410	28,279,592

Annexure II to and forming part of the Unconsolidated Financial Statements

	<u>2022</u>	<u>2021</u>
	-----Rupees '000-----	
8 Profit on deposits and other dues expensed		
Deposits and other accounts	35,890,486	7,438,366
Other short term borrowings	5,290,744	2,744,018
Securities sold under repurchase agreements	5,375,912	-
Lease liability against right-of-use assets	1,249,637	913,070
	<u>47,806,779</u>	<u>11,095,454</u>

9 Pool management

The Bank's Islamic Banking Division (FBL IBD) has maintained the following pools:

- i. 'General Pool' for local and foreign currency deposits;
- ii. 'Islamic Export Refinance Pool';
- iii. 'Treasury Musharaka Pool';
- iv. FBL 'Islamic Investment Pool' (Mudarabah based);
- v. FBL 'Islamic Saving Pool' (Mudarabah based);
- vi. FBL 'Islamic Equity Pool';
- vii. Haj Musharaka Pool';
- viii. Treasury Pool;
- ix. Pakistan Mortgage Refinance Company Musharakah Pool;
- x. Open Market Operation; and
- xi. Mudarabah based Financing Facility

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency is catered for all FBL Islamic depositors and provide profit / loss based on Mudarabah and Musharaka.
- The IERS Pool caters the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.

Annexure II to and forming part of the Unconsolidated Financial Statements

- The 'Treasury Musharaka Pool' is to provide Shariah compliant mechanism for Interbank Money Market transactions and manage the liquidity position of FBL IBD statement of financial position by creating individual pools against each FBL Islamic money market deals.
- The FBL Islamic investment certificate pools are created to cater the needs of high net worth clients.
- The FBL Islamic saving pools are created to cater the needs of high net worth clients / institutions.
- The FBL Islamic equity pool is created to mainly cater the funding requirement of project / long term financing assets during non accrual period.
- The Haj Musharaka pool is created to give returns to Ministry of religious affairs deposits.
- The Treasury Mudarabah Pool is created to cater the liquidity requirement of the Bank.
- Pakistan Mortgage Refinance Company Musharakah Pool is created to promote expansion of affordable housing finance.
- Shariah Compliant Mudarabah Based Open Market Operations (OMO) Pool was created to enhance monetary policy transmission and improve management of market liquidity.
- Shariah Compliant Standing Ceiling Facility- Mudarabah based Financing Facility (MFF) Pool was created with a view to provide liquidity management framework for the Bank and enhance the effectiveness of monetary policy implementation. As per the guidelines provided by State Bank of Pakistan, MFF shall be available as a standing facility on overnight basis.
- The risk characteristics of each pool mainly depends on the asset and liability profile of each pool.

9.1 Profit / (loss) distribution to depositor's pool

Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

Gross income generated from relevant assets, calculated at the end of the month is first divided between FBL Islamic and investors / depositors in the ratio of FBL Islamic equity commingled in a pool on pro rata basis, and then amongst FBL Islamic and the depositors as per agreed mudarib fee and weightages declared before start of a month, respectively. All Mudarabah and Musharaka based deposits are fully invested in respective Pools to produce returns for them. In case where FBL Islamic is unable to utilise all funds available for investment, priority is given to the deposit account holders.

All remunerative accounts such as saving accounts, investment certificates, business kamil accounts, etc. are opened on the basis of Mudarabah, Musharaka, Wakalah or a combination of Mudarabah and Musharaka. The return on these deposits is calculated on the basis of Profit and Loss sharing (PLS). Unless specified, all remunerative local currency and foreign currency deposits are taken as General Mudarabah and Musharaka pool.

Profit share is determined by using weightages and profit sharing ratio assigned to each category of deposit within a pool. These weightages and profit sharing ratios are declared by FBL Islamic in compliance with the requirements of the Shariah and the SBP.

The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. The direct expenses are charged to respective pool. The indirect expenses including the establishment cost are borne by FBL Islamic as Mudarib. The direct expenses charged to the pool include depreciation of Ijarah assets, cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee, documentation charges, brokerage fee for the purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools etc. Provisions against any non-performing assets of the pool are not passed on to the pool except on the actual loss / write-off of such non-performing asset and suspension of income against non-performing assets. The profit of the pool is shared between the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

Particulars	2022		2021	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	14,936,903	30.51	6,246,877	41.15
- Amount and percentage of Mudarib share transferred to depositors through Hiba	4,136,622	27.7	598,860	9.59
- Profit rate earned (annualised)	-	11.8	-	7.3
- Profit rate distributed (annualised)	-	7.3	-	2.8

Consolidated
Financial Statements



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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 audited consolidated financial statements for the year ended December 31, 2022.

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 on the basis of its holding in the following open-ended mutual funds managed by FAML.

Associates	% Holding
Faysal Islamic Stock Fund	21
Faysal Islamic Savings Growth Fund	32
Faysal Special Savings Fund – FSSP-III	100
Faysal Government Securities Fund	94
Faysal Stock Fund (Formerly: Faysal Balanced Growth Fund)	32
Faysal Islamic Special Income Fund - FISIP-I	100
Faysal Saving Growth Fund	29
Faysal Pension Fund – Debt	85
Faysal Pension Fund – Equity	84
Faysal Pension Fund – Money Market	84
Faysal Islamic Pension Fund – Debt	89
Faysal Islamic Pension Fund – Equity	99
Faysal Islamic Pension Fund – Money Market	76

FBL Group structure is as follows:

Holding Company : Faysal Bank Limited

Subsidiary : Faysal Asset Management Limited

Financial Highlights:

Rs. in million

Key Balance Sheet Numbers

	December '22	December '21	Growth%
Investment	469,308	357,249	31.37
Financing	454,261	396,295	14.63
Total Assets	1,075,006	869,968	23.57
Deposits	781,556	644,040	21.35

Rs. in million

Profit & Loss Account	December '22	December '21	Growth%
Total Revenue	49,524	34,755	42.49
Non-Markup Expenses	27,864	21,076	32.21
Share of profit of associates	90	58	53.91
Profit before tax & provisions	21,749	13,737	58.32
(Reversal) / Provisions	(940)	45	2,190.40
Profit before tax	22,689	13,692	65.70
Tax	11,251	5,339	110.72
Profit after tax	11,438	8,353	36.93
Earnings per share (Rupees)	7.54	5.50	37.09

On a consolidated basis, FBL has delivered a strong performance in the year of 2022 with a record Profit Before Tax (PBT) of PKR 22.68 billion, 65.70% higher than the PKR 13.69 billion in last year. FAML continued to show improvement in performance and Assets Under Management (AUMs) as of December 31, 2022, were PKR 104 billion. FAML made Profit After Tax of PKR 193 million during the period under review registering a 21% decline over last year due to one off expenses incurred during the year.

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% (2021: 66.78%) of the shareholding in Faysal Bank Ltd. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding company of Ithmaar Holding B.S.C. and 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 has recommended a final cash dividend of Re. 1 per share for the year ended December 31, 2022, bringing the total cash dividend for the year to Rs. 7 per share. The Board earlier declared and paid interim cash dividends of Rs. 6.0 per share.

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 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 February 23, 2023, and signed by the Chief Executive Officer and Chairman / Director.



President & CEO



Chairman / Director

Karachi

Dated: February 23, 2023

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 23 فروری 2023 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور چیئر مین / ڈائریکٹرز نے دستخط ثبت کیے ہیں۔



چیئر مین / ڈائریکٹرز



صدر اور سی ای او

کراچی

تاریخ: 23 فروری 2023

کریڈٹ ریٹنگ:

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

طویل المدتی AA

قلیل المدتی A1+

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

VIS نے FAML کی بیجنٹ کوالٹی 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 بی۔ ایس۔ سی (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کا لائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلاواسطہ طور پر بینکنگ کے 66.78 فیصد (2021 میں 66.78 فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک بی۔ ایس۔ سی (کلوزڈ)، اتمار ہولڈنگ بی۔ ایس۔ سی کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (ڈی ایم آئی ٹی) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے۔ ڈی ایم آئی ٹی کا قیام کامن ویلتھ آف بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور سرانجام دیے جائیں۔

ڈیویڈنڈ

بورڈ نے 31 دسمبر 2022 کو اختتام شدہ سال کے لیے فی حصص 1 روپے کے فائل کیش ڈیویڈنڈ کی سفارش کی ہے، اس سال کے لیے کل کیش ڈیویڈنڈ فی حصص 7 روپے تک پہنچ گیا ہے۔ بورڈ نے اس سے قبل عبوری نقد منافع فی حصص 6.0 روپے دے چکا 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 تہدول سے مشکور ہیں، جنہوں نے اپنے کاروبار اور پختہ یقین کے ساتھ ہم پر اعتماد کو مسلسل جاری رکھا۔ ہم ریگولیٹری اور گورننس فریم ورک میں مسلسل بہتری کے ذریعے بینکنگ اور فنانشل سروسز سیکٹر کے فروغ کے لیے اُن کے مسلسل تعاون اور رہنمائی پر اپنے ریگولیٹرز اور حکومت پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بھی شکر گزار ہیں۔

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

مالیاتی جھلکیاں:

بیلنس شیٹ کے نمایاں اعداد و شمار

نمو	2021	2022	
%	ملین روپے	ملین روپے	
31.37	357,249	469,308	سرمایہ کاری
14.63	396,295	454,261	فنانسنگ
23.57	869,968	1,075,006	کل اثاثہ جات
21.35	644,040	781,556	ڈپازٹس
			نفع و نقصان کا اکاؤنٹ
			کل آمدنی
42.49	34,755	49,524	
32.21	21,076	27,864	مارک اپ کے علاوہ اخراجات
53.91	58	90	ایسوسی ایٹس سے نفع کا حصہ
58.32	13,737	21,749	قبل از ٹیکس و پروویژنز نفع
2190.40	45	(940)	(ریپورٹس) / پروویژنز
65.70	13,692	22,689	قابل از ٹیکس نفع
110.72	5,339	11,251	ٹیکس
36.93	8,353	11,438	بعد از ٹیکس نفع
37.09	5.50	7.54	نی حصص آمدن (روپے)

کنسولیدیشن بنیادوں پر، FBL نے 2022 کے دوران 22.68 بلین روپے کے ریکارڈ قبل از ٹیکس منافع (PBT) کے ساتھ متاثر کن کارکردگی سرانجام دی ہے، جو کہ گذشتہ سال کے 13.69 بلین روپے سے 65.70% زیادہ ہے۔ FAML نے اپنی متاثر کن کارکردگی میں توسیع کو جاری رکھا اور زیر انتظام اثاثہ جات (AUMs) 31 دسمبر 2022 کو 104 بلین روپے تک پہنچے۔ FAML نے زیر جائزہ مدت کے دوران 193 بلین روپے کا بعد از ٹیکس منافع کمایا جس میں گذشتہ سال کے مقابلے میں ایک غیر معمولی خرچے کی بنیاد پر 21% کمی ریکارڈ کی گئی۔

ڈائریکٹرز کا جائزہ

کنسولٹیڈ ٹیڈ مالیاتی گوشوارے برائے سال 2022

ہم بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2022 پر اختتام پذیر سال کے آڈٹ شدہ مالیاتی گوشواروں اور اس پر آڈیٹرز کی رپورٹ کے ہمراہ فیصل بینک لمیٹڈ - گروپ کے ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

گروپ پروفائل

فیصل بینک لمیٹڈ (FBL) فیصل ایسٹ مینجمنٹ لمیٹڈ (FAML) میں 99.9% حصص کا شراکت دار ہے۔ FAML ایک ان لسٹڈ پبلک لمیٹڈ کمپنی ہے جو ایک نان بینکنگ فنانس کمپنی (NBFC) کے طور پر رجسٹرڈ ہے، جسے نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز، 2003 اور نان بینکنگ فنانس کمپنیز اور نوٹیفائیڈ انٹیر 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 اینڈ میوچل فنڈز“ میں ہولڈنگ کی بنیاد پر نمایاں اثر و رسوخ کا حامل ہے۔

ایسوسی ایٹس	ہولڈنگ %
فیصل اسلامک اسٹاک فنڈ	21
فیصل اسلامک سیونگ گروتھ فنڈ	32
فیصل اسپیشل سیونگ فنڈ FSSP-III	100
فیصل گورنمنٹ سیکورٹیز فنڈ	94
فیصل اسٹاک فنڈ (سابقہ: فیصل بیلنسڈ گروتھ فنڈ)	32
فیصل اسلامک اسپیشل انکم فنڈ FISIP-I	100
فیصل سیونگ گروتھ فنڈ	29
فیصل پینشن فنڈ - ڈیٹ	85
فیصل پینشن فنڈ - ایکویٹی	84
فیصل پینشن فنڈ - منی مارکیٹ	84
فیصل اسلامک پینشن فنڈ - ڈیٹ	89
فیصل اسلامک پینشن فنڈ - ایکویٹی	99
فیصل اسلامک پینشن فنڈ - منی مارکیٹ	76

FBL گروپ درج ذیل پر مشتمل ہے:

ہولڈنگ کمپنی: فیصل بینک لمیٹڈ
ذیلی ادارہ: فیصل ایسٹ مینجمنٹ لمیٹڈ



Independent Auditor's Report

To the members of Faysal Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Faysal Bank Limited (the Bank) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against advances: (Refer notes 6.5 and 11.4 to the consolidated financial statements)</p>	
	<p>The Group makes provision against advances on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances.</p>

S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>The Group has recognised a net reversal of provision against advances amounting to Rs. 457.485 million in the consolidated profit and loss account in the current year. As at December 31, 2022, the Group holds a provision of Rs. 19,329.026 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall consolidated financial statements of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> • controls over correct classification of non-performing advances on time-based criteria; • controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; • controls over accurate computation and recording of provisions; and • controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> • checked repayments of loans / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and • evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances as per the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the Prs.</p>

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Noman Abbas Sheikh.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: March 3, 2023

UDIN: AR2022100610g1YPuSIR

Consolidated Statement of Financial Position

As at December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
ASSETS			
Cash and balances with treasury banks	7	56,130,598	58,516,658
Balances with other banks	8	2,785,113	3,517,361
Lendings to financial institutions	9	9,815,098	-
Investments	10	469,308,034	357,249,356
Advances	11	454,260,608	396,295,362
Fixed assets	12	35,196,154	26,416,480
Intangible assets	13	2,341,852	2,098,064
Deferred tax assets		-	-
Other assets	14	45,169,012	25,875,215
		<u>1,075,006,469</u>	<u>869,968,496</u>
LIABILITIES			
Bills payable	15	21,309,950	14,122,901
Borrowings	16	150,134,396	111,189,829
Deposits and other accounts	17	781,556,223	644,039,999
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	18	744,088	611,506
Other liabilities	19	50,647,609	33,873,861
		<u>1,004,392,266</u>	<u>803,838,096</u>
NET ASSETS		<u>70,614,203</u>	<u>66,130,400</u>
REPRESENTED BY			
Share capital	20	15,176,965	15,176,965
Reserves		11,675,968	12,613,183
Surplus on revaluation of assets - net of tax	21	10,669,662	7,061,583
Unappropriated profit		33,091,551	31,278,631
Total equity attributable to the equity holders of the Bank		<u>70,614,146</u>	<u>66,130,362</u>
Non-controlling interest		57	38
		<u>70,614,203</u>	<u>66,130,400</u>
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Consolidated Profit and Loss Account

For the year ended December 31, 2022

	Note	2022	2021
		-----Rupees '000-----	
Mark-up / return / interest earned	24	104,528,428	53,872,073
Mark-up / return / interest expensed	25	64,537,133	28,032,641
Net mark-up / interest income		39,991,295	25,839,432
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	7,240,219	5,583,433
Dividend income		513,462	435,437
Foreign exchange income		2,848,403	2,379,113
Income / (loss) from derivatives		191,501	(25,176)
(Loss) / gain on securities	27	(1,487,227)	291,070
Other income	28	225,890	252,163
Total non mark-up / interest income		9,532,248	8,916,040
Total income		49,523,543	34,755,472
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	27,365,521	20,794,981
Workers Welfare Fund		461,285	273,650
Other charges	30	37,449	7,682
Total non mark-up / interest expenses		27,864,255	21,076,313
Share of profit of associates	10.5.1	89,626	58,231
Profit before provisions		21,748,914	13,737,390
(Reversal of provisions) / provisions and write-offs - net	31	(940,031)	44,969
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		22,688,945	13,692,421
Taxation	32	11,251,283	5,339,341
PROFIT AFTER TAXATION		11,437,662	8,353,080
Attributable to:			
Equity holders of the Bank		11,437,643	8,353,057
Non-controlling interest		19	23
		11,437,662	8,353,080
-----Rupees-----			
Basic / diluted earnings per share	33	7.54	5.50

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.


President & CEO


Chief Financial Officer


Chairman


Director


Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	-----Rupees '000-----	
Profit after taxation for the year	11,437,662	8,353,080
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
- Movement in surplus on revaluation of investments - net of tax	(1,936,363)	(1,667,126)
Items that will not be reclassified to the profit and loss account in subsequent periods:		
- Remeasurement gain on defined benefit obligations - net of tax	27,244	35,292
- Movement in surplus on revaluation of operating fixed assets - net of tax	4,793,209	-
- Movement in surplus on revaluation of non-banking assets - net of tax	853,479	-
	5,673,932	35,292
Total comprehensive income	<u>15,175,231</u>	<u>6,721,246</u>
Attributable to:		
- Equity holders of the Bank	15,175,212	6,721,223
- Non-controlling interest	19	23
	<u>15,175,231</u>	<u>6,721,246</u>

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Reserves						Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total
	Capital reserves			Statutory reserve (note 6.25)	Total	Investments	Fixed assets / non-banking assets	Total				
	Share capital	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase (note 3.2)						Reserve arising on amalgamation			
	Rupees '000											
Balance as at January 1, 2021	15,176,965	10,131	375,518	23,952	10,623,046	11,032,647	1,778,725	7,248,748	9,027,473	24,981,002	15	60,218,102
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	8,353,057	23	8,353,080
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(1,667,126)	-	(1,667,126)	35,292	-	(1,631,834)
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,667,126)	-	(1,667,126)	8,388,349	23	6,721,246
Transfer to statutory reserve	-	-	-	-	1,630,636	1,630,636	-	-	-	(1,630,636)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(116,225)	(116,225)	116,225	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(182,539)	(182,539)	182,539	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(50,100)	-	-	(50,100)	-	-	-	-	-	(50,100)
Transaction with owners recorded directly in equity												
Interim cash dividend declared on August 26, 2021 at Re 0.5 per share	-	-	-	-	-	-	-	-	-	(758,848)	-	(758,848)
Balance as at December 31, 2021	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 year	-	-	-	-	-	-	-	-	-	11,437,643	19	11,437,662
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(1,936,363)	5,646,688	3,710,325	27,244	-	3,737,569
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,936,363)	5,646,688	3,710,325	11,464,887	19	15,175,231
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	-	-	-	-	-	-	-	(97,269)	(97,269)	97,269	-	-
Transfer from surplus on revaluation of non-banking assets on disposal - net of tax	-	-	-	-	-	-	-	(4,977)	(4,977)	4,977	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(68,149)	-	-	(68,149)	-	-	-	-	-	(68,149)
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)
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	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

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.


President & CEO


Chief Financial Officer


Chairman


Director


Director

Consolidated Cash Flow Statement

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		22,688,945	13,692,421
Less: dividend income		(513,462)	(435,437)
Less: share of profit of associates		(89,626)	(58,231)
		<u>22,085,857</u>	<u>13,198,753</u>
Adjustments:			
Depreciation	12.2	1,489,669	1,382,490
Amortisation of intangible assets	13.2	222,192	148,253
Depreciation of right-of-use assets	12.2	1,627,522	1,543,816
Depreciation of non-banking assets	14.1.1	4,965	4,965
Workers Welfare Fund		461,285	273,650
(Reversal of provisions) / provision against loans and advances - net	31	(457,485)	804,436
Reversal of provision for diminution in value of investments - net	31	(167,637)	(325,301)
(Reversal of provisions) / provision against other assets - net	31	(30,336)	27,095
Reversal of provision against off balance sheet obligations - net	31	(17,194)	(22,675)
Unrealised loss on securities - held for trading - net	27	-	14,138
Gain on sale of fixed assets - net	28	(52,722)	(25,276)
Gain on sale of non-banking assets - net	28	-	(47,650)
Charge for defined benefit plan	29.2	236,592	218,531
(Income) / loss from derivative contracts - net		(191,501)	25,176
Mark-up / return / interest expensed - lease liability against right-of-use assets	25	1,261,371	1,258,280
Bad debts written off directly	31	128,431	29,262
		<u>4,515,152</u>	<u>5,309,190</u>
		26,601,009	18,507,943
(Increase) / decrease in operating assets			
Lendings to financial institutions		(9,815,098)	2,985,000
Held-for-trading securities		12,266,799	(5,368,053)
Advances		(57,636,192)	(78,949,182)
Others assets (excluding advance taxation)		(18,090,500)	(2,660,523)
		<u>(73,274,991)</u>	<u>(83,992,758)</u>
Increase / (decrease) in operating liabilities			
Bills payable		7,187,049	579,631
Borrowings from financial institutions		39,827,589	51,831,446
Deposits		137,516,224	103,407,782
Other liabilities (excluding current taxation)		14,221,059	(3,689,949)
		<u>198,751,921</u>	<u>152,128,910</u>
Income tax paid		(9,611,131)	(4,738,783)
Contribution to gratuity fund	36.6	(237,032)	(211,260)
		<u>142,229,776</u>	<u>81,694,052</u>
Net cash generated from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available for sale securities		(128,598,328)	(82,674,868)
Net Investment in associates		(759,629)	(280,444)
Net proceeds from realisation of held to maturity securities		1,918,678	5,180,233
Dividends received		513,462	444,721
Investment in operating fixed assets		(3,378,648)	(3,102,686)
Investment in intangible assets		(548,111)	(434,242)
Proceeds from sale of fixed assets		60,286	32,840
Proceeds from sale of non-banking assets		-	469,000
		<u>(130,792,290)</u>	<u>(80,365,446)</u>
Net cash used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(3,253,667)	(2,214,908)
Dividend paid		(10,419,105)	(751,466)
		<u>(13,672,772)</u>	<u>(2,966,374)</u>
Net cash used in financing activities			
Decrease in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year	34	59,488,821	61,126,589
Cash and cash equivalents at the end of the year	34	<u>57,253,535</u>	<u>59,488,821</u>

The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

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

1.1.1 Holding Company - Faysal Bank Limited

Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 700 Islamic banking branches (December 31, 2021: 595 Islamic; 11 Conventional branches) including 2 sub-branches (December 31, 2021: 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% (2021: 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, 2021: 'AA') and the short term rating as 'A1+' (December 31, 2021: 'A1+') on June 25, 2022 and June 30, 2022 respectively.

Percentage of holding

2022	2021
------	------

1.1.2 Subsidiary Company - Faysal Asset Management Limited

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 the 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, investment advisory, pension fund management, real estate investment trust management, private equity and venture capital fund management 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++ (December 31, 2021: AM2+) as at December 31, 2022 to the Subsidiary Company.

The Subsidiary Company currently manages the following Collective Investment Schemes and Voluntary Pension Schemes:

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Net asset value as at	
	December 31, 2022	December 31, 2021
	-----Rupees in millions-----	
Collective Investment Schemes (CISs)		
Faysal Stock Fund	836	2,410
Faysal Income and Growth Fund	8,247	4,804
Faysal Savings Growth Fund	2,482	3,115
Faysal Asset Allocation Fund	127	322
Faysal Islamic Savings Growth Fund	2,621	3,576
Faysal Money Market Fund	3,855	14,453
Faysal Financial Sector Opportunity Fund	10,863	576
Faysal Islamic Asset Allocation Fund	2,117	2,686
Faysal MTS Fund	1,556	4,170
Faysal Shari'ah Planning Fund -		
Faysal Shari'ah Capital Preservation Plan	-	76
Faysal Shari'ah Capital Preservation Plan II	-	27
Faysal Halal Amdani Fund	33,554	14,213
Faysal Financial Planning Fund -		
- Faysal Active Principal Preservation Plan	-	172
Faysal Financial Value Fund	2,121	2,019
Faysal Islamic Dedicated Equity Fund	3,119	4,306
Faysal Government Securities Fund	103	144
Faysal Islamic Stock Fund	464	621
Faysal Islamic Cash Fund	29,209	16,992
Faysal Islamic Financial Planning Fund		
- Faysal Sharia Capital Preservation Plan III	-	1,069
- Faysal Sharia Capital Preservation Plan IV	26	341
- Faysal Sharia Capital Preservation Plan V	93	830
- Faysal Sharia Capital Preservation Plan VI	768	1,309
- Faysal Sharia Capital Preservation Plan VII	1,964	2,646
- Faysal Sharia Capital Preservation Plan VIII	2,560	3,557
- Faysal Sharia Capital Preservation Plan IX	2,868	-
- Faysal Sharia Capital Preservation Plan X	1,335	-
Faysal Cash Fund	348	542
Faysal Islamic Special Income Fund (FISIF)		
- Faysal Islamic Special Income Plan I	108	106
Faysal Special Savings Fund		
- Faysal Special Savings Plan I	722	-
- Faysal Special Savings Plan II	1,081	-
- Faysal Special Savings Plan III	108	-
Voluntary Pension Schemes (VPSs)		
Faysal Pension Fund		
- Faysal Pension Fund - Equity	33	30
- Faysal Pension Fund - Money Market	40	33
- Faysal Pension Fund - Debt	39	31
Faysal Islamic Pension Fund		
- Faysal Islamic Pension Fund - Equity	29	30
- Faysal Islamic Pension Fund - Money Market	44	32
- Faysal Islamic Pension Fund - Debt	38	30
	113,478	85,268

The Subsidiary Company is also managing investments under discretionary portfolio management agreements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

2 BASIS OF PRESENTATION

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

2.2 As at December 31, 2022, all the branches of the Bank are Islamic. The financial results of the Islamic banking branches of the Holding Company have been consolidated in these consolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all Islamic banking branches are disclosed in Annexure II to these consolidated financial statements.

2.3 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.

3 STATEMENT OF COMPLIANCE

3.1 These 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 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.

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 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 year ended December 31, 2022, the Holding Company has adjusted an amortisation of intangible assets net of tax amounting to Rs. 68.1 million (2021: Rs.50.1 million) from the NCR.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

- 3.3** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, 'Profit and loss sharing on deposits' for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been notified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these consolidated financial statements.
- 3.4** The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.
- 3.5** The SECP through S.R.O. 56(1)/2016 dated January 28, 2016, has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable in case of investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these consolidated financial statements.
- 3.6** Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:
- 3.6.1** There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.
- 3.7** Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:

3.7.1 IFRS 9 Financial Instruments

As directed by SBP via BPRD Circular No. 3 of 2022, IFRS 9 Financial Instruments is effective for periods beginning on or after January 1, 2023, for banks having asset base of more than Rs. 500 billion as at December 31, 2021. SBP via same circular has finalised the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

The Holding Company will adopt IFRS 9 in its entirety effective January 1, 2023 with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2023 may not be accurately estimated because it will be dependent on the financial instruments that the Holding Company would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Holding Company has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2022.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP.

Equity Securities

Equity instruments are generally measured as Fair Value through Profit & Loss (FVPL) unless the Group elects for Fair Value through Other Comprehensive Income (FVOCI) at initial recognition.

For equity shares held as available-for-sale (AFS) with surplus / deficit recorded in OCI, the Group may elect these equity shares as Fair Value through Other Comprehensive Income (FVOCI). However, in accordance with IFRS 9 requirements, fair value gain or losses recognised in OCI will not be recycled to profit and loss account on derecognition of these securities.

For those equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI for which FVOCI election is not made, will be measured at fair value through profit or loss. The surplus / deficit related to these securities currently presented in equity, will be reclassified to retained earnings, with no impact on overall equity with respect to such classification.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

Unquoted equity securities are required to be measured at fair value under IFRS 9, however, SBP has allowed relaxation for one year to carry these investments under the current PR regime.

Debt securities and loans and advances

Those debt securities that are currently classified as AFS and pass the Solely Payment of Principal and Interest (SPPI) test, are expected to be measured at fair value through OCI under IFRS 9 as the Holding Company's business model is to hold the assets to collect contractual cash flows and sell those investment. Debt securities currently classified as HTM and pass the SPPI test are expected to be measured at amortised cost under IFRS 9 as the Holding Company's business model is to hold the assets to collect contractual cash flows.

Certain debt instruments that do not meet the SPPI criteria shall be measured at FVPL regardless of the business model in which they are held.

Impairment

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

Impact of adoption of IFRS 9

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity at January 1, 2023 is reduction in equity of approximately Rs. 600-850 million, representing corresponding impact.

The Group continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption.

In order to mitigate the impact of expected credit loss (ECL) models on capital, SBP has allowed a transitional arrangement for the impact on regulatory capital from the application of ECL accounting over a period of 5 years.

- 3.7.2** 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)
- Narrow Scope amendments to IAS 1, Practice statement and IAS 8	January 1, 2023
- Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
- 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 above amendments are not expected to have any material impact on the consolidated financial statements of the Group.

- 3.7.3** The SBP vide its 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, 2023.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

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

	Rupees in '000
Assets	
Lendings to financial institutions*	5,815,098
Investments**	17,302,360
Advances	16,456,105
Liabilities	
Borrowings	5,333,757
Deposits and other accounts	12,585,071
Other Liabilities	1,507,683

*These matured on January 3, 2023

** Subsequent to year ended December 31, 2022, the Holding Company has disposed-off PIBs amounting to Rs. 3.5 billion.

4 BASIS OF MEASUREMENT

These 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 as disclosed in details in note 6.23 to these consolidated financial statements) and depreciated over the respective lease terms.

4.1 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- i) Business combinations (note 6.1);
- ii) Classification, valuation and provisioning against investments (notes 6.4 and 10);
- iii) Income taxes (notes 6.8, 14, 18 and 32);
- iv) Classification and provisioning against advances (notes 6.5 and 11);
- v) Depreciation / amortisation of fixed assets / intangibles / revaluations (notes 6.6, 12 and 13);
- vi) Accounting for non-banking assets acquired in satisfaction of claims (notes 6.9 and 14);
- vii) Accounting for defined benefit plan (notes 6.11 and 36);
- viii) Impairment of assets (note 6.7);
- ix) Provisions and contingent assets and liabilities (notes 6.10 and 22);
- x) Lease liability and right-of-use assets (notes 6.23, 12.2, 19, 25 and 29); and
- xi) Fair valuation of derivatives (notes 6.19 and 23).

Notes to and forming part of the Consolidated Financial Statements

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5 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

6.1 Business Combinations

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed as at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated profit and loss account. However, as more fully described in note 13.3 to these consolidated financial statements, the gain on bargain purchase arising on an acquisition made in 2010 has been recognised directly in equity as per the directives of the SBP.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. Goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirements of International Accounting Standard (IAS) 36, 'Impairment of assets'. Impairment charge in respect of goodwill is recognised in the consolidated profit and loss account and is not subsequently reversed.

Acquisition of non-controlling interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Group. The excess of the fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognised in equity.

6.2 Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, if any, and overdrawn nostro accounts.

6.3 Lendings to / borrowings from financial institutions

The Group enters into repurchase agreement (repo) and reverse repurchase agreements (reverse repos) at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the consolidated financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued over the period of the contract and recorded as an expense.

(b) Purchase of securities under repurchase agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in the consolidated financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued over the period of the contract and recorded as income.

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(c) Musharaka / Modaraba placements

In Musharaka / Modaraba, the Group invests in the Shari'ah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio under musharaka agreements.

(d) Bai Muajjal

Bai Muajjal transactions with the SBP and other financial institutions are classified under lendings. In Bai Muajjal, the Group sells Shari'ah compliant instruments on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the sale and the credit price is recognised over the credit period and recorded as income.

6.4 Investments

6.4.1 Classification

The Group classifies its investments as follows:

(a) Held for trading

These are securities, which are either acquired for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements, or dealer's margin or are securities included in the portfolio in which a pattern of short-term profit making exists.

(b) Held to maturity

These are securities with fixed or determinable payments and maturity that the Group has a positive intent and ability to hold to maturity.

(c) Available for sale

These are investments, other than those in associates, that do not fall under either held for trading or held to maturity categories.

(d) Associates

Associates are all entities over which the Group has significant influence but not control.

6.4.2 Initial recognition and measurement

All purchases and sales of investments that require delivery within the time frame established by the regulations or market convention are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

Investments other than those classified as held for trading are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs associated with the transactions are expensed in the consolidated profit and loss account.

6.4.3 Subsequent measurement:

Held for trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the consolidated profit and loss account.

Held to maturity

These are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

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Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus or deficit arising thereon is kept in a separate account shown in the consolidated statement of financial position within equity and is taken to the consolidated profit and loss account when realised upon disposal or when the investments are considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the consolidated profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the consolidated profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

6.4.4 Impairment

Impairment loss in respect of investments classified as available for sale (except term finance certificates and sukuk certificates) and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in the fair value of a listed equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of term finance certificates and sukuk certificates is made as per the requirements of the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that has been recognised in surplus / deficit on revaluation of securities on the consolidated statement of financial position within equity is removed therefrom and recognised in the consolidated profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the consolidated profit and loss account.

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

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

6.4.5 Investment in associates

Investment in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

6.5 Advances

6.5.1 Advances are stated net of specific and general provisions. Specific provision for advances is made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP which is based on the time based criteria and subjective evaluation of the credit worthiness of the borrowers. The amount of provision is charged to the consolidated profit and loss account. The amount of general provision is determined in accordance with the relevant regulations. Advances are written off when there is no realistic prospect of recovery. In addition to conventional products, the Group also offers various Islamic financing products the details of which are as follows:

(a) Murabaha

In Murabaha transactions, the Group purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

(b) Diminishing Musharaka

It is a form of partnership in which Group and the customer create co-ownership in the asset by purchasing it jointly. Group then rents out its share of the asset to the customer. Besides the payment of rentals, customer also

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purchases the asset from the Group in installments. Hence at the end of the tenure, customer becomes the sole owner of the asset.

(c) Running Musharaka

In Running Musharakah financing, the Group will enter into financing with the customer based on Shirkat-ul-Aqd (Business Partnership) in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Group subject to its Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / period the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual audited accounts of the customer.

(d) Ijarah

Ijarah is a contract whereby the owner of an asset (other than consumables) transfers its usufruct to another person for an agreed period and for an agreed consideration.

Ijarah assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged from the date of recognition of ijarah assets on a straight line basis over the period of ijarah. Impairment of ijarah assets is determined on the same basis as that of operating fixed assets.

Ijarah rental income is recognised on an accrual basis as and when the rental becomes due. Impairment of ijarah rental is determined in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP from time to time and charged to the consolidated profit and loss account.

In Service Ijarah financing, the Group provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Group appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale.

(e) Istisna

Istisna is a mode of sale at an agreed price, whereby the buyer places an order to or cause to manufacture, assemble or construct anything to be delivered at a future date.

The funds disbursed under Istisna are recorded as 'Advance against Istisna'. On execution of goods receiving note and receipt of manufactured goods, the same are recorded in the consolidated statement of financial position as inventories of the Group at cost price and after sale of goods by customer to its ultimate buyers, Istisna financing is recognised.

(f) Musawamah

In Musawamah financing, the Group purchases the goods and after taking the possession, sells them to customer either in spot or credit transaction, without disclosing the cost.

(g) Salam / Bai Salam

Salam / Bai Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot.

The funds disbursed under Salam / Bai Salam are recorded as advances against Salam / Bai Salam. On execution of goods receiving note and receipt of Salam / Bai Salam goods, the same are recorded in the consolidated statement of financial position as inventories of the Group at cost price and after the sale of goods by customer to its ultimate buyers, Salam / Bai Salam financing is recognised.

(h) Tijarah

Tijarah is a financing mode under which Group purchases finished goods from the customer / seller against spot payment and delivery. Thereafter, the Group appoints customer as an agent to sell the Tijarah goods in the market.

The funds disbursed under Tijarah are recorded as advances against Tijarah. On execution of goods receiving note

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and receipt of Tjjarah goods, the same are recorded in the consolidated statement of financial position as inventories of the Group at cost price and after the sale of goods by customer to its ultimate buyers, Tjjarah financing is recognised.

6.5.2 Net investment in finance lease

Leases where the Group transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance lease. A receivable is recognised on the commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Specific and general provisions for net investment in finance lease are made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the consolidated profit and loss account.

6.6 Fixed assets and depreciation

(a) Tangible assets

Operating fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any.

Depreciation on operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 12.2 to these consolidated financial statements after taking into account residual value, if significant. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the consolidated profit and loss account as and when incurred.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the consolidated profit and loss account in the period in which these arise except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to consolidated unappropriated profit.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

(b) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

(c) Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The intangible assets include directly attributable costs that are capitalised as part of the intangible asset. Amortisation, except for customer relationship, is charged by applying the straight-line method over the useful

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lives of the assets. Amortisation is calculated so as to write-off the assets over their expected economic lives at rates specified in note 13 to these consolidated financial statements. Amortisation is charged from the month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed of. The intangible asset comprising customer relationship is being amortised over the life expectancy of the deposits. The residual values and useful lives of intangible assets are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Intangible assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any.

Gains and losses on disposals, if any, are taken to the consolidated profit and loss account in the period in which these arise.

6.7 Impairment

The carrying amounts of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount, except in the case of an intangible asset with an indefinite useful life or an intangible asset not yet available for use and goodwill acquired in a business combination for which impairment is tested annually irrespective of whether there is any indication of impairment. The resulting impairment loss is taken to the consolidated profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of asset.

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

6.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Provision for current taxation is based on taxable income for the year. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

Prior

The charge / reversals for prior years represent adjustments to the tax charge / reversals for prior years, arising from assessments, changes in estimates, and retrospectively applied changes to the law, made during the current year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Group also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related

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tax benefits will be realised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

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

6.9 Assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and accumulated impairment, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying values do not differ materially from their fair values. Legal fee, transfer costs and direct costs of acquiring title to the non-banking assets are charged to the consolidated profit and loss account and these are not capitalised as part of non-banking assets. A surplus arising on revaluation of non-banking assets acquired in satisfaction of claims is credited to the 'surplus on revaluation of assets' account. Any deficit arising on revaluation is first set off against the surplus account for that particular non-banking asset, if any, or if no surplus exists, is charged to the consolidated profit and loss account. These assets are disclosed in other assets as specified by the SBP.

Surplus on revaluation of non-banking assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

6.10 Provisions and contingent assets and liabilities

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

6.11 Staff retirement benefits

a) Defined contribution plan

The Holding Company and the Subsidiary Company both operate a contributory provident fund for all its permanent employees to which equal monthly contributions at the rate of 10 percent of basic salary are made both by the Group and the employees.

b) Defined benefit scheme

The Holding Company operates an approved funded gratuity scheme for all its permanent eligible employees and eligible employees who are on contractual service and are employed under non-management cadre. The Subsidiary Company also operates a funded gratuity plan for all permanent eligible employees who have completed the specified minimum qualifying period of service. Contributions are made by each company to the respective funds on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation.

Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the differences between the actual investment returns and the return implied by the net interest cost are recognised in the consolidated statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which these occur.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

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6.12 Borrowings / deposits and their costs

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing cost that is directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of the asset.

6.13 Subordinated loans

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

6.14 Revenue recognition and other items

- Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis.
- Rentals on Ijarah contracts are recognised as income on an accrual basis.
- Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale to its ultimate buyer.
- Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- Profit on Running Musharakah financing is recognised on an accrual basis and is adjusted upon final declaration of profit by Musharakah partners.
- Profit on Istisna / Salam / Bai Salam / Tijarah transactions are recognised on an accrual basis commencing from time of sale of goods till the realisation of sale of proceeds by the Group.
- Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the consolidated profit and loss account over the remaining maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned finance income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in lease.
- Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fee and other lease income are recognised as income when these are realised.
- Premium or discount on acquisition of debt investments is capitalised and amortised through the consolidated profit and loss account over the remaining period till maturity.
- Dividend income from investments is recognised when the Group's right to receive the dividend is established.
- Fee, commission on letters of credit / guarantee, other commission and brokerage income is recognised on an accrual basis.
- Financial advisory fee is recognised when the right to receive the fee is established.
- Rent and other income is recognised on an accrual basis.
- Profits on Bai Muajjal lendings are recognised on an accrual basis using straight line method.

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- Management fee from collective investment schemes and voluntary pension schemes is calculated by charging the specified rates within the limit allowed under the NBFC Regulations to the net assets of such schemes as at the close of business of each calendar day. The performance obligation is satisfied at the close of business day for each scheme and payment is generally due at the end of each month.
- Investment advisory fee from the discretionary portfolios is calculated on a daily basis by charging specified rates to the net assets of the portfolios as stated in the respective agreements with the clients. The performance obligation is satisfied at the close of business day for each portfolio and payment is generally due either at the end of each quarter or six months based on the agreement terms.
- Load income is recognised once the services are provided to the unit holders in connection with their investments in collective investment schemes managed by the Subsidiary Company. The performance obligation is satisfied at the time of providing the service to the unit holders and payment becomes due at the end of each month.
- Performance based remuneration for investment advisory services and management of discretionary portfolio are accrued once the terms of the contract are honoured and the Subsidiary Company achieves the performance condition at the end of the period. The performance obligation is, therefore, satisfied at the end of agreement period or at the time of termination of agreement and payment becomes due at the end of the aforementioned period.
- Profit on bank deposits and investments is recognised on an accrual basis.
- REIT advisory income is recognised on an accrual basis.

6.15 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by the law, made subsequent to the reporting date are considered as non-adjusting events and are recorded in the consolidated financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the reporting period' in the year in which they are approved / transfers are made.

6.16 Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date. Foreign bills purchased and forward foreign exchange contracts are valued at rates determined with reference to their respective maturities. Forward purchase contracts with the State Bank of Pakistan relating to foreign currency deposits are valued at the spot rate prevailing on the reporting date. The forward cover fee, if any, payable on contracts with the SBP is amortised over the term of the contract.

(b) Translation gains and losses

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

6.17 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the consolidated financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

6.18 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in these consolidated statement of financial position both as assets and liabilities.

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6.19 Financial instruments

Financial assets and financial liabilities

Financial instruments carried on the consolidated statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, certain other assets, bills payable, borrowings, deposits, liabilities against assets subject to finance lease and certain other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when the fair value is positive and the liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the consolidated profit and loss account.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements only when the Group has a legally enforceable right to set off and the Group intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the consolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

6.20 Earnings per share

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

6.21 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating decision maker. The Chief Executive Officer (CEO) of the Holding Company has been identified as the Chief Operating decision maker.

(a) Business Segments

(i) Retail banking

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

(ii) Corporate and investment banking

This includes strategic partnership with corporate entities to provide working capital financing, trade financing, cash management services, project finance, export finance, leasing, guarantees, bills of exchange, deposits and other short term and long term finance. Further, this includes investment banking activities such as mergers and acquisitions, underwriting, privatisation, securitisation, Initial Public Offerings (IPOs), secondary private placements, etc.

(iii) Treasury and equity capital market (ECM)

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

(iv) Special asset management (SAM)

This includes recoveries from borrowers' accounts which became delinquent or have defaulted in their loan repayment obligations.

(b) Geographical segment

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

6.22 Provision of claims under guarantees

A provision for claim under guarantees is recognised when intimated and reasonable certainty exists that the Group will settle the obligation. The charge to the consolidated profit and loss account is stated net of expected recoveries as the obligation is recognised in other liabilities.

6.23 Lease liability and right-of-use assets

At the inception of the contract, the Group assesses whether a contract is, or contains, a lease. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Group's policy as described in note 6.7.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental fund acceptance rate to measure lease liabilities.

6.24 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

6.25 Reserves

Reserves being held by the Group in these consolidated financial statements include the following;

- Non- distributable capital reserve - gain on bargain purchase option (note 3.2).
- Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		17,453,406	13,697,324
- foreign currencies		881,183	1,506,351
		18,334,589	15,203,675
With State Bank of Pakistan in			
- local currency current accounts	7.1	32,768,340	28,507,227
- foreign currency current accounts	7.2	2,536,026	2,303,501
- foreign currency deposit accounts	7.3	2,280,616	4,256,376
		37,584,982	35,067,104
With National Bank of Pakistan in			
- local currency current accounts		206,502	8,139,477
Prize bonds		4,525	106,402
		<u>56,130,598</u>	<u>58,516,658</u>

7.1 These include local currency current accounts maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in a current account with the SBP at a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.

7.2 This represents cash reserve of 5% maintained with the SBP in US dollars current account on deposits held under the New Foreign Currency Accounts (FE-25 deposits) as per BSD Circular No. 14 and 15 dated June 21, 2008.

7.3 These represent special cash reserve of 10% maintained with the SBP in US dollars deposit account on deposits held under the new foreign currency accounts (FE-25 deposits) as per DMMD Circular No.8 dated April 17, 2020, local US dollars clearing account maintained with the SBP to facilitate US dollars clearing and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic Banking Branches under the requirements of BSD Circular No. 15 dated June 21, 2008. Profit rate on these balances is Nil (2021: Nil) per annum which is notified on monthly basis by the SBP.

	Note	2022	2021
-----Rupees '000-----			
8 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		20,019	2,037,115
- in deposit account	8.1	66	68
		20,085	2,037,183
Outside Pakistan			
- in current account		2,683,513	1,321,316
- in deposit account		81,515	158,862
		2,765,028	1,480,178
		<u>2,785,113</u>	<u>3,517,361</u>

8.1 These carry mark-up at the rate of 9.78% (December 31, 2021: 7.52%) per annum.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
9 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	9.2	4,000,000	-
Repurchase agreement lendings (reverse repo)	9.3 & 9.4	5,815,098	-
		<u>9,815,098</u>	<u>-</u>

9.1 Lendings to financial institutions are in local currency.

9.2 This carries mark-up at the rate of 16% per annum (2021: Nil) and is due to mature on January 5, 2023.

9.3 This carries mark-up at the rate 16.10% per annum (2021: Nil) and is due to mature on January 3, 2023.

9.4 Securities held as collateral against lendings to financial institutions

	2022			2021		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
-----Rupees '000-----						
- Market Treasury Bills	6,000,000	-	6,000,000	-	-	-

10 INVESTMENTS

10.1 Investments by type:

	Note	2022				2021			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
-----Rupees '000-----									
Held-for-trading securities									
Federal Government securities		-	-	-	-	11,649,925	-	2,128	11,652,053
Shares		234,475	-	591	235,066	851,349	-	(14,762)	836,587
		<u>234,475</u>	<u>-</u>	<u>591</u>	<u>235,066</u>	<u>12,501,274</u>	<u>-</u>	<u>(12,634)</u>	<u>12,488,640</u>
Available-for-sale securities									
Federal Government securities		406,535,788	-	(4,225,759)	402,310,029	276,556,257	-	(1,425,857)	275,130,400
Shares		12,259,254	(1,297,552)	(1,355,582)	9,606,120	10,697,994	(1,376,309)	(903,843)	8,417,842
Non Government debt securities		48,004,551	(519,291)	2,380,000	49,865,260	50,947,014	(557,516)	2,512,649	52,902,147
		<u>466,799,593</u>	<u>(1,816,843)</u>	<u>(3,201,341)</u>	<u>461,781,409</u>	<u>338,201,265</u>	<u>(1,933,825)</u>	<u>182,949</u>	<u>336,450,389</u>
Held-to-maturity securities									
Non Government debt securities		6,329,593	(1,467,507)	-	4,862,086	8,248,271	(1,518,162)	-	6,730,109
		<u>6,329,593</u>	<u>(1,467,507)</u>	<u>-</u>	<u>4,862,086</u>	<u>8,248,271</u>	<u>(1,518,162)</u>	<u>-</u>	<u>6,730,109</u>
Associates *	10.5	2,429,473	-	-	2,429,473	1,580,218	-	-	1,580,218
Total Investments		<u>475,793,134</u>	<u>(3,284,350)</u>	<u>(3,200,750)</u>	<u>469,308,034</u>	<u>360,531,028</u>	<u>(3,451,987)</u>	<u>170,315</u>	<u>357,249,356</u>

* related parties

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

10.2 Investments by segments

Note	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000-----								
Federal Government securities								
- Market Treasury Bills	-	-	-	-	73,203,558	-	(21,201)	73,182,357
- Pakistan Investment Bonds	10.2.1 14,716,926	-	(310,800)	14,406,126	52,213,977	-	(251,714)	51,962,263
- Ijarah Sukuks	10.2.2 387,017,282	-	(3,914,959)	383,102,323	161,863,135	-	(1,150,814)	160,712,321
- Other Federal Government securities	10.2.3 4,801,580	-	-	4,801,580	925,512	-	-	925,512
	406,535,788	-	(4,225,759)	402,310,029	288,206,182	-	(1,423,729)	286,782,453
Shares								
- Listed companies	11,749,813	(647,886)	(1,385,336)	9,716,591	10,805,427	(726,643)	(948,950)	9,129,834
- Unlisted companies	743,916	(649,666)	30,345	124,595	743,916	(649,666)	30,345	124,595
	12,493,729	(1,297,552)	(1,354,991)	9,841,186	11,549,343	(1,376,309)	(918,605)	9,254,429
Non Government debt securities								
- Listed	10.2.4 45,000,000	-	2,380,000	47,380,000	45,000,000	-	2,512,500	47,512,500
- Unlisted	9,334,144	(1,986,798)	-	7,347,346	14,195,285	(2,075,678)	149	12,119,756
	54,334,144	(1,986,798)	2,380,000	54,727,346	59,195,285	(2,075,678)	2,512,649	59,632,256
Associates *								
	10.5							
Faysal Islamic Stock Fund	96,437	-	-	96,437	-	-	-	-
Faysal Islamic Savings Growth Fund	844,471	-	-	844,471	-	-	-	-
Faysal Special Savings Fund - FSSP -III	108,161	-	-	108,161	72,442	-	-	72,442
Faysal Asset Allocation Fund	-	-	-	-	1,076,852	-	-	1,076,852
Faysal Special Savings Fund - FSSP-I	-	-	-	-	106,209	-	-	106,209
Faysal Government Securities Fund	97,449	-	-	97,449	143,163	-	-	143,163
Faysal Stock Fund	264,353	-	-	264,353	30,120	-	-	30,120
Faysal Islamic Special Income Fund - FISIP-I	107,601	-	-	107,601	30,168	-	-	30,168
Faysal Saving Growth Fund	720,379	-	-	720,379	30,320	-	-	30,320
Faysal Pension Fund - Debt	33,215	-	-	33,215	-	-	-	-
Faysal Pension Fund - Equity	27,905	-	-	27,905	-	-	-	-
Faysal Pension Fund - Money Market	33,791	-	-	33,791	-	-	-	-
Faysal Islamic Pension Fund - Debt	33,633	-	-	33,633	30,367	-	-	30,367
Faysal Islamic Pension Fund - Equity	28,439	-	-	28,439	30,226	-	-	30,226
Faysal Islamic Pension Fund - Money Market	33,639	-	-	33,639	30,351	-	-	30,351
	2,429,473	-	-	2,429,473	1,580,218	-	-	1,580,218
Total Investments	475,793,134	(3,284,350)	(3,200,750)	469,308,034	360,531,028	(3,451,987)	170,315	357,249,356

* related parties

10.2.1 Pakistan Investment Bonds have tenures of 3, 5 and 10 years. The Group's return on these instruments ranges from 7.42% to 15.81% per annum (2021: 7.42% to 10.88% per annum) with maturities from August 2023 to June 2025.

Notes to and forming part of the Consolidated Financial Statements

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10.2.2 GoP Ijarah Sukuk bonds have tenure of 5 years. The Group's return on these instruments ranges from 6.36% to 16.04% per annum (2021: 6.36% to 8.94% per annum) with maturities from April 2025 to October 2027.

10.2.3 The Group has invested in PKR and foreign currency denominated Mudarabah based pools maintained by the Islamic Naya Pakistan Certificate Company Limited (INPCCL), a special purpose vehicle formed by the Government of Pakistan. As at December 31, 2022, the Group's investment in PKR, USD, EURO and GBP denominated pools amounted to Rs. 682.037 million (2021: Rs. 58.724 million), USD 15.841 million with PKR equivalent of Rs 3,586.996 million (2021: Rs. 671.987 million), EURO 0.653 million with PKR equivalent of Rs.157.629 million (2021: Rs 139 million) and GBP 1.373 million with PKR equivalent of Rs. 374.918 million (2021: Rs. 55.235 million) respectively. The actual profit rates on these pools are calculated in line with the Islamic principle of Mudarabah and communicated to the Group at the end of each month. The profit earned by the Group on these investment pools during the year ranges between 8.24% to 11.00% for PKR denominated pool, 2.99% to 4.49% for USD denominated pool, 2.49% to 3.49% for GBP denominated pool and 1.74% to 1.76% for EURO denominated pool. These investments are perpetual in nature and have no fixed maturity.

10.2.4 These include Sukuks having tenures ranging from 4 to 15 years. The Group's return on these instruments ranges from 15.76% to 18.18% per annum (2021: 8.34% to 12.18% per annum) with maturities up to December 2032.

	2022	2021
	-----Rupees '000-----	
10.3 Investments given as collateral - at market value		
- Market treasury bills	-	19,760,221
- Pakistan Investment Bonds	5,307,116	-
- Ijarah Sukuk	29,866,500	-
	<u>35,173,616</u>	<u>19,760,221</u>
10.4 Provision for diminution in value of investments		
10.4.1 Opening balance	3,451,987	3,777,288
(Reversals) / charge		
Charge for the year	7,067	-
Reversals for the year	(85,824)	(12,724)
Reversals on disposals	(88,880)	(312,577)
	<u>(167,637)</u>	<u>(325,301)</u>
Closing balance	<u>3,284,350</u>	<u>3,451,987</u>

10.4.2 Particulars of provision against debt securities

Category of classification	2022		2021	
	Non-performing investments	Provision	Non-performing investments	Provision
	----- Rupees '000-----			
Domestic				
- Loss	1,986,798	1,986,798	2,075,678	2,075,678

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

10.5 Investment in associates

10.5.1 Movement of investment in associates

As at December 31, 2022							
Country of incorporation	% Holding	Investment at the beginning of the year	Investment / (redemption) during the year	Share of profit	Dividend received	Investment at the end of the year	
Rupees '000							
Faysal Islamic Stock Fund	Pakistan	21	-	102,825	(6,388)	-	96,437
Faysal Islamic Savings Growth Fund	Pakistan	32	-	837,052	22,664	(15,245)	844,471
Faysal Special Savings Fund - FSSP-III	Pakistan	100	-	106,661	1,500	-	108,161
Faysal Asset Allocation Fund	Pakistan	-	72,442	(72,442)	-	-	-
Faysal Special Savings Fund - FSSP-I	Pakistan	-	106,209	(106,209)	-	-	-
Faysal Government Securities Fund	Pakistan	94	143,163	(48,390)	2,676	-	97,449
Faysal Stock Fund	Pakistan	32	-	283,148	(18,795)	-	264,353
Faysal Islamic Special Income Fund - FISIP-I	Pakistan	100	-	106,174	1,784	(357)	107,601
Faysal Saving Growth Fund	Pakistan	29	1,076,852	(383,499)	77,115	(50,089)	720,379
Faysal Pension Fund - Debt	Pakistan	85	30,120	-	3,095	-	33,215
Faysal Pension Fund - Equity	Pakistan	84	30,168	-	(2,263)	-	27,905
Faysal Pension Fund - Money Market	Pakistan	84	30,320	-	3,471	-	33,791
Faysal Islamic Pension Fund - Debt	Pakistan	89	30,367	-	3,266	-	33,633
Faysal Islamic Pension Fund - Equity	Pakistan	99	30,226	-	(1,787)	-	28,439
Faysal Islamic Pension Fund - Money Market	Pakistan	76	30,351	-	3,288	-	33,639
			<u>1,580,218</u>	<u>825,320</u>	<u>89,626</u>	<u>(65,691)</u>	<u>2,429,473</u>

As at December 31, 2021							
Country of incorporation	% Holding	Investment at the beginning of the year	Investment / (redemption) during the year	Share of profit	Dividend received	Investment at the end of the year	
Rupees '000							
Faysal Income & Growth Fund	Pakistan	-	267,056	(267,056)	-	-	
Faysal Islamic Stock Fund	Pakistan	-	236,820	(236,820)	-	-	
Faysal Asset Allocation Fund	Pakistan	23	51,158	18,377	2,907	-	72,442
Faysal Saving Growth Fund	Pakistan	35	686,509	383,203	48,087	(40,947)	1,076,852
Faysal Special Savings Fund - FSSP-I	Pakistan	100	-	104,836	1,843	(470)	106,209
Faysal Government Securities Fund	Pakistan	100	-	139,321	3,842	-	143,163
Faysal Pension Fund - Debt	Pakistan	98	-	30,000	120	-	30,120
Faysal Pension Fund - Equity	Pakistan	99	-	30,000	168	-	30,168
Faysal Pension Fund - Money Market	Pakistan	93	-	30,000	320	-	30,320
Faysal Islamic Pension Fund - Debt	Pakistan	100	-	30,000	367	-	30,367
Faysal Islamic Pension Fund - Equity	Pakistan	100	-	30,000	226	-	30,226
Faysal Islamic Pension Fund - Money Market	Pakistan	96	-	30,000	351	-	30,351
			<u>1,241,543</u>	<u>321,861</u>	<u>58,231</u>	<u>(41,417)</u>	<u>1,580,218</u>

10.5.2 Summary of financial position and performance

Country of incorporation	% Holding	As at December 31, 2022		For the year ended December 31, 2022			
		Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive income / (loss)	
Rupees '000							
Faysal Asset Allocation Fund	Pakistan	-	133,850	6,634	(13,428)	(22,653)	(22,653)
Faysal Saving Growth Fund	Pakistan	29	2,515,594	33,362	359,569	300,721	300,721
Faysal Special Savings Fund - FSSP-I	Pakistan	-	725,930	3,726	96,444	91,448	91,448
Faysal Government Securities Fund	Pakistan	94	104,042	838	8,361	7,346	7,346
Faysal Pension Fund - Debt	Pakistan	85	39,200	176	4,285	3,592	3,592
Faysal Pension Fund - Equity	Pakistan	84	33,569	533	(927)	(2,595)	(2,595)
Faysal Pension Fund - Money Market	Pakistan	84	40,497	138	4,710	4,081	4,081
Faysal Islamic Pension Fund - Debt	Pakistan	89	38,098	238	4,369	3,596	3,596
Faysal Islamic Pension Fund - Equity	Pakistan	99	29,121	336	(257)	(1,893)	(1,893)
Faysal Islamic Pension Fund - Money Market	Pakistan	76	44,451	239	4,720	3,916	3,916
Faysal Islamic Stock Fund	Pakistan	21	469,274	5,520	(45,227)	(70,305)	(70,305)
Faysal Islamic Savings Growth Fund	Pakistan	24	2,646,076	24,630	332,768	292,642	292,642
Faysal Special Savings Fund - FSSP-III	Pakistan	100	109,067	824	3,553	3,306	3,306
Faysal Stock Fund	Pakistan	32	876,891	41,190	(252,103)	(325,461)	(325,461)
Faysal Islamic Special Income Fund - FISIP-I	Pakistan	100	108,886	1,209	7,332	6,736	6,736

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	As at December 31, 2021			For the year ended December 31, 2021			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive income
----- Rupees '000 -----							
Associates							
Faysal Asset Allocation Fund	Pakistan	23	331,539	9,725	84,100	12,768	12,768
Faysal Saving Growth Fund	Pakistan	35	3,195,364	80,211	216,686	176,402	176,402
Faysal Special Savings Fund - FSSP-I	Pakistan	100	106,878	664	3,037	2,365	2,365
Faysal Government Securities Fund	Pakistan	100	147,092	3,242	61,303	86,251	86,251
Faysal Pension Fund - Debt	Pakistan	98	31,017	211	316	121	121
Faysal Pension Fund - Equity	Pakistan	99	30,649	219	405	169	169
Faysal Pension Fund - Money Market	Pakistan	93	32,794	203	511	335	335
Faysal Islamic Pension Fund - Debt	Pakistan	100	30,651	223	575	368	368
Faysal Islamic Pension Fund - Equity	Pakistan	100	47,359	17,079	540	226	226
Faysal Islamic Pension Fund - Money Market	Pakistan	96	31,806	217	562	356	356

10.6 Quality of available for sale securities

Details regarding quality of available for sale (AFS) securities are as follows:

	2022	2021
	Cost	
	----- Rupees '000 -----	
Federal Government securities - Government guaranteed		
Market Treasury Bills	-	61,578,404
Pakistan Investment Bonds	14,716,926	52,189,206
Ijarah Sukuks	387,017,282	161,863,135
Other Federal Government securities	4,801,580	925,512
	<u>406,535,788</u>	<u>276,556,257</u>
Shares		
Listed companies		
Automobile Assembler	2,399,685	1,272,434
Cement	2,539,850	1,609,171
Chemical	578,402	578,402
Commercial banks	161,518	1,485,028
Engineering	236,075	74,958
Fertilizer	383,319	371,180
Glass and ceramics	38	38
Investment banks / investment companies / securities	12,528	12,528
Oil and gas exploration company	1,732,364	1,444,165
Oil and gas marketing company	540,198	350,948
Open - end mutual funds	1,256,069	1,754,176
Paper and board	-	-
Pharmaceuticals	386,132	79,426
Power generation and distribution	991,966	785,715
Real estate	16,372	16,372
Textile composite	274,930	113,645
Textile spinning	4,362	4,362
Textile weaving	1,271	1,271
Transport	-	-
Vanaspati and allied industries	243	243
Miscellaneous	16	16
	<u>11,515,338</u>	<u>9,954,078</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2022		2021	
	Cost	Breakup value	Cost	Breakup value
	----- Rupees '000-----			
Unlisted companies				
1Link (Private) Limited	50,000	537,279	50,000	286,647
Al Hamra Avenue (Private) Limited *	265,938	N/A	265,938	N/A
Al Hamra Hills (Private) Limited *	5	N/A	5	N/A
DHA Cogen (Private) Limited *	325,000	N/A	325,000	N/A
Himont Chemical *	1,037	N/A	1,037	N/A
Pace Barka Properties Limited *	52,000	N/A	52,000	N/A
Pakistan Export Finance Guarantee *	5,686	N/A	5,686	N/A
Naymat Collateral Management	25,000	N/A	25,000	22,090
ISE Towers REIT Management Company	-	53,834	-	50,587
Pakistan Corporate Restructuring Company Limited	19,250	N/A	19,250	N/A
	<u>743,916</u>	<u>591,113</u>	<u>743,916</u>	<u>359,324</u>

* These investments are fully provided.

Non Government debt securities

Listed

- AA+, AA, AA-
- Unrated *

Unlisted

- AA+, AA, AA-
- A+, A, A- *
- Unrated *

	2022	2021
	----- Rupees '000-----	
	Cost	
	-	-
	45,000,000	45,000,000
	<u>45,000,000</u>	<u>45,000,000</u>
	750,000	750,000
	89,000	1,753,962
	2,165,551	3,443,052
	<u>3,004,551</u>	<u>5,947,014</u>

* These include government guaranteed securities amounting to Rs. 45,000 million (2021: Rs. 47,888 million).

10.7 Particulars relating to held to maturity securities are as follows:

Non Government debt securities

Unlisted

- AAA
- A+, A, A-
- CCC and below *
- Unrated

	2022	2021
	----- Rupees '000-----	
	Cost	
	4,862,130	6,430,150
	-	-
	1,446,455	1,497,110
	21,008	321,011
	<u>6,329,593</u>	<u>8,248,271</u>

* These investments are fully provided.

10.7.1 The market value of securities classified as held-to-maturity as at December 31, 2022 amounted to Rs. 4,862 million (December 31, 2021: Rs. 6,755 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

11 ADVANCES

Note	Performing		Non-performing		Total	
	2022	2021	2022	2021	2022	2021
	Rupees '000					
Loans, cash credits, running finances, etc.	14,932,215	42,476,315	16,428,113	19,036,593	31,360,328	61,512,908
Islamic financing and related assets	436,493,987	350,461,085	5,083,716	3,913,046	441,577,703	354,374,131
Bills discounted and purchased	465,049	441,181	186,554	457,257	651,603	898,438
Advances - gross	451,891,251	393,378,581	21,698,383	23,406,896	473,589,634	416,785,477
Provision against advances						
- specific	-	-	(18,557,417)	(19,544,542)	(18,557,417)	(19,544,542)
- general	(771,609)	(945,573)	-	-	(771,609)	(945,573)
	(771,609)	(945,573)	(18,557,417)	(19,544,542)	(19,329,026)	(20,490,115)
Advances - net of provision	451,119,642	392,433,008	3,140,966	3,862,354	454,260,608	396,295,362

2022 2021

Rupees '000

11.1 Particulars of advances (gross)

- in local currency
- in foreign currencies

473,053,505	414,316,390
536,129	2,469,087
<u>473,589,634</u>	<u>416,785,477</u>

11.2 Includes net investment in finance lease as disclosed below:

	2022				2021			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees '000							
Lease rentals receivable	519,306	-	-	519,306	528,278	27,659	-	555,937
Residual value	1,604	-	-	1,604	54,076	-	-	54,076
Minimum lease payments	520,910	-	-	520,910	582,354	27,659	-	610,013
Financial charges for future periods	(69,194)	-	-	(69,194)	(76,135)	(267)	-	(76,402)
Present value of minimum lease payments	451,716	-	-	451,716	506,219	27,392	-	533,611

11.3 Advances include Rs. 21,698 million (2021: Rs. 23,407 million) which have been placed under non-performing status as detailed below:-

Category of classification	2022		2021	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees '000			
Domestic				
- other assets especially mentioned	204,426	70	263,776	64
- substandard	504,838	82,646	1,366,413	117,909
- doubtful	858,706	242,963	595,141	215,372
- loss	20,130,413	18,231,738	21,181,566	19,211,197
Total	21,698,383	18,557,417	23,406,896	19,544,542

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

11.4 Particulars of provision against advances

Note	2022			2021		
	Specific	General	Total	Specific	General	Total
----- Rupees '000-----						
Opening balance	19,544,542	945,573	20,490,115	20,649,632	915,776	21,565,408
Exchange adjustment	117,020	-	117,020	48,119	-	48,119
Charge for the year	1,085,432	-	1,085,432	2,464,778	29,797	2,494,575
Reversals during the year	(1,368,953)	(173,964)	(1,542,917)	(1,690,139)	-	(1,690,139)
	(283,521)	(173,964)	(457,485)	774,639	29,797	804,436
Amounts written off	(820,624)	-	(820,624)	(1,927,848)	-	(1,927,848)
11.5.1 Amounts charged off - agriculture financing	-	-	-	-	-	-
Closing balance	18,557,417	771,609	19,329,026	19,544,542	945,573	20,490,115

11.4.1 General provision represents provision maintained against fully secured performing portfolio of consumer finance and unsecured performing portfolio of consumer and small enterprise finance, as required by the Prudential Regulations issued by the SBP.

11.4.2 Particulars of provision against advances

	2022			2021		
	Specific	General	Total	Specific	General	Total
----- Rupees '000-----						
In local currency	18,021,288	771,609	18,792,897	18,832,594	945,573	19,778,167
In foreign currencies	536,129	-	536,129	711,948	-	711,948
	18,557,417	771,609	19,329,026	19,544,542	945,573	20,490,115

11.4.3 As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 1,862.991 million (December 31, 2021: Rs 1,975.889 million) relating to advances while determining the provisioning requirement against non-performing financing as at December 31, 2022. The additional profit arising from availing the FSV benefit (net of tax) as at December 31, 2022 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 950.125 million (December 31, 2021: Rs 1,205.292 million).

	Note	2022	2021
		----- Rupees '000-----	
11.5 Particulars of write-offs - net of recoveries:			
11.5.1 Against provisions	11.4	820,624	1,927,848
Directly charged to profit and loss account	31	128,431	29,262
		949,055	1,957,110
11.5.2 Write-offs of Rs. 500,000 and above			
- domestic	11.6	745,966	603,088
Write-offs of below Rs. 500,000		203,089	1,354,022
		949,055	1,957,110

11.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2022 is given in Annexure - I to these consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
12 FIXED ASSETS			
Capital work-in-progress	12.1	2,392,116	1,640,844
Property and equipment	12.2	32,804,038	24,775,636
		<u>35,196,154</u>	<u>26,416,480</u>
12.1 Capital work-in-progress			
Civil works		346,816	287,365
Equipment		1,742,100	880,538
Furniture and fixture		220,794	124,286
Vehicles		42,164	33,289
Land and building		40,242	315,366
		<u>2,392,116</u>	<u>1,640,844</u>

12.2 Property and equipment

	2022									
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets - land and building	Total
-----Rupees '000-----										
At January 1, 2022										
Cost / revalued amount	2,398,777	4,072,488	642,304	5,436,205	1,336,238	8,077,525	354,115	4,065,210	13,114,109	39,496,971
Accumulated depreciation	-	-	85,668	406,032	984,225	6,280,413	178,962	2,393,036	4,392,999	14,721,335
Net book value	<u>2,398,777</u>	<u>4,072,488</u>	<u>556,636</u>	<u>5,030,173</u>	<u>352,013</u>	<u>1,797,112</u>	<u>175,153</u>	<u>1,672,174</u>	<u>8,721,110</u>	<u>24,775,636</u>
Year ended December 31, 2022										
Opening net book value	2,398,777	4,072,488	556,636	5,030,173	352,013	1,797,112	175,153	1,672,174	8,721,110	24,775,636
Additions	-	139,753	-	183,661	187,114	1,051,130	16,652	1,049,066	3,473,886	6,101,262
Lease modification (note 12.2.4)	-	-	-	-	-	-	-	-	25,332	25,332
Movement in surplus on assets revalued during the year	979,909	3,563,735	275,008	477,234	-	-	-	-	-	5,295,886
Disposals	(25,086)	-	-	-	(96)	(957)	(1,033)	(1,131)	(248,584)	(276,887)
Depreciation charge (note 12.2.3)	-	-	(29,848)	(211,799)	(64,500)	(802,671)	(37,961)	(342,890)	(1,627,522)	(3,117,191)
Other adjustments / transfers	-	-	-	-	(40)	975	-	(935)	-	-
Closing net book value	<u>3,353,600</u>	<u>7,775,976</u>	<u>801,796</u>	<u>5,479,269</u>	<u>474,491</u>	<u>2,045,589</u>	<u>152,811</u>	<u>2,376,284</u>	<u>10,344,222</u>	<u>32,804,038</u>
At December 31, 2022										
Cost / revalued amount	3,353,600	7,775,976	801,796	5,517,692	1,515,015	9,103,257	365,911	5,105,048	16,446,765	49,985,060
Accumulated depreciation	-	-	-	38,423	1,040,524	7,057,668	213,100	2,728,764	6,102,543	17,181,022
Net book value	<u>3,353,600</u>	<u>7,775,976</u>	<u>801,796</u>	<u>5,479,269</u>	<u>474,491</u>	<u>2,045,589</u>	<u>152,811</u>	<u>2,376,284</u>	<u>10,344,222</u>	<u>32,804,038</u>
Rate of depreciation (%) / useful life	-	-	2%-11%	2%-25%	10%-20%	14%-50%	20%	10%-20%	11 months - 34 years	

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

2021									
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets - land and building	Total

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

At January 1, 2021

Cost / revalued amount	2,214,316	3,551,147	591,064	5,207,268	1,302,647	7,328,655	333,348	3,664,851	10,968,599	35,161,895
Accumulated depreciation	-	-	40,223	199,828	943,200	5,607,997	142,400	2,110,671	2,849,183	11,893,502
Net book value	2,214,316	3,551,147	550,841	5,007,440	359,447	1,720,658	190,948	1,554,180	8,119,416	23,268,393

Year ended December 31, 2021

Opening net book value	2,214,316	3,551,147	550,841	5,007,440	359,447	1,720,658	190,948	1,554,180	8,119,416	23,268,393
Additions	184,461	521,341	51,239	228,937	53,185	828,867	20,825	406,749	2,175,953	4,471,557
Lease modification (note 12.2.4)	-	-	-	-	-	-	-	-	(30,443)	(30,443)
Transfer from non-banking assets	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(3,646)	(1,662)	(9)	(2,248)	-	(7,565)
Depreciation charge (note 12.2.3)	-	-	(45,445)	(206,204)	(56,810)	(750,912)	(36,612)	(286,507)	(1,543,816)	(2,926,306)
Other adjustments / transfers	-	-	1	-	(163)	161	1	-	-	-
Closing net book value	2,398,777	4,072,488	556,636	5,030,173	352,013	1,797,112	175,153	1,672,174	8,721,110	24,775,636

At December 31, 2021

Cost / revalued amount	2,398,777	4,072,488	642,304	5,436,205	1,336,238	8,077,525	354,115	4,065,210	13,114,109	39,496,971
Accumulated depreciation	-	-	85,668	406,032	984,225	6,280,413	178,962	2,393,036	4,392,999	14,721,335
Net book value	2,398,777	4,072,488	556,636	5,030,173	352,013	1,797,112	175,153	1,672,174	8,721,110	24,775,636

Rate of depreciation (%) / useful life	-	-	2%-11%	2%-20%	10%-20%	14%-50%	20%	10%-20%	11 months - 34 years
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12.2.1 The cost of fully depreciated fixed assets that are still in the Group's use is as follows:

	2022	2021
	----- Rupees '000 -----	
Building	-	35,291
Furniture and fixture	775,389	720,319
Electrical, office and computer equipment	4,960,129	4,503,966
Vehicles	6,536	121,133
Leasehold property and improvement	1,412,484	1,200,507
	<u>7,154,538</u>	<u>6,581,216</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

12.2.2 The Group's freehold / leasehold land and buildings on freehold / leasehold land were last revalued by Joseph Lobo Co. (Private) Limited and K. G. Traders (Private) Limited on December 31, 2022 on the basis of professional assessments of the market values.

Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2022 would have been Rs 5,069.59 million (2021: Rs 4,775.54 million).

12.2.3 Allocation of depreciation expense of the year is as follows:

	Note	2022	2021
-----Rupees '000-----			
Property expense			
- owned assets	29	586,278	539,019
- right-of-use assets	29	1,627,522	1,543,816
		2,213,800	2,082,835
Information technology expense	29	374,006	357,136
Other operating expenses	29	529,385	486,335
		<u>3,117,191</u>	<u>2,926,306</u>

12.2.4 Lease modifications

During the current year, the Group has renegotiated a number of existing lease agreements resulting in a modification of these lease agreements under IFRS 16, 'Leases'. These lease modifications pertain to:

- i) a change in consideration of the lease(s);
- ii) an increase in the scope of the lease(s) due to an extension in the contractual lease terms; or
- iii) termination of existing lease(s) due to relocation of the branches to new premises.

In case of (i) and (ii) above, the Group has remeasured the lease liabilities by discounting the revised lease payments using the revised discount rates and making a corresponding adjustment to the right-of-use assets.

In case of (iii) above, the Group has decreased the carrying amount of the right-of-use assets and the corresponding lease liabilities to reflect the full termination of the lease, taking any resultant gain or loss on such termination to the consolidated profit and loss account.

13 INTANGIBLE ASSETS

	Note	2022	2021
-----Rupees '000-----			
Capital work-in-progress	13.1	711,373	598,179
Intangibles	13.2	1,630,479	1,499,885
		<u>2,341,852</u>	<u>2,098,064</u>
13.1 Capital work-in-progress			
Computer software		<u>711,373</u>	<u>598,179</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2022	2021
	-----Rupees '000-----	
Computer software	1,980,879	1,998,853
Customer relationship	1,099,722	1,099,722
	<u>3,080,601</u>	<u>3,098,575</u>

13.2.2 This represents an intangible asset (customer relationship) which comprises of core deposits which were recognised at the time of acquisition of ex-RBS Pakistan. These core deposits represent the funding benefit that would be available to the Holding Company on account of availability of funding through deposit customers rather than from the wholesale or interbank market. This benefit also considers the fact that the economic life time of these deposits is longer than their contractual life. Based on this assumption, this intangible asset had been valued using certain valuation techniques and is being amortised over the life expectancy of these deposits. As more fully explained in note 13.3 to these consolidated financial statements, the SBP allowed the Holding Company to adjust the amortisation charge arising on this intangible asset against non-distributable capital reserve. The remaining amortisation period of this intangible asset is ranging from 3 to 8 years.

13.3 Non-distributable capital reserve - gain on bargain purchase

As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as non-distributable capital reserve (NCR). The SBP allowed the Holding Company to adjust the amortisation of the intangible asset against the portion of reserve which arose on account of such asset. Accordingly, the Holding Company has adjusted amortisation of intangible asset amounting to Rs 68.149 million (2021: Rs. 50.1 million) (net of tax) from the non-distributable capital reserve.

	Note	2022	2021
		-----Rupees '000-----	
14 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		26,608,166	10,666,314
Income / mark-up accrued in foreign currencies - net of provision		35,156	4,524
Advances, deposits, advance rent and other prepayments		1,366,333	905,190
Advance taxation (payments less provisions)		-	3,004
Non-banking assets acquired in satisfaction of claims	14.1	1,041,276	985,645
Mark to market gain on forward foreign exchange contracts		383,842	1,869,513
Fair value of derivative contracts		-	2,080
Acceptances	19	6,930,359	8,343,820
Credit cards and other products fee receivable		566,289	488,906
Receivable from brokers against sale of shares		268,523	370,970
Dividend receivable		75,348	75,348
Receivable from 1Link (Private) Limited		3,302,249	729,363
Rent and amenities receivable		43,456	22,006
Rebate receivable - net		118,625	22,668
Defined benefit plan asset	36	166,681	117,981
Remittances receivable from Western Union		1,668,492	-
Others		794,650	353,609
		<u>43,369,445</u>	<u>24,960,941</u>
Less: provision held against other assets	14.2	(326,637)	(356,973)
Other assets (net of provision)		43,042,808	24,603,968
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21.2	2,126,204	1,271,247
Other assets - total		<u>45,169,012</u>	<u>25,875,215</u>
14.1 Market value of non-banking assets acquired in satisfaction of claims		<u>3,167,480</u>	<u>2,509,571</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

The non-banking assets acquired in satisfaction of claims by the Group have been revalued by an independent professional valuer as at December 31, 2022. The revaluation was carried out by Josph Lobo Co. (Private) on the basis of professional assessment of present market values. The SBP's Regulations for Debt Property Swap require the Group to carry out a full scope valuation of non-banking assets after every three years.

	Note	2022	2021
-----Rupees '000-----			
14.1.1 Non-banking assets acquired in satisfaction of claims			
Opening Balance		2,256,892	2,683,207
Additions		48,000	-
Revaluation	21.2	854,957	-
Disposals		-	(421,350)
Reversal of impairment	31	12,596	-
Depreciation	29	(4,965)	(4,965)
Closing Balance		<u>3,167,480</u>	<u>2,256,892</u>
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		-	469,000
Less: carrying value		-	(421,350)
Gain on disposal	28	<u>-</u>	<u>47,650</u>
14.2 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		50,473	51,050
Security deposits		22,994	22,994
Others		177,822	207,581
		<u>326,637</u>	<u>356,973</u>
14.2.1 Movement in provision held against other assets			
Opening balance		356,973	329,878
Charge for the year		-	29,758
Reversals during the year		(30,336)	(2,663)
	31	(30,336)	27,095
Amounts written off		-	-
Closing balance		<u>326,637</u>	<u>356,973</u>
15 BILLS PAYABLE			
In Pakistan		<u>21,309,950</u>	<u>14,122,901</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
16 BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan (SBP) under			
- Export refinance scheme - part I and II		-	614,152
- Long term financing facility		-	919,241
- Long term financing facility for renewable power energy (RPE)	16.1	9,502	717,788
- Scheme of financing facility for storage of agricultural produce	16.2	5,400	28,783
- Islamic export refinance scheme - part I and II	16.3	31,795,302	30,993,655
- Refinance scheme for payment of wages and salaries	16.4	885,681	7,280,953
- Islamic financing for renewable energy	16.5	6,914,074	5,973,187
- Islamic long term financing facility	16.6	12,407,019	7,733,936
- Islamic temporary economic refinance scheme	16.7	30,853,102	21,721,871
- Islamic refinance facility for combating COVID-19	16.8	232,778	314,644
- Islamic refinance facility for storage of agricultural produce	16.9	370,804	145,956
- Scheme of Islamic Rupee-based discounting facility under EFS/IERS	16.10	547,230	-
		84,020,892	76,444,166
Repurchase agreement borrowings	16.11	5,318,855	19,730,756
Borrowings from SBP under Open Market Operations (OMO)	16.12	29,061,914	-
Borrowing from other financial institution	16.13	1,440,559	467,156
Total secured		119,842,220	96,642,078
Unsecured			
Overdrawn nostro accounts		1,662,176	2,545,198
Musharaka acceptances	16.14	28,630,000	1,500,000
Other borrowings		-	10,502,553
Total unsecured		30,292,176	14,547,751
		150,134,396	111,189,829

16.1 These represent borrowings from the SBP under scheme for long term financing facility for renewable power energy (RPE). The mark-up rates on these facilities range from 2% to 3% per annum (2021: 2% to 3% per annum), payable on quarterly basis, with maturities upto December 2028. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the maturity date of finances by directly debiting the current account of the Holding Company maintained with the SBP.

16.2 These represent borrowings from the SBP under scheme of financing facility for storage of agricultural produce. The mark-up rate on these facilities is 2% per annum (2021: 2.5% to 3.5%) payable on quarterly basis with maturities upto April 2024. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from itself at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.

16.3 In accordance with the Islamic export refinance scheme (IERS), the Holding Company has entered into musharaka agreements for financing with the SBP for extending export finance to the customers. The average profit rates on this facility range from 3% to 10% (2021: 1% to 2%) payable on quarterly basis with maturities upto 180 days from the date of grant. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.

16.4 In accordance with the Islamic refinance scheme for Payment of wages & salaries to the workers and employees of business concerns, the Holding Company has entered into mudarabah agreements for financing with the SBP for extending salary finance to the customers. The average profit rates on this facility range from 0% to 2% (2021: 0% to 2%) payable on quarterly basis with maturities upto March 2023. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.

16.5 In accordance with the Islamic financing facility for renewable energy the Holding Company has entered into mudarabah agreements for financing with the SBP for extending renewable energy finance to customers. The average profit rates on

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

this facility range from 2% to 3% (2021: 2% to 3%) payable on quarterly basis with maturities upto May 2033. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.

- 16.6** In accordance with the Islamic long term financing facility for plant and machinery the Holding Company has entered into mudarabah agreements for financing with the SBP for extending islamic long term finance to the customers. The average profit rates on this facility range from 3% to 10% (2021: 2% to 3.5%) payable on quarterly basis with maturities upto December 2034. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.7** In accordance with the Islamic temporary economic refinance facility (ITERF) the Holding Company has entered into mudarabah agreements for financing with the SBP for extending long term finance to the customers. The average profit rate on this facility is 1% (2021: 1%) payable on quarterly basis with maturities upto December 2032. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.8** In accordance with the Islamic refinance facility for combating COVID-19, the Holding Company has entered into mudarabah agreements for financing with the SBP for extending medical equipment finances to the customers. The average profit rate on this facility is 0% (2021: 0%) payable on quarterly basis with maturities upto June 2026. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.9** These represent balances due to the SBP under scheme of Islamic financing facility for storage of agricultural produce (IFFSAP). The profit rate on this facility is 2% per annum (2021: 4%) payable on quarterly basis with maturity upto February 2029. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from itself at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.10** In accordance with rupee based discounting scheme under IERS, the Holding Company has entered into musharaka agreements for financing with the SBP for extending export finance to the customers. The average profit rates on this facility range from 0.5% to 2% payable on quarterly basis with maturities upto 180 days from the date of grant. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.11** These represent collateralised borrowings against Pakistan Investment Bonds. The mark-up rate on these borrowings is 16.13% (2021 : 9.8% to 10.2%) per annum having maturities upto March 2023.
- 16.12** This represents borrowing from State Bank of Pakistan under open market operation. The mark-up rates on these borrowing ranges from 16.09% to 16.24% per annum having maturity in February 2023.
- 16.13** This represents borrowing from Pakistan Mortgage Refinance Company (PMRC). The mark-up rate on this borrowing is 8.75% per annum (2021: 8.75%) having maturity in December 2025.
- 16.14** This represents Musharaka acceptance on profit and loss sharing basis. The expected rates on these deal ranges from 16% to 16.15% (2021: 9.5% per annum) having maturity in January 2023.
- 16.15** Details and nature of securities pledged as collateral against borrowings are given in note 10.3 to these consolidated financial statements.

16.16 Particulars of borrowings with respect to currencies

- in local currency
- in foreign currencies

	2022	2021
	-----Rupees '000-----	
	148,472,220	98,142,078
	1,662,176	13,047,751
	<u>150,134,396</u>	<u>111,189,829</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

17 DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000-----					
Customers						
Current deposits	233,289,655	26,500,047	259,789,702	184,248,112	24,957,795	209,205,907
Savings deposits	207,105,501	23,004,040	230,109,541	206,181,337	19,665,122	225,846,459
Term deposits	154,758,216	887,679	155,645,895	144,979,759	1,950,361	146,930,120
Margin deposits	7,661,317	229,752	7,891,069	3,603,873	7,416	3,611,289
	602,814,689	50,621,518	653,436,207	539,013,081	46,580,694	585,593,775
Financial institutions						
Current deposits	9,405,616	65,052	9,470,668	1,739,920	30,445	1,770,365
Savings deposits	118,123,798	-	118,123,798	45,310,309	-	45,310,309
Term deposits	525,550	-	525,550	11,365,550	-	11,365,550
	128,054,964	65,052	128,120,016	58,415,779	30,445	58,446,224
	730,869,653	50,686,570	781,556,223	597,428,860	46,611,139	644,039,999

17.1	Composition of deposits	Note	2022	2021
			----- Rupees '000-----	
	- individuals		141,563,384	138,633,764
	- government (Federal and Provincial)		20,622,004	14,345,295
	- public sector entities		19,009,076	24,879,734
	- banking companies		5,902,607	7,343,227
	- non-banking financial institutions		122,217,409	51,102,997
	- private sector		472,241,743	407,734,982
17.1.1			781,556,223	644,039,999

17.1.1 These include deposits eligible to be covered under insurance arrangements amounting to Rs 440.635 billion (2021: Rs 377.496 billion).

18 DEFERRED TAX LIABILITIES / (ASSETS)

	2022			
	At January 1, 2022	Recognised in P&L	Recognised in OCI	At December 31, 2022
	----- Rupees '000-----			
Taxable temporary differences on;				
- surplus on revaluation of fixed assets	1,528,114	(73,554)	502,677	1,957,237
- surplus on revaluation of non-banking assets	14,113	-	1,478	15,591
- surplus on revaluation of investments	71,350	2,870	(1,463,653)	(1,389,433)
- fair value adjustment relating to net assets acquired upon amalgamation	208,056	-	(13,977)	194,079
- fair value adjustment relating to net assets acquired upon business combination	52,496	-	-	52,496
- accelerated tax depreciation	1,462	37,468	-	38,930
- fair valuation of previously held equity interest in the Subsidiary Company	13,118	-	-	13,118
	1,888,709	(33,216)	(973,475)	882,018
Deductible temporary differences on;				
- provision for diminution in the value of investments	(32,236)	75,809	-	43,573
- provision against advances, off balance sheet etc.	(1,059,541)	982,441	-	(77,100)
- provision against other assets	(140,068)	16,109	-	(123,959)
- Alternate Corporate Tax (ACT)	(39,039)	23,664	-	(15,375)
- defined benefit obligation	(2,843)	2,077	(769)	(1,535)
- unused tax losses	(1,705)	1,705	-	-
- others	(1,771)	38,237	-	36,466
	(1,277,203)	1,140,042	(769)	(137,930)
	611,506	1,106,826	(974,244)	744,088

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2021			
	At January 1, 2021	Recognised in P&L	Recognised in OCI	At December 31, 2021
	----- Rupees '000-----			
Taxable temporary differences on;				
- surplus on revaluation of fixed assets	1,599,730	(71,617)	-	1,528,114
- surplus on revaluation of non-banking assets	14,113	-	-	14,113
- surplus on revaluation of investments	1,137,218	-	(1,065,868)	71,350
- fair value adjustment relating to net assets acquired upon amalgamation	240,087	-	(32,031)	208,056
- fair value adjustment relating to net assets acquired upon business combination	52,496	-	-	52,496
- accelerated tax depreciation	96,495	(95,033)	-	1,462
- fair valuation of previously held equity interest in the Subsidiary Company	13,118	-	-	13,118
	3,153,257	(166,650)	(1,097,899)	1,888,709
Deductible temporary differences on;				
- provision for diminution in the value of investments	(152,577)	120,341	-	(32,236)
- provision against advances, off balance sheet etc.	(1,215,623)	156,082	-	(1,059,541)
- provision against other assets	(128,462)	(11,606)	-	(140,068)
- Alternate Corporate Tax (ACT)	(4,675)	(34,364)	-	(39,039)
- defined benefit obligation	620	(2,108)	(1,355)	(2,843)
- unused tax losses	(69,652)	67,947	-	(1,705)
- others	(537)	(1,234)	-	(1,771)
	(1,570,906)	295,058	(1,355)	(1,277,203)
	1,582,351	128,408	(1,099,254)	611,506

Note 2022 2021

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

19 OTHER LIABILITIES

Mark-up / return / interest payable in local currency		6,735,294	2,567,306
Mark-up / return / interest payable in foreign currencies		5,357	3,109
Unearned commission and income on bills discounted		982,430	852,715
Accrued expenses		3,334,375	2,496,960
Acceptances	14	6,930,359	8,343,820
Unclaimed dividends		256,594	52,424
Mark to market loss on forward foreign exchange contracts		46,611	989,223
Current taxation (provision less payments)		1,013,387	745,295
Charity fund balance		1,634	1,273
Provision against off-balance sheet obligations	19.1	87,700	104,894
Security deposits against leases		108,319	189,725
Withholding tax payable		360,125	108,603
Federal excise duty payable		90,817	61,446
Payable to brokers against purchase of shares		1,235,367	522,535
Fair value of derivative contracts		1,507,683	966,691
Payable related to credit cards and other products		114,064	276,092
Lease liability against right-of-use assets		11,814,937	9,717,316
Advance against disposal of assets		9,187	4,366
Funds held as security		288,573	270,227
Payable to 1Link (Private) Limited		359,297	78,572
Insurance payable		60,888	92,807
Clearing and settlement accounts		14,940,611	5,107,985
Others		364,000	320,477
		50,647,609	33,873,861

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

19.1 Provision against off-balance sheet obligations

Opening balance

Charge for the year

Reversals during the year

Closing balance

Note	2022	2021
	-----Rupees '000-----	
	104,894	127,569
	3,596	2,075
	(20,790)	(24,750)
31	(17,194)	(22,675)
	87,700	104,894

20 SHARE CAPITAL

20.1 Authorised capital

2022	2021
----- Number of shares -----	
2,200,000,000	2,200,000,000

Ordinary shares of Rs.10 each

2022	2021
-----Rupees '000-----	
22,000,000	22,000,000

20.2 Issued, subscribed and paid up

2022	2021
----- Number of shares -----	
201,451,420	201,451,420
1,298,772,879	1,298,772,879
17,472,226	17,472,226
1,517,696,525	1,517,696,525

Ordinary shares

Fully paid in cash

Issued as bonus shares

Issued for consideration other than cash

2022	2021
-----Rupees '000-----	
2,014,514	2,014,514
12,987,729	12,987,729
174,722	174,722
15,176,965	15,176,965

20.2.1 As at December 31, 2021, Ithmaar Bank B.S.C. (closed) (the parent company of the Holding Company) directly and indirectly holds 1,013,473,712 ordinary shares of Rs. 10 each (2021: 1,013,473,712 ordinary shares).

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

- available for sale securities

- fixed assets

- non-banking assets acquired in satisfaction of claims

Deferred tax on surplus on revaluation of:

- available for sale securities

- fixed assets

- non-banking assets acquired in satisfaction of claims

Note	2022	2021
	-----Rupees '000-----	
10.1	(3,201,341)	182,949
21.1	12,341,050	7,220,789
21.2	2,126,204	1,271,247
	11,265,913	8,674,985
21.1	1,376,577	(71,350)
21.1	(1,957,237)	(1,527,939)
21.2	(15,591)	(14,113)
	(596,251)	(1,613,402)
	10,669,662	7,061,583

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		7,220,789	7,411,321
Recognised during the year		5,295,886	-
Surplus realised on disposal during the year		(4,977)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(170,648)	(190,532)
Surplus on revaluation of fixed assets as at December 31		12,341,050	7,220,789
Less: related deferred tax liability on:			
- revaluation as at January 1		(1,527,939)	(1,602,246)
- revaluation recognised during the year		(502,677)	-
- incremental depreciation charged during the year		73,379	74,307
		(1,957,237)	(1,527,939)
		<u>10,383,813</u>	<u>5,692,850</u>
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		1,271,247	1,453,786
Recognised during the year		854,957	-
Surplus realised on disposal during the year		-	(182,539)
Surplus on revaluation as at December 31		2,126,204	1,271,247
Less: related deferred tax liability on:			
- revaluation as at January 1		(14,113)	(14,113)
- revaluation recognised during the year		(1,478)	-
		(15,591)	(14,113)
		<u>2,110,613</u>	<u>1,257,134</u>
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	38,920,372	34,644,920
Commitments	22.2	168,295,114	266,894,554
Other contingent liabilities	22.3	4,122,244	4,122,244
		<u>211,337,730</u>	<u>305,661,718</u>
22.1 Guarantees:			
Financial guarantees		5,725,594	6,686,179
Performance guarantees		12,053,909	9,614,460
Other guarantees		21,140,869	18,344,281
		<u>38,920,372</u>	<u>34,644,920</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		52,543,910	77,150,641
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	57,184,237	131,320,853
- forward government securities transactions	22.2.2	41,226,248	19,884,976
- derivatives - cross currency and interest rate swaps (notional principal)	22.2.3	1,510,401	6,681,964
- extending credit (irrevocable)	22.4	15,473,238	31,655,235
Commitments for acquisition of:			
- operating fixed assets		193,455	115,530
- intangible assets		163,625	85,355
		<u>168,295,114</u>	<u>266,894,554</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		50,919,583	90,624,579
Sale		6,264,654	40,696,274
		<u>57,184,237</u>	<u>131,320,853</u>
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		35,400,890	19,884,976
Sale		5,825,358	-
		<u>41,226,248</u>	<u>19,884,976</u>
22.2.3 Commitments in respect of derivatives			
Sale	23	<u>1,510,401</u>	<u>6,681,964</u>
22.3 Other contingent liabilities			
22.3.1 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	(ii)	<u>1,154,701</u>	<u>1,154,701</u>
		<u>4,122,244</u>	<u>4,122,244</u>

(i) Income tax assessments of the Holding Company have been finalised upto the tax year 2022 (accounting year ended December 31, 2021). Income tax return for tax year 2023 (accounting year ended December 31, 2022) has already been filed by the Holding Company within the stipulated timeline.

(ii) 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.

22.3.2 There are certain claims against the Holding Company not acknowledged as debt amounting to Rs. 29,453 million (December 31, 2021: Rs. 30,799 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by 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, 2021: Rs 25,299 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal 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.

Notes to and forming part of the Consolidated Financial Statements

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22.3.3 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 million and has filed an appeal against the order before the Commissioner Appeals, the proceedings of which are underway. The remaining tax liability on these matters is Rs. 0.498 million. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the 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
			<u>818</u>

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 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 Company to obtain registration / enrolment and to pay sales tax amounting to Rs. 6.055 million from July 2013 to March 2014 under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013 on management fee earned in Punjab.

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

- (iv) During the year ended December 31, 2020, 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 consolidated financial statements in respect of this liability.

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- (v) During the year ended December 31, 2020, the audit of the tax year 2014 (financial year ended June 30, 2014) was completed by the taxation authorities. The tax authorities have passed an order under section 122(5A) of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 2.7 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 consolidated financial statements in respect of this liability.
- (vi) During the year ended December 31, 2020, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 182(1) of the Income Tax Ordinance, 2001 for the tax year 2018, whereby the DCIR 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. On August 17, 2020, the management filed an appeal before the CIR(A) on the subject matter and paid an amount of Rs 0.083 million being 10% of the total amount of penalty imposed under the order and thus obtained an automatic stay on the subject matter. As on June 15, 2021 the Subsidiary Company has received an appellate order from the CIR(A), dismissing the appeal filed by the Company on August 17, 2020. The management has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). As a matter of abundant caution the Subsidiary Company had recognised a provision for the remaining amount of Rs. 0.749 million in these 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.

22.4 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. 15,473 million (2021: Rs. 31,655 million) which are irrevocable in nature.

23 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

Interest rate swap (notional principal)

	2022	2021
	-----Rupees '000-----	
	1,510,401	6,417,194
	-	264,770

Derivative instruments, such as forward rate agreements, interest rate swaps, cross currency swaps and FX options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Holding Company. All derivative transactions are governed by "The Financial Derivatives Business Regulations" (FDBR) issued by the SBP.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

23.1 Product analysis

Counterparties	2022			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	----- Rupees '000-----			
With banks for				
Hedging	-	-	-	-
Market making	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)	-	-
Counterparties	2021			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain
	----- Rupees '000-----			
With banks for				
Hedging	-	-	-	-
Market making	2,682,872	(104,219)	264,770	2,080
With other entities for				
Hedging	-	-	-	-
Market making	3,734,322	(862,472)	-	-
Total				
Hedging	-	-	-	-
Market making	6,417,194	(966,691)	264,770	2,080

23.2 Maturity analysis

Remaining maturity	2022				
	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
	----- Rupees '000-----				
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	6	810,638	(2,232,715)	1,411,141	(821,574)
3 to 5 years	4	699,763	(4,217,089)	3,530,980	(686,109)
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
Total		1,510,401	(6,449,804)	4,942,121	(1,507,683)

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For the year ended December 31, 2022

Remaining maturity	2021				
	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
-----Rupees '000-----					
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	2	529,540	(545,491)	527,068	(18,423)
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
3 to 5 years	10	6,152,424	(6,669,504)	5,723,316	(946,188)
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
Total		6,681,964	(7,214,995)	6,250,384	(964,611)

23.3 Risk management policies related to derivatives are discussed in note 44.6 to these consolidated financial statements.

	Note	2022	2021
-----Rupees '000-----			
24 MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		52,774,945	29,055,128
Investments		49,475,306	24,205,143
Lendings to financial institutions		1,732,956	424,153
Balances with banks		4,160	227
Securities purchased under resale agreements		541,061	187,422
		104,528,428	53,872,073
25 MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		43,553,431	20,564,237
Securities sold under repurchase agreements		11,796,209	2,079,731
Other short term borrowings		489,914	71,769
SBP borrowings		1,992,558	1,023,608
Musharaka acceptances		1,683,862	121,642
Lease liability against right-of-use assets		1,261,371	1,258,280
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,759,788	2,913,374
		64,537,133	28,032,641
26 FEE AND COMMISSION INCOME			
Branch banking customer fees		964,381	837,552
Consumer finance related fees		578,091	489,793
Card related fees (debit and credit cards)		3,179,024	2,072,378
Credit related fees		10,904	24,749
Investment banking fees		283,990	248,804
Commission on trade		595,804	388,868
Commission on guarantees		174,220	149,980
Commission on cash management		92,721	77,161
Commission on remittances including home remittances		331,767	292,714
Commission on bancassurance		183,465	246,072
Management fee		627,810	551,459
Advisory fee		6,510	11,579
Sales load		150,698	114,877
Others		60,834	77,447
		7,240,219	5,583,433
27 GAIN / (LOSS) ON SECURITIES			
Realised - net	27.1	(1,487,227)	305,208
Unrealised - held for trading - net		-	(14,138)
		(1,487,227)	291,070

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
27.1 Realised (loss) / gain on:			
Federal Government securities		(236,042)	310,579
Shares		(1,230,200)	(51,132)
Open end mutual funds		(20,985)	45,761
		<u>(1,487,227)</u>	<u>305,208</u>
28 OTHER INCOME			
Rent on property		164,498	167,366
Gain on disposal of fixed assets - net		52,722	25,276
Gain on disposal of non-banking assets - net		-	47,650
Loss on short sale of Pakistan Investment Bonds (PIBs)		-	(561)
Notice pay		470	7,981
Scrap income		7,537	4,046
Others		663	405
		<u>225,890</u>	<u>252,163</u>
29 OPERATING EXPENSES			
Total compensation expense	29.2	10,884,254	8,508,006
Property expense			
Rent and taxes		337,813	440,307
Insurance		86,245	57,849
Utilities cost		1,410,940	819,876
Security (including guards)		1,120,494	811,103
Repair and maintenance (including janitorial charges)		794,997	624,025
Depreciation on owned fixed assets	12.2.3	586,278	539,019
Depreciation on non-banking assets	14.1.1	4,965	4,965
Depreciation on right-of-use assets	12.2.3	1,627,522	1,543,816
Others		167,999	95,536
		<u>6,137,253</u>	<u>4,936,496</u>
Information technology expenses			
Software maintenance		2,352,596	1,383,357
Hardware maintenance		325,654	271,184
Depreciation	12.2.3	374,006	357,136
Amortisation	13.2	222,192	148,253
Network charges		273,271	238,609
Others		-	302
		<u>3,547,719</u>	<u>2,398,841</u>
Other operating expenses			
Directors' fees and allowances	38.2	136,820	124,770
Legal and professional charges		166,725	139,514
Outsourced services costs - staff	35.1	566,629	465,936
Travelling and conveyance		190,748	109,194
NIFT clearing charges		63,024	56,947
Depreciation	12.2.3	529,385	486,335
Training and development		23,949	49,250
Postage and courier charges		246,376	160,575
Communication		358,919	229,294
Marketing, advertisement and publicity		1,122,309	574,508
Donations	29.3	90,257	79,917
Auditors' remuneration	29.4	56,627	46,904
Insurance		761,906	587,289
Stationery and printing		569,349	360,132
Bank fees and charges		129,648	147,702
Brokerage and commission		12,836	39,646
Deposit protection premium		603,993	520,235
Credit card bonus points redemption		214,209	186,327
Others		952,586	587,163
		<u>6,796,295</u>	<u>4,951,638</u>
		<u>27,365,521</u>	<u>20,794,981</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

29.1 Cost of outsourced activities is Rs. 207.027 million (2021: Rs.230.113 million). This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is Rs. Nil (2021: Rs. Nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017. Material outsourcings done by the Holding Company are listed below:

S.No	Name of outsourced agency	Nature of service	Estimated cost (Rupees '000)
1	Euronet Pakistan Private Limited	Credit cards, debit cards, prepaid cards and ATMs switch system host	181,026

29.2 Total compensation expense

Managerial Remuneration

i) Fixed

ii) Variable

of which;

a) Cash bonus / awards, etc.

b) Commission incentives

Charge for defined benefit plan

Contribution to defined contribution plan

Rent and house maintenance

Utilities

Medical

Insurance

Conveyance

Others

Sub-total

Sign-on bonus *

Grand Total

Note

2022

2021

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

36.8.1

	4,512,714	3,702,593
	1,129,172	665,771
	909,898	783,609
	236,592	218,531
	296,502	257,848
	1,481,484	1,197,932
	363,052	295,459
	291,080	276,839
	351,095	269,636
	1,232,386	836,949
	79,079	839
	10,883,054	8,506,006
	1,200	2,000
	10,884,254	8,508,006
	88,257	79,917
	2,000	-
	90,257	79,917

* Sign on bonus was provided to 1 employee (2021: 1 employee).

29.3 Donations made during the year were as follows:

Donee

Waqf Faisal (Trust)

Al-Mustafa (Trust)

29.3.1

29.3.2

29.3.1 The President and Chief Executive Officer of the Holding Company is acting as trustee of Waqf Faisal (Trust). No other interest of any of the directors or their spouses exists.

29.3.2 The father of the Chief Executive Officer of the Subsidiary Company is acting as trustee of Al Mustafa Trust. No other interest of any of the directors or their spouses exists.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
-----Rupees '000-----			
29.4 Auditors' remuneration			
Statutory audit fee		5,142	5,954
Fee for the consolidated financial statements		2,052	1,866
Fee for other statutory certifications		5,962	5,076
Fee for the quarterly and the annual group reportings		16,894	15,303
Fee for the review of the half yearly financial statements		1,572	1,166
Fee for the audit of employee funds		189	173
Special certifications and sundry advisory services		4,254	2,436
Tax services		15,595	12,830
Out-of-pocket expenses		4,967	2,100
		<u>56,627</u>	<u>46,904</u>
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		37,349	6,928
Penalty imposed by Federal Board of Revenue (FBR)		-	754
Penalty imposed by Securities Exchange Commission Pakistan (SECP)		100	-
		<u>37,449</u>	<u>7,682</u>
31 (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET			
Reversal of provision for diminution in value of investments	10.4	(167,637)	(325,301)
(Reversal of provision) / provision against loans and advances	11.4	(457,485)	804,436
(Reversal of provision) / provision against other assets	14.2.1	(30,336)	27,095
Bad debts written off directly	11.5	128,431	29,262
Recoveries of written off / charged off bad debts		(383,214)	(467,848)
(Reversal of provision) / provision against off balance sheet obligations	19.1	(17,194)	(22,675)
Reversal of impairment charged for non-banking assets		(12,596)	-
		<u>(940,031)</u>	<u>44,969</u>
32 TAXATION			
Current		11,181,063	5,152,943
Prior years		(1,036,606)	57,990
Deferred	18	1,106,826	128,408
		<u>11,251,283</u>	<u>5,339,341</u>
32.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>22,688,945</u>	<u>13,692,421</u>
Tax calculated at the rate of 49% (2021: 39%)		11,117,583	5,340,044
Effect of:			
- permanent differences		76,307	2,702
- prior year charge		26,000	57,990
- impact of tax rate differential		(44,120)	(81,366)
- others		75,513	19,971
Tax charge for the year		<u>11,251,283</u>	<u>5,339,341</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	-----Rupees '000-----	
33 BASIC / DILUTED EARNINGS PER SHARE		
Profit for the year attributable to the equity holders of the Bank	<u>11,437,643</u>	<u>8,353,057</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>7.54</u>	<u>5.50</u>

33.1 Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue at December 31, 2022 and December 31, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		-----Rupees '000-----	
34 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks	7	56,130,598	58,516,658
Balance with other banks	8	2,785,113	3,517,361
Overdrawn nostros	16	<u>(1,662,176)</u>	<u>(2,545,198)</u>
		<u>57,253,535</u>	<u>59,488,821</u>

	<u>2022</u>	<u>2021</u>
	-----Number of employees-----	
35 STAFF STRENGTH		
Holding Company		
Permanent	7,974	7,093
On contract	37	27
	<u>8,011</u>	<u>7,120</u>
Subsidiary Company		
Permanent	129	84
Probation	27	55
Contractual	6	1
	<u>162</u>	<u>140</u>

35.1 In addition to the above, 1,198 (2021: 1,073) employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding and janitorial services.

36 DEFINED BENEFIT PLAN

36.1 General description

Holding Company

The Holding Company operates an approved funded gratuity scheme for all its permanent employees and employees who are on contractual service in non-management cadre. The benefits under the gratuity schemes are payable on retirement at the age of 60 years or earlier cessation of service in lumpsum. The benefits are equal to one month's last drawn basic salary for each year of eligible service or part thereof. The minimum qualifying eligible service for gratuity is 1 year for employees who became members of the Funds before November 12, 2002. In the case of other members of the Funds the minimum qualifying eligible service is 5 years. The minimum qualifying eligible service for contractual

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

employees not employed under the management cadre is 6 months. The latest actuarial valuation of the Holding Company's defined benefit plan, based on the projected unit credit actuarial cost method, was carried out as at December 31, 2022.

As at December 31, 2022, the balance of conventional sub-fund has been transferred to Islamic sub-fund.

Subsidiary Company

The Subsidiary Company operates an approved funded defined benefit gratuity scheme for all its permanent employees. The gratuity fund is governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund. The latest actuarial valuation of the fund was carried out at December 31, 2022.

36.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit scheme are:

	2022 Number of employees Holding Company	2021 Number of employees Holding Company	2022 Number of employees Subsidiary Company	2021 Number of employees Subsidiary Company
- Gratuity fund	8,011	7,120	129	84

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2022 using the following significant assumptions:

	2022			2021		
	Conventional	Islamic	Conventional	Conventional	Islamic	Conventional
	----- % per annum -----					
	Holding Company			Subsidiary Company		
Discount rate	-	14.50	14.50	11.75	11.75	11.75
Expected rate of return on plan assets	-	14.50	14.50	11.75	11.75	11.75
Expected rate of salary increase	-	14.50	14.50	11.75	11.75	11.75

36.4 Reconciliation of payable to defined benefit plans of the Group

	Note	2022			2021		
		Conventional	Islamic	Total	Conventional	Islamic	Total
		----- Rupees '000 -----					
Present value of obligations	36.5	41,213	1,418,129	1,459,342	327,114	889,309	1,216,423
Fair value of plan assets	36.6	(39,069)	(1,586,954)	(1,626,023)	(761,137)	(573,268)	(1,334,405)
		2,144	(168,825)	(166,681)	(434,023)	316,041	(117,982)

36.5 Movement in defined benefit obligations of the Group

Obligations at the beginning of the year	327,114	889,309	1,216,423	449,930	607,323	1,057,253
Current service cost	9,886	238,666	248,552	76,692	144,977	221,669
Past service cost	-	-	-	3,042	-	3,042
Interest cost	3,521	149,654	153,175	48,300	67,940	116,240
Benefits paid by the Group	(1,823)	(110,108)	(111,931)	(32,308)	(47,568)	(79,876)
Transfer in	-	300,575	300,575	-	172,654	172,654
Transfer out	(300,575)	-	(300,575)	(172,654)	-	(172,654)
Re-measurement loss / (gain)	3,090	(49,967)	(46,877)	(45,888)	(56,017)	(101,905)
Obligations at the end of the year	41,213	1,418,129	1,459,342	327,114	889,309	1,216,423

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

Note	2022			2021		
	Conventional	Islamic	Total	Conventional	Islamic	Total
Rupees '000						
36.6 Movement in fair value of plan assets of the Group						
Fair value at the beginning of the year	(761,137)	(573,268)	(1,334,405)	(695,497)	(428,099)	(1,123,596)
Interest income on plan assets	(2,369)	(162,766)	(165,135)	(72,262)	(50,158)	(122,420)
Contribution by the Group - net	(21,090)	(215,942)	(237,032)	(48,501)	(162,759)	(211,260)
Benefits paid by the Group	1,823	110,108	111,931	32,308	47,568	79,876
Transfer (in)/out	744,401	(744,401)	-	-	-	-
Re-measurements (gain) / loss	36.8.2 (697)	(685)	(1,382)	22,815	20,180	42,995
Fair value at the end of the year	<u>(39,069)</u>	<u>(1,586,954)</u>	<u>(1,626,023)</u>	<u>(761,137)</u>	<u>(573,268)</u>	<u>(1,334,405)</u>
36.7 Movement in (receivable) / payable under defined benefit schemes of the Group						
Opening balance	(434,023)	316,041	(117,982)	(245,567)	179,224	(66,343)
Charge for the year	11,038	225,554	236,592	55,772	162,759	218,531
Contribution by the Group - net	(21,090)	(215,942)	(237,032)	(48,501)	(162,759)	(211,260)
Re-measurement loss / (gain) recognised in OCI during the year	36.8.2 2,393	(50,652)	(48,259)	(23,073)	(35,837)	(58,910)
Transfer (in)/out	443,826	(443,826)	-	-	-	-
Amount in respect of inter bank employees transfer	-	-	-	(172,654)	172,654	-
Closing balance	<u>2,144</u>	<u>(168,825)</u>	<u>(166,681)</u>	<u>(434,023)</u>	<u>316,041</u>	<u>(117,982)</u>
36.8 Charge for defined benefit plans of the Group						
36.8.1 Cost recognised in consolidated profit and loss account						
Current service cost	9,886	238,666	248,552	76,692	144,977	221,669
Past service cost	-	-	-	3,042	-	3,042
Net interest on defined benefit asset / liability	1,152	(13,112)	(11,960)	(23,962)	17,782	(6,180)
	<u>11,038</u>	<u>225,554</u>	<u>236,592</u>	<u>55,772</u>	<u>162,759</u>	<u>218,531</u>
36.8.2 Re-measurements recognised in consolidated OCI during the year						
(Gain) / loss on obligation						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	-	8,593	8,593	1,014	2,999	4,013
- experience adjustment	3,090	(58,560)	(55,470)	(46,902)	(59,016)	(105,918)
Return on plan assets over interest income	(697)	(685)	(1,382)	22,815	20,180	42,995
Total re-measurements recognised in OCI	<u>2,393</u>	<u>(50,652)</u>	<u>(48,259)</u>	<u>(23,073)</u>	<u>(35,837)</u>	<u>(58,910)</u>
36.9 Components of plan assets of the Group						
Cash and cash equivalents - net	18,261	421,285	439,546	475,498	136,520	612,018
Government securities / Ijarah sukuks	-	886,379	886,379	285,359	-	285,359
Shares / mutual funds	20,808	279,290	300,098	280	436,748	437,028
	<u>39,069</u>	<u>1,586,954</u>	<u>1,626,023</u>	<u>761,137</u>	<u>573,268</u>	<u>1,334,405</u>

The funds are primarily invested in Government securities (Market Treasury Bills, Pakistan Investment Bonds, Special Savings Certificates, etc) and mutual funds and accordingly do not carry any credit risk. These are subject to interest rate risk. Cash and cash equivalents includes balances maintained with the banks which are subject to credit risk. Equity securities are subject to price risk which is being regularly monitored by the Trustees of the employee fund.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

36.10 Historical information

	2022	2021	2020	2019	2018
	Rupees '000				
Present value of defined benefit obligation	(1,459,342)	(1,216,424)	1,057,254	(858,334)	(719,429)
Fair value of plan assets	1,626,023	1,334,405	(1,123,596)	739,369	600,808
Surplus / (deficit)	166,681	117,981	(66,342)	(118,965)	(118,621)
Remeasurement of plan liabilities	46,877	101,905	77,659	77,660	8,344
Remeasurement of plan assets	1,382	(42,995)	(15,698)	(15,698)	(42,468)

36.11 Sensitivity analysis

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

	2022		2021	
	Conventional	Islamic	Conventional	Islamic
	Rupees '000			
1% increase in discount rate	(3,344)	(102,165)	(24,608)	(84,043)
1% decrease in discount rate	3,874	116,642	(9,929)	99,016
1% increase in expected rate of salary increase	3,838	118,901	17,052	100,016
1% decrease in expected rate of salary increase	(3,371)	(105,889)	(51,987)	(86,549)
1 year increase in expected life / withdrawal rate	-	(33,263)	(36,626)	(20,859)
1 year decrease in expected life / withdrawal rate	-	29,733	(12,465)	18,645

36.12 Expected maturity analysis of undiscounted obligation

Less than a year	4,225	111,448	22,998	46,172
Between 1-2 years	5,544	405,730	55,295	164,621
Between 2-5 years	31,085	955,088	137,509	391,535
Over 5 years	75,491	52,589,865	5,406,947	39,500,442
Total	116,345	54,062,131	5,622,749	40,102,770

36.13 Expected contributions to be paid to the scheme in the next financial year by the Holding Company *

2023	
Conventional	Islamic
Rupees '000	
-	264,900

36.14 Expected charge for the next financial year for the Holding Company *

-	264,900
---	---------

* Expected contribution and charge of the Subsidiary Company are not presented here as the same are not material to the Group.

36.15 Maturity profile

The weighted average duration of the defined benefit obligation is 7.68 years for the fund of the Holding Company respectively whereas 8.71 years for the Subsidiary Company.

Notes to and forming part of the Consolidated Financial Statements

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36.16 Funding policy

The policy followed by the Group in respect of the staff retirement benefit schemes is disclosed in note 6.11 to these consolidated financial statements.

36.17 The gratuity scheme exposes the Group to the following risks:

Asset volatility

The Defined Benefit Gratuity Fund is invested in mutual funds and Ijarah Sukuk. The investment is almost 18.43% (Rs. 299 million) for mutual funds while 54.51% (Rs. 886 million) for Ijarah Sukuk. The funds have no such investment in any Government Bonds, Corporate Bonds hence the asset volatility risk is lower.

Changes in bond yields

There are two dimensions to the changes in bond yields: first, as described above; second, the valuation of the gratuity liability is discounted with reference to these bond yields. Any increase in bond yields will lower the gratuity liability and vice versa, but, it will also lower the asset values.

Inflation risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Group.

Life expectancy / withdrawal rate

The gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Group for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post-retirement benefit been given by the Group like monthly pension, post-retirement medical, etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

Other risks

Though, not imminent and observable, over long term there are some risks that may crystallise. These include:

- retention risk – the risk that employee will not be motivated to continue the service if no market comparable retirement benefit is provided.
- final salary risk – the risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- model risk – the defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.
- operational risk related to a separate entity - retirement benefits are funded through a separate trust fund which is a different legal entity than the Group. Generally, the protocols, processes and conventions used throughout the Group are not applicable or are not actively applied to the retirement benefit funds. This gives rise to some specific operational risks.
- compliance risk – the risk that retirement benefits offered by the Group do not comply with minimum statutory requirements.
- legal / political risk – the risk that the legal / political environment changes and the Group is required to offer additional or different retirement benefits than what the Group has projected.

Notes to and forming part of the Consolidated Financial Statements

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37 DEFINED CONTRIBUTION PLAN

The Holding and the Subsidiary Company each operates separate approved funded contributory provident funds for all their permanent employees to which equal monthly contributions are made by the respective companies and their employees at the rate of 10% of the basic salary. The financial statements of the funds are separately prepared and are not included as part of these consolidated financial statements.

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Holding Company:

2022				
Particulars	Members Shariah Board	President & CEO	Key executives	Other material risk takers / Controllers
	Rupees '000-			
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	17,176	73,195	181,795	312,789
ii) Total variable	5,628	70,000	136,500	182,428
of which				
a) Cash bonus / awards - paid	4,363	52,500	102,375	145,943
b) Cash bonus / awards - deferred	1,265	17,500	34,125	36,485
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	1,210	6,099	10,084	17,269
Contribution to defined contribution plan	-	7,319	7,780	20,723
Rent & house maintenance	278	4,800	54,454	93,194
Utilities	69	2,298	14,581	20,723
Medical	63	739	1,347	5,343
Conveyance	5,879	-	51,855	107,318
Signing in bonus	-	-	-	-
Others	-	1,620	2,072	887
Total	30,303	166,070	460,468	760,674
Number of persons	5	1	16	61
2021				
Particulars	Members shariah board	President & CEO	Key executives	Other material risk takers / controllers
	Rupees '000-			
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	13,022	63,022	173,183	239,822
ii) Total variable	4,355	58,000	112,500	148,509
of which				
a) Cash bonus / awards - paid	3,361	43,500	84,375	119,692
b) Cash bonus / awards - deferred	994	14,500	28,125	28,816
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	911	5,252	9,587	13,259
Contribution to defined contribution plan	-	6,302	8,713	15,249
Rent & house maintenance	2,050	4,800	51,771	71,338
Utilities	513	400	13,024	15,917
Medical	126	-	1,362	4,805
Conveyance	1,613	-	48,942	78,897
Signing in bonus	-	-	-	-
Others	-	80	3,099	5,438
Total	22,590	137,856	422,181	593,234
Number of persons	5	1	17	60

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For the year ended December 31, 2022

Subsidiary Company:

2022				
Particulars	Members Shariah Board	Chief Executive Officer	Key executives	Other material risk takers / Controllers
	Rupees '000			
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	-	11,853	61,385	-
ii) Total variable	-	24,000	26,573	-
of which				
a) Cash bonus / awards	-	24,000	26,573	-
b) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	-	-	-	-
Contribution to defined contribution plan	-	1,185	5,789	-
Rent & house maintenance	-	2,963	15,346	-
Utilities	-	1,185	6,138	-
Medical	-	-	-	-
Conveyance	-	3,805	15,502	-
Signing in bonus	-	-	-	-
Others	-	3,701	44,664	-
Total	-	48,692	175,397	-
Number of persons	-	1	23	-

2021				
Particulars	Members Shariah Board	Chief Executive Officer	Key executives	Other material risk takers / Controllers
	Rupees '000			
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	-	11,078	37,001	-
ii) Total variable	-	14,064	13,747	-
of which				
a) Cash bonus / awards	-	14,064	13,747	-
b) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	-	-	-	-
Contribution to defined contribution plan	-	1,576	3,579	-
Rent & house maintenance	-	2,770	9,251	-
Utilities	-	1,108	3,700	-
Medical	-	-	-	-
Conveyance	-	3,805	10,202	-
Signing in bonus	-	-	-	-
Others	-	3,044	24,215	-
Total	-	37,445	101,695	-
Number of persons	-	1	14	-

38.1 The President & CEO is provided with the Bank's maintained cars in accordance with the terms of employment.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

38.2 Remuneration paid to directors for participation in board and committee meetings

Holding Company

		2022							
S.No.	Name of director	Board meetings	Meeting fees and allowances paid					Total	
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee		Independent directors meeting
----- Rupees '000-----									
1	Mr. Farooq Rahmatullah Khan	5,760	-	3,840	-	-	-	9,600	
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	5,600	4,800	3,200	3,200	-	-	16,800	
3	Mian Muhammad Younis	4,800	4,000	-	3,840	-	3,200	15,840	
4	Mr. Imtiaz Ahmad Pervez	4,800	-	-	-	-	3,840	8,640	
5	Mr. Ali Munir	4,800	4,000	-	3,200	3,840	-	15,840	
6	Mr. Juma Hasan Ali Abul	5,600	4,000	3,200	3,200	-	-	16,000	
7	Mr. Abdulelah Ebrahim Mohamed AlQasimi	5,600	-	-	-	3,200	3,200	12,000	
8	Mr. Abdulla Abdulaziz Ali Taleb	5,600	-	-	-	3,200	3,200	12,000	
9	Ms. Fatima Asad	4,800	4,000	3,200	-	-	-	12,000	
10	Mr. Mohsin Tariq	4,000	-	3,200	-	3,200	-	10,400	
	Total amount paid	51,360	20,800	16,640	13,440	13,440	13,440	129,120	

		2021							
S.No.	Name of director	Board meetings	Meeting fees and allowances paid					Total	
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee		Independent directors meeting
----- Rupees '000-----									
1	Mr. Farooq Rahmatullah Khan	5,760	-	3,720	-	-	-	9,480	
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	3,200	3,600	2,300	3,800	-	-	12,900	
3	Mian Muhammad Younis	4,800	3,800	-	4,680	-	2,400	16,480	
4	Mr. Imtiaz Ahmad Pervez	4,000	-	-	-	-	2,760	6,760	
5	Mr. Ali Munir	4,800	3,800	-	3,900	4,680	-	18,140	
6	Mr. Juma Hasan Ali Abul	3,200	3,000	2,300	3,800	-	-	12,300	
7	Mr. Abdulelah Ebrahim Mohamed AlQasimi	3,200	-	-	-	3,800	2,300	9,300	
8	Mr. Abdulla Abdulaziz Ali Taleb	3,200	-	-	-	3,800	2,460	9,460	
9	Ms. Fatima Asad	4,800	3,800	3,100	-	-	-	12,500	
10	Mr. Mohsin Tariq	4,800	-	3,100	-	3,900	-	12,600	
	Total amount paid	41,760	18,000	14,520	16,180	16,180	9,920	119,920	

Subsidiary Company

		2022				
S.No.	Name of director	Meeting fees and allowances paid			Total	
		Board meetings	Board Human Resource Committee	Board Audit Committee		Board Risk Management Committee
----- Rupees '000-----						
1	Mr. Salman Ahmed Usmani	900	150	-	-	1,050
2	Mr. Osman Asghar Khan	700	150	300	300	1,450
3	Mr. Tahir Yaqoob Bhatti	600	-	-	-	600
4	Mr. Nadir Rehman	900	225	-	-	1,125
5	Mian Salman Ali	900	-	225	300	1,425
6	Syed Muhammad Fraz Zaidi	900	75	300	300	1,575
7	Ms. Samia Zuberi	200	75	-	-	275
8	Mr. Ali Waqar	200	-	-	-	200
	Total amount paid	5,300	675	825	900	7,700

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		2021				
S.No.	Name of director	Meeting fees and allowances paid				Total
		Board meetings	Board Human Resource Committee	Board Audit Committee	Board Risk Management Committee	
Rupees '000						
1	Mr. Salman Ahmed Usmani	500	150	-	-	650
2	Mr. Osman Asghar Khan	400	150	225	-	775
3	Mr. Tahir Yaqoob Bhatti	500	-	-	-	500
4	Mr. Nadir Rehman	500	150	-	225	875
5	Mian Salman Ali	500	-	300	225	1,025
6	Syed Muhammad Fraza Zaidi	500	-	300	225	1,025
	Total amount paid	2,900	450	825	675	4,850

38.3 Remuneration paid to shariah board members

Description	2022				2021			
	Chairman	Resident member	Non-resident member	Shariah board Member	Chairman	Resident member	Non-resident member	Shariah board Member
Rupees '000								
Fees and allowances etc.	-	-	-	-	-	-	-	-
Managerial remuneration								
i) Fixed	6,946	3,370	4,200	2,660	6,041	3,332	2,377	1,272
ii) Total variable	4,500	700	-	428	3,500	593	262	-
of which								
a) Cash bonus / awards - paid	3,375	560	-	428	2,625	474	262	-
b) Cash bonus / awards - deferred	1,125	140	-	-	875	119	-	-
Charge for defined benefit plan	580	280	211	139	440	268	151	52
Rent & house maintenance	-	-	-	278	1,578	-	472	-
Utilities	-	-	-	69	395	-	118	-
Medical	-	-	-	63	63	-	63	-
Conveyance	3,600	1,407	-	872	962	303	-	348
Total	15,626	5,757	4,411	4,509	12,979	4,496	3,443	1,672
Number of persons	1	1	1	2	1	1	1	2

39 FAIR VALUE MEASUREMENTS

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

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

39.1 Fair value of financial assets

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

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).

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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:

	2022			
	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 / Units of mutual funds*	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 (note 10.7.1)	-	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
----- Rupees '000-----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	286,782,453	-	286,782,453
Shares / Units of mutual funds	7,188,900	2,065,529	-	9,254,429
Non-Government debt securities (note 10.7.1)	47,512,500	5,389,647	-	52,902,147
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities (note 10.7.1)	-	6,754,838	-	6,754,838
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	12,792,404	12,792,404
Non-banking assets acquired in satisfaction of claims	-	-	2,509,571	2,509,571
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	92,123,357	-	92,123,357
Forward sale of foreign exchange	-	41,314,763	-	41,314,763
Derivatives sales	-	6,681,964	-	6,681,964

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

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

Notes to and forming part of the Consolidated Financial Statements

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Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV / PKFRV rates.
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 is determined on the basis of the Net Asset Value (NAV) of the company using the latest available audited financial statements.
Term Finance Certificates (TFCs) and Sukuk Certificates	Fair values of TFCs and Sukuk certificates are determined using the MUFAP or PSX rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivative instruments	The Holding Company enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly 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 note 6.6.
Non-banking assets (NBAs) acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in note 6.9.

*These represent shares of Mutual Funds Association of Pakistan which have been carried at cost since their fair value is not considered to be materially different from its carrying amount. Accordingly, the disclosures with respect to level 3 financial assets have not been given.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Group 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 Group'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 consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

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40.2 Segment details with respect to geographical locations

Segment details with respect to geographical locations are not presented in these consolidated financial statements as geographically the Group is concentrated in Pakistan only.

41 TRUST ACTIVITIES

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Group and, therefore, are not included in the consolidated statement of financial position. The following is the list of assets held under trust:

Under IPS accounts:

Category	2022					
	No. of IPS accounts	Securities held (face value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
						Rupees '000
Corporate	58	-	95,600	-	-	95,600
Insurance companies	3	-	-	-	-	-
Asset management companies	50	-	23,000	70,000	-	93,000
Employees funds	172	37,000	6,475,600	69,000	-	6,581,600
Charitable institution / NGOs	22	-	-	-	-	-
Individuals	11,415	-	171,200	419,800	1,755,743	2,346,743
Related parties	9	243,650	385,400	1,507,600	-	2,136,650
Others	7	-	-	-	-	-
	<u>11,736</u>	<u>280,650</u>	<u>7,150,800</u>	<u>2,066,400</u>	<u>1,755,743</u>	<u>11,253,593</u>

Category	2021					
	No. of IPS accounts	Securities held (face value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
						Rupees '000
Corporate	59	2,492,720	1,332,400	872,800	-	4,697,920
Insurance companies	3	-	-	-	-	-
Asset management companies	50	76,000	30,000	-	-	106,000
Employees funds	168	4,701,580	9,317,900	5,000	-	14,024,480
Charitable institution / NGOs	22	651,690	830,300	-	-	1,481,990
Individuals	7,967	1,329,215	501,300	65,100	1,781,789	3,677,404
Related parties	9	10,360	284,600	461,800	-	756,760
Others	6	-	-	-	-	-
	<u>8,284</u>	<u>9,261,565</u>	<u>12,296,500</u>	<u>1,404,700</u>	<u>1,781,789</u>	<u>24,744,554</u>

Separately Managed Accounts (SMA) portfolio

	2022	2021
Number of portfolios	29	57
Total portfolio at cost (Rs. '000)	2,474,149	11,276,003
Total portfolio at market value (Rs. '000)	2,142,554	11,278,144

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42 RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, associates, 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 as at the year end, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	2022				2021					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees '000									
Investments										
Opening balance	-	-	-	1,580,218	4,081,802	-	-	-	1,241,543	4,056,857
Investment made during the year	-	-	-	2,529,308	18,943,915	-	-	-	1,624,707	21,145,830
Investment redeemed / sold during the year	-	-	-	(1,703,968)	(19,431,013)	-	-	-	(1,302,846)	(21,120,885)
Equity method adjustment	-	-	-	23,935	-	-	-	-	16,814	-
Closing balance	-	-	-	2,429,473	3,594,704	-	-	-	1,580,218	4,081,802
Provision for diminution in value of investments	-	-	-	-	1,984,337	-	-	-	-	2,037,337
Advances										
Opening balance	-	-	531,323	-	1,709,934	-	-	258,224	-	1,799,681
Addition during the year	-	7	281,835	-	617,654	-	-	540,268	-	483,407
Repaid during the year	-	-	(274,035)	-	(935,508)	-	-	(267,169)	-	(573,154)
Written off during the year	-	-	-	-	1,392,080	-	-	-	-	-
Closing balance	-	7	539,123	-	2,784,160	-	-	531,323	-	1,709,934
Provision held against advances	-	-	-	-	457,987	-	-	-	-	508,642
Other assets										
Interest / mark-up accrued	-	-	1,403	-	79,923	-	-	847	-	63,774
Commission income receivable	-	-	-	-	-	-	-	-	222	37,861
Defined benefit plan asset	-	-	-	-	168,825	-	-	-	-	117,981
Remuneration receivable	-	-	-	6,987	42,144	-	-	-	3,815	24,704
Receivable against reimbursement of expenses	-	-	-	10,634	104,561	-	-	-	3,465	59,325
Receivable from defined contribution plan	-	-	-	-	1,178	-	-	-	-	803
Front end load receivable	-	-	-	118	11,236	-	-	-	64	3,386
Preliminary expenses and floatation costs receivable	-	-	-	1,432	8,966	-	-	-	1,114	3,174
Others	-	-	1,403	19,171	3,719,082	-	-	847	8,680	1,040,371
Deposits and other accounts										
Opening balance	328,397	51,148	231,277	15,350	9,800,472	182	44,456	139,814	14,910	10,509,734
Received during the year	4,595,017	88,829	2,472,226	3,243,262	603,296,210	705,659	90,608	2,749,082	1,427,130	512,144,964
Withdrawn during the year	(328,215)	(81,321)	(2,571,712)	(3,201,219)	(587,068,581)	(377,444)	(83,916)	(2,657,619)	(1,424,649)	(512,856,267)
Transfer in / (out) during the year	-	-	-	-	-	-	-	-	(2,041)	2,041
Closing balance	4,595,199	58,656	131,791	57,393	26,038,101	328,397	51,148	231,277	15,350	9,800,472
Other liabilities										
Interest / mark-up payable	-	429	669	355	319,447	-	207	277	-	48,212
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	124
Payable against reimbursement of expenses	-	-	-	-	359,297	-	-	-	-	-
Other liabilities	-	429	669	355	678,744	-	207	277	-	78,572
	-	-	-	-	-	-	-	-	-	126,908

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	2022				2021					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	10,603	-	-	-	-	135,898
	-	-	-	-	10,603	-	-	-	-	135,898

Rupees '000

Contingencies and commitments

Guarantees issued favouring related parties or on their behalf *

Trade related commitments

* represents outstanding guarantee

financial statements.

42.1

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

42.2

Details of outstanding investments and donations made during the year relating to related parties are given in notes 10 and 29.3 to these consolidated financial statements. Contributions to and accruals in respect of retirement benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan (refer notes 36 and 37 to these consolidated financial statements for the details of the plans). Remuneration of the President and Chief Executive Officer, directors' fee, and certain related information are disclosed in note 38 to these consolidated financial statements. Such remuneration is determined in accordance with the terms of their employment. Details of shares held by the parent company are disclosed in note 20.2.1 to these consolidated financial statements. Details of assets held under trust arrangement on behalf of the related parties are given in note 41 to these consolidated financial statements.

RELATED PARTY TRANSACTIONS

	2022				2021				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates

Rupees '000

Income										
Mark-up / return / interest earned	-	-	28,915	-	108,414	-	-	19,015	-	21,822
Fee and commission income	-	65	111	118,534	497,844	-	43	99	43,467	380,716
Dividend income	-	-	-	65,690	95,251	-	-	-	41,417	56,299
Net gain on sale of securities	-	-	231	(40,748)	9,098	-	-	163	61,520	24,262
Net gain on disposal of fixed assets	-	-	-	-	-	-	-	11	-	-
Expense										
Mark-up / return / interest paid	-	4,185	4,551	7,441	1,006,218	-	1,623	4,069	1,598	749,814
Reimbursement of expenses	-	-	-	39,929	318,855	-	-	-	25,561	223,902
Director's fee and other expenses	-	136,820	-	-	-	-	124,770	-	-	-
Remuneration	-	-	812,153	-	1,362	-	-	680,240	-	1,835
Subscription Fees	-	-	-	-	3,005	-	-	-	-	9,286
Charge for defined benefit plan	-	-	-	-	236,592	-	-	-	-	218,531
Contribution to defined contribution plan	-	-	-	-	296,502	-	-	-	-	257,848
Donations made during the year	-	-	-	-	88,257	-	-	-	-	79,917
Others										
Shares / units purchased during the year	-	-	-	2,529,308	18,943,915	-	-	-	1,624,707	21,145,830
Shares / units sold during the year	-	-	-	1,703,989	19,279,725	-	-	-	1,302,846	21,144,823
Government securities purchased during the year	-	-	504,715	-	2,054,560	-	-	887,718	-	3,701,645
Government securities sold during the year	-	-	406,936	-	4,151,535	-	-	799,333	-	6,117,558
Contribution to defined benefit plan	-	-	-	-	237,032	-	-	-	-	211,260
Sale proceeds from disposal of fixed assets	-	-	-	-	-	-	-	52	-	-

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43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum capital requirement (MCR):

Paid-up capital (net of losses)

	2022	2021
	-----Rupees '000-----	
	15,176,965	15,176,965
Capital adequacy ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	55,723,079	56,923,128
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	55,723,079	56,923,128
Eligible tier 2 capital	11,155,424	6,750,022
Total eligible capital (tier 1 + tier 2)	66,878,503	63,673,150
Risk weighted assets (RWAs):		
Credit risk	306,729,896	273,538,696
Market risk	51,822,917	30,736,393
Operational risk	72,519,488	58,977,507
Total	431,072,300	363,252,596
Common equity tier 1 capital adequacy ratio (in %)	12.93%	15.67%
Tier 1 Capital adequacy ratio (in %)	12.93%	15.67%
Total Capital adequacy ratio (in %)	15.51%	17.53%

Capital adequacy is regularly monitored by the Holding Company's management, employing techniques based on the guidelines developed by the Basel Committee and as per the requirements of the SBP. The required information is submitted to the SBP on a quarterly basis.

As at December 31, 2022, the SBP requires each bank or banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10% and (c) maintain common equity tier I (CET1) ratio and tier 1 ratio of 6% and 7.5% respectively.

An additional capital conservation buffer (CCB) of 1.5% (to be met from CET1) has to be maintained over and above the minimum required level.

The paid-up capital of the Holding Company for the year ended December 31, 2022, stood at Rs 15.177 billion (2021: Rs 15.177 billion). As at December 31, 2022, the Group's consolidated CAR stood at 15.51% (December 31, 2021: 17.53%) whereas CET1 and Tier 1 ratios both stood at 12.93% (December 31, 2021: 15.67%).

The Holding Company is also in compliance with the conservation buffer requirements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2022	2021
	-----Rupees '000-----	
Leverage ratio (LR):		
Eligible tier-1 capital	55,723,079	56,923,128
Total exposures	<u>1,237,985,505</u>	<u>1,046,737,575</u>
Leverage ratio (%)	<u>4.50%</u>	<u>5.44%</u>
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	368,386,611	327,723,433
Total net cash outflow	<u>206,353,920</u>	<u>155,715,157</u>
Liquidity coverage ratio (Ratio)	<u>1.785</u>	<u>2.105</u>
Net stable funding ratio (NSFR):		
Total available stable funding	706,803,978	594,478,277
Total required stable funding	<u>416,877,978</u>	<u>346,320,285</u>
Net stable funding ratio (%)	<u>169.55%</u>	<u>171.66%</u>

43.1 The link to the full disclosure is available at <https://www.faysalbank.com/en/capital-adequacy-ratio-car/>

44 RISK MANAGEMENT

Risk management group (RMG) has been organised under the Chief Risk Officer (CRO). It has been authorised by the Board of Directors (BoD) to monitor the implementation of various risk policies via implementation of an integrated risk management framework across the Holding Company. As an ongoing exercise to integrate risk related functions, RMG has been expanded, strengthened and entrusted to monitor the risk areas across the organisation, including adoption and convergence towards regulatory and Basel guidelines on risk management.

The primary objective of this architecture is to inculcate risk management into the organisation flows to ensure that risks are timely and accurately identified and assessed, properly documented, approved and adequately monitored and managed in order to ensure that risk taking activities are in line with the guidelines approved by the BoD and to protect the interests of the Group's depositors and shareholders.

The 'risk management framework' at the Group encompasses:

- scope of risks to be managed;
- process, systems and procedures to manage risk; and
- roles and responsibilities of individuals involved in risk management.

The Group has adopted an approach that gives an integrated view of the risks faced by the organisation. This calls for aligning strategic vision, policy objectives and business processes / procedures within the risk management framework. The management of risk is integrated with the Group's management of capital and strategy. This ensures that risks taken in pursuit of the Group's strategic objectives are consistent with the policies, translating into targeted shareholder return as well as the Group's desired credit rating and risk appetite.

With this in view, the risk management framework endeavours to be a comprehensive and evolving guidelines to cater to changing business dynamics. The risk management framework includes:

- clearly defined risk management policies;
- well constituted organisational structure; and
- mechanism for ongoing review of all policies and procedures and risk exposures.

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The 'risk management framework' is built on the following elements:

- comprehensive risk governance; and
- effective risk processes.

The Group has developed and implemented a governance and management structure, processes surrounding each risk area, including credit risk, market risk, liquidity risk, capital management, operational risk, environmental risk and information security risk.

The essential components which contribute in effective management of all these risks are as follows:

- active board / senior management strategic direction and centralised RMG oversight;
- sufficient policies, procedures and limits;
- adequate risk measurement, monitoring and management information systems; and
- comprehensive internal controls.

The Board of Directors (BoD) monitoring and oversight is facilitated through the Board Risk Management Committee (BRMC), comprising of directors including the President & CEO. It is appointed and authorised by the BoD to assist in the design, regular evaluation and timely updation of the risk management framework. The BRMC has further authorised management committees such as Country Credit Committee (CCC), Agriculture Credit Committee (ACC), Enterprise Risk Management Committee (ERMC) and Assets and Liabilities Committee (ALCO) to supervise risk management activities within their respective areas.

In order to have an effective and efficient risk assessment, and to closely align its functions with business, RMG has separate risk management functions for credit risk management, based on the specialised skill sets and required specific experience in various business segments. These functions comprise of corporate risk, CBSME, agri and retail risk management.

The common responsibilities of all credit risk management functions include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with compliance department of the Holding Company to ensure conformity to the relevant Government regulations, the SBP PRs as well as internal policies.
- work with relationship teams to structure exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure adequate risk coverage.

The risk management architecture is further fostered by enterprise risk management, risk policy & analytics, information security function and an independent credit administration department.

The enterprise risk management function is responsible for managing and controlling market, operational and liquidity risks at an enterprise level and monitoring regulatory capital requirements of the Group.

Credit administration department - independent from the Risk Management function - looks after the security, loan documentation, disbursement and post disbursement monitoring aspects of the credit portfolio.

Risk policy and analytics department serves as an independent check in the risk management function. It performs periodic review of all credit related portfolios (corporate, CBSME, retail, agri, SAM) and analyses portfolio compositions, risk rating distributions, emerging trends of NPLs, renewal status of Risk Approvals (RAs) as per policy and other policy related matters. It also formulates / updates credit policies (along with various limits prescribed therein) in line with regulatory environment, business strategy, the BoD approvals and the best practices.

The information security risk function is responsible for information security risk identification, monitoring and reporting.

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44.1 Credit risk

Credit risk is the identification of probability that a counterparty will cause a financial loss to the Group due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from both direct lending activities as well as contingent liabilities.

The Group's credit risk philosophy is based on the Group's overall business strategy / direction as established by the Board. The Group is committed to the appropriate level of due diligence to ensure that credit risks have been properly analysed, fully disclosed to the approving authorities, appropriately rated, appropriately structured, appropriately priced and documented.

The Group deals with many different types of borrowers and borrowing structures across the corporate, commercial, SME, agriculture and retail segments. The Group manages customer credit risk exposures within appropriate limits to ensure that it does not provide a disproportionate level of credit to a single customer or group of connected clients. The Group follows aggregation principles – summing of credit risk limits to the same customer, or group of connected clients – to identify and manage effectively all significant credit risk exposures to a single customer within an individual business and, where appropriate, across other business segments.

The Group has well-defined credit approval and review processes under which senior officers with the requisite credit background, critically scrutinise, advise and discuss associated risks and recommend / review / approve credit facilities and financing, through respective credit committees. Besides financial, industry and transaction analysis, in order to quantify risks of counterparty, the credit evaluation also includes risk rating system to evaluate risk rating of the customers which is then monitored on a portfolio basis to gauge the Group's credit portfolio quality. To avoid risk concentration, counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

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

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

During 2022, Pakistan witnessed significant economic headwinds. Rising inflation, increasing fuel prices, depleting foreign exchange reserves, massive devaluation of the Pakistani rupee, political instability, increasing interest rates, and high budget deficit made the year more challenging. In this backdrop, Fitch, Moody's and S&P Global lowered the country's sovereign credit rating. In June 2022, Pakistan was hit with a natural catastrophe in the shape of worst ever floods in the history of the country. The floods resulted in millions of people being displaced and severe damage to both crops and livestock. Additionally, international commodity prices also remained volatile through the year. The headline inflation increased significantly touching a multi-year high of 27.32% in August. During the year, SBP increased the benchmark interest rate by a cumulative 625 bps to 16%. This steep increase was aimed at reducing aggregate demand in the economy and also to counter high inflation. This led to a steep uptick in domestic food prices.

The Group is regularly conducting credit portfolio reviews to assess early warning signs, with robust post disbursement credit review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. The Group is confident that it has adequate capacity to withstand these difficult times.

44.1.1 Segment by class of business

Credit Risk Management (CRM) Framework (non-retail / non-individual portfolio) covers three business segments: corporate risk management, commercial banking and SME (including agri) risk management and retail risk management. Based on overall guidance provided by a recognised and established external consultant, in line with the global best practices while ensuring regulatory compliance and alleviation of any (perceived) conflict of interest, credit management process has been segregated into two distinct categories:

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- independent risk advice by risk management function.
- credit approvals by credit committee(s), while taking into consideration the business unit recommendations / approvals and independent risk advice.

With this segregation, the role of risk management function in credit approval process is focused to provide risk advice only, based on key risk parameters; whereas relevant credit committees are responsible for providing credit related approvals.

The common responsibilities of corporate risk management and commercial banking and SME (including agri) risk management include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with relationship teams to advise on structure of exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure risk coverage.
- work with the independent credit risk review team (under internal audit) for effective and periodic review of the credit portfolio.

Retail risk management is responsible for managing the credit risk of consumer finance credit products, with credit facilities extended to individual (non-corporate) customers. The consumer finance / retail finance function operates on a program approach, which are approved by the Country Credit Committee and subsequently by the BoD. The retail risk management provides its input on risk parameters in term of 'risk advice', at the time of approval / changes in product programs. The retail risk management also ensures that all the ongoing individual credit approvals are within pre-defined risk parameters as per the approved product programs.

44.1.2 Credit risk: general disclosures Basel specific

The Group has adopted the standardised approach under Basel. According to the regulatory statement submitted under the standardised approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 60.56% (2021: 65.71%) of the total credit risk weighted assets, 1.00% (2021: 1.81%) represents claims on PSEs and 15.42% (2021: 14.62%) exposure pertains to claims categorised as retail portfolio.

44.1.3 Credit risk: disclosures for portfolio subject to standardised approach

For domestic claims, external credit assessment institutions (ECAIs) recommended by the SBP, namely Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited are used. For claims on foreign entities, ratings assigned by Standard and Poor, Fitch and Moody's are used. Exposures not rated by any of the aforementioned rating agencies are categorised as unrated.

Exposures	PACRA	VIS	Standard and Poor's	Moody's	Fitch
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
Sovereigns	-	-	✓	✓	✓
PSEs	✓	✓	-	-	-

The SBP's indicative mapping process as instructed in the SBP's circular "Minimum capital requirements for banks and DFIs" (indicated in table below) was used to map alpha numeric ratings of PACRA, VIS, S&P's, Moody's, Fitch ratings, and numeric scores of ECAs, to the SBP's rating grades.

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Long term rating grades mapping

SBP rating	ECA scores	PACRA	VIS	S & P	Moody's	Fitch
1	0,1	AA- and above	AA- and above	AA- and above	Aa3 and above	AA- and above
2	2	A+ to A-	A+ to A-	A+ to A-	A1 to A3	A+ to A-
3	3	BBB+ to BBB-	BBB+ to BBB-	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
4	4	BB+ to BB-	BB+ to BB-	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
5	5,6	B+ to B-	B+ to B-	B+ to B-	B1 to B3	B+ to B-
6	7	CCC+ & Below	CCC+ & Below	CCC+ & Below	Caa1 & Below	CCC+ & Below

Short term rating grades mapping

SBP rating	PACRA	VIS	S & P	Moody's	Fitch
S1	A-1 & above	A-1 & above	A-1 & above	P-1	F1
S2	A-2	A-2	A-2	P-2	F2
S3	A-3	A-3	A-3	P-3	F3
S4	Others	Others	Others	Others	Others

Particulars of the Group's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.4 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	----- Rupees '000-----					
Public / Government	5,815,098	-	-	-	-	-
Private	4,000,000	-	-	-	-	-
	9,815,098	-	-	-	-	-

44.1.5 Investment in debt securities

Credit risk by industry sector

Textile	10,981	49,206	10,981	49,206	10,981	49,206
Chemical and pharmaceuticals	1,467,506	1,537,161	1,467,506	1,518,161	1,467,506	1,518,161
Cement	500,000	500,000	500,000	500,000	500,000	500,000
Sugar	8,311	8,311	8,311	8,311	8,311	8,311
Power (electricity), gas, water, sanitary	49,860,108	54,617,664	-	-	-	-
Financial	839,000	750,000	-	-	-	-
Services	1,648,238	1,732,943	-	-	-	-
	54,334,144	59,195,285	1,986,798	2,075,678	1,986,798	2,075,678

Credit risk by public / private sector

Public / Government	49,862,130	54,617,664	-	-	-	-
Private	4,472,014	4,577,621	1,986,798	2,075,678	1,986,798	2,075,678
	54,334,144	59,195,285	1,986,798	2,075,678	1,986,798	2,075,678

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44.1.6 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
----- Rupees '000-----						
Agriculture, forestry, hunting and fishing	40,813,176	42,384,335	1,027,515	1,231,355	845,941	911,977
Mining and quarrying	8,746,866	8,770,702	6,231	3,451	3,683	3,451
Textile	83,030,104	63,685,273	5,907,748	6,602,501	5,776,564	6,470,270
Chemical and pharmaceuticals	17,360,361	9,664,209	586,371	669,993	518,267	549,784
Cement	15,398,016	10,041,721	41,608	41,608	39,108	39,108
Sugar	9,896,413	7,439,984	625,650	633,650	618,070	595,687
Footwear and leather garments	2,771,751	2,853,225	388,111	384,339	276,535	272,763
Automobile and transportation equipment	11,152,983	7,133,451	167,224	173,226	159,867	165,869
Electronics and electrical appliances	6,460,299	7,053,115	550,432	567,004	437,547	454,119
Construction	7,961,057	7,875,493	344,746	351,667	339,675	330,969
Power (electricity), gas, water, sanitary	73,371,182	69,211,880	1,827,534	1,845,437	1,748,555	1,603,828
Wholesale and retail trade	11,188,003	8,900,872	2,039,456	2,410,202	1,601,896	1,785,724
Transport, storage and communication	31,713,613	31,198,194	94,199	119,777	72,346	78,436
Financial	850,853	1,117,517	50,853	50,853	50,309	50,309
Insurance	10,250	11,602	-	-	-	-
Services	18,099,162	19,558,984	372,049	476,309	267,198	337,440
Individuals	55,782,330	48,699,162	1,636,282	1,787,102	1,122,073	1,136,889
Others	78,983,216	71,185,758	6,032,374	6,058,422	4,679,783	4,757,919
	<u>473,589,635</u>	<u>416,785,477</u>	<u>21,698,383</u>	<u>23,406,896</u>	<u>18,557,417</u>	<u>19,544,542</u>
Credit risk by public / private sector						
Public / Government	96,817,234	93,220,230	-	-	-	-
Private	376,772,401	323,565,247	21,698,383	23,406,896	18,557,417	19,544,542
	<u>473,589,635</u>	<u>416,785,477</u>	<u>21,698,383</u>	<u>23,406,896</u>	<u>18,557,417</u>	<u>19,544,542</u>

44.1.7 Contingencies and Commitments

Credit risk by industry sector

	2022	2021
----- Rupees '000-----		
Agriculture, forestry, hunting and fishing	78,065	44,037
Mining and quarrying	678,139	3,261,211
Textile	22,734,584	21,451,666
Chemical and pharmaceuticals	12,055,320	7,050,986
Cement	1,058,029	8,652,440
Sugar	205,989	643,720
Footwear and leather garments	298,884	466,910
Automobile and transportation equipment	1,167,955	5,645,982
Electronics and electrical appliances	1,174,849	510,289
Construction	2,234,021	1,892,355
Power (electricity), gas, water, sanitary	8,076,607	10,994,170
Wholesale and retail trade	6,434,119	7,728,377
Exports / imports	2,114	243,016
Transport, storage and communication	728,540	772,633
Financial	3,611,351	2,304,557
Services	4,611,413	4,762,588
Individuals	660,530	990,992
Others	26,111,316	34,837,175
	<u>91,921,825</u>	<u>112,253,104</u>
Credit risk by public / private sector		
Public / Government	105,113	18,505,122
Private	91,816,712	93,747,982
	<u>91,921,825</u>	<u>112,253,104</u>

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44.1.8 Concentration of advances

The Group's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs.152,999 million (2021: Rs. 180,968 million) are as following:

	2022	2021
	-----Rupees '000-----	
Funded	146,646,588	155,492,328
Non-funded	6,351,980	25,475,404
Total exposure	<u>152,998,568</u>	<u>180,967,732</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 211,207 million (2021: Rs 211,207 million).

There are no classified exposures under this category of advances.

44.1.9 Advances - province / region-wise disbursement and utilisation

Province / region	2022						
	Disburse-ments	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	-----Rupees '000-----						
Punjab	177,180,673	164,005,930	4,104,856	8,445,608	-	225,727	398,552
Sindh	293,029,999	6,307,610	246,804,499	39,402,869	26,641	192,011	296,369
KPK including FATA	4,856,540	-	-	4,845,455	-	11,085	-
Balochistan	-	-	-	-	-	-	-
Islamabad	16,735,716	734,210	99,542	1,063,018	55,308	14,726,430	57,208
AJK including Gilgit-Baltistan	49,888	-	-	3,459	-	-	46,429
Total	<u>491,852,816</u>	<u>171,047,750</u>	<u>251,008,897</u>	<u>53,760,409</u>	<u>81,949</u>	<u>15,155,253</u>	<u>798,558</u>

Province / region	2021						
	Disburse-ments	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	-----Rupees '000-----						
Punjab	271,037,685	264,677,854	4,718,916	249,972	1,324	1,271,014	118,605
Sindh	489,387,231	204,009,492	285,238,092	18,657	89,087	23,517	8,386
KPK including FATA	1,325,334	119,890	-	1,177,886	-	27,558	-
Balochistan	8,987	-	-	-	8,987	-	-
Islamabad	21,226,128	8,279,867	276,765	587,246	6,125	11,958,767	117,358
AJK including Gilgit-Baltistan	34,511	10,962	-	-	-	-	23,549
Total	<u>783,019,876</u>	<u>477,098,065</u>	<u>290,233,773</u>	<u>2,033,761</u>	<u>105,523</u>	<u>13,280,856</u>	<u>267,898</u>

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44.2 Market Risk

It is the risk that the value of on-balance sheet and off-balance sheet positions of the Group will be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Group seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office, market risk management and treasury middle office perform market risk management activities within the Group. The Group has Enterprise Risk Management Committee which is responsible for recommending market risk policies and strategies for the Board approval and its subsequent implementation and review.

44.2.1 Consolidated statement of financial position split by trading and banking books

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- Rupees '000-----						
Cash and balances with treasury banks	56,130,598	-	56,130,598	58,516,658	-	58,516,658
Balances with other banks	2,785,113	-	2,785,113	3,517,361	-	3,517,361
Lendings to financial institutions	9,815,098	-	9,815,098	-	-	-
Investments	12,366,221	456,941,813	469,308,034	13,253,792	343,995,564	357,249,356
Advances	454,260,608	-	454,260,608	396,295,362	-	396,295,362
Fixed assets	35,196,154	-	35,196,154	26,416,480	-	26,416,480
Intangible assets	2,341,852	-	2,341,852	2,098,064	-	2,098,064
Deferred tax assets	-	-	-	-	-	-
Other assets	45,169,011	-	45,169,012	25,875,215	-	25,875,215
	<u>618,064,656</u>	<u>456,941,813</u>	<u>1,075,006,469</u>	<u>525,972,932</u>	<u>343,995,564</u>	<u>869,968,496</u>

44.2.2 Foreign Exchange Risk

Foreign exchange risk / currency risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movements in currency exchange rates on the value of open foreign currency positions. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect revenues from foreign exchange dealing.

The Group undertakes currency risk mostly to support its trade services and maintains overall foreign exchange risk position to the extent of statutory Foreign Exchange Exposure Limit (FEEL) prescribed by the SBP.

Exposure limits such as counterparty, gap, net open position, dealer and bucket-wise currency delta limits are in place in accordance with the Bank's approved policies in order to manage associated risk and concentration at the acceptable tolerance levels.

Notes to and forming part of the Consolidated Financial Statements

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	2022				2021			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	----- Rupees '000-----							
United States Dollar	10,061,861	50,359,791	39,414,819	(883,111)	11,909,389	55,055,595	42,400,210	(745,996)
Great Britain Pound								
Sterling	1,381,063	5,644,913	4,259,981	(3,869)	888,498	5,828,896	4,940,112	(286)
Euro	1,226,225	3,050,832	1,832,092	7,485	662,854	2,701,127	2,042,484	4,211
Japanese Yen	2,996	1,444	-	1,552	241	99,829	99,645	57
Other currencies	936,471	860,316	-	76,155	270,061	407,738	145,761	8,084
	<u>13,608,616</u>	<u>59,917,296</u>	<u>45,506,892</u>	<u>(801,788)</u>	<u>13,731,043</u>	<u>64,093,185</u>	<u>49,628,212</u>	<u>(733,930)</u>

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees '000-----			
Impact of 1% change in foreign exchange rates on				
- profit and loss account	(41)	(7,835)	(9)	(7,302)
- other comprehensive income	-	-	-	-

44.2.3 Equity position Risk

Equity position risk is the risk arising from unfavourable fluctuations in prices of shares in which the Group carries positions. It is a risk to earnings or capital that results from adverse changes in the value of equity related portfolios of the Group. Price risk associated with equities could be systematic or unsystematic. Systematic risk is due to sensitivity of portfolio's value to changes in overall level of equity prices, while unsystematic risk is associated with price volatility that is determined by the specific characteristics of the investee company.

The Group's equity position is governed by position limits imposed by the SBP for overall investment and per scrip exposure. Additionally, there are internal limits set to manage overall earnings in the form of stop loss limits and maintain a diverse portfolio through sector concentration limits.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees '000-----			
Impact of 5% change in equity prices on				
- profit and loss account	-	11,753	-	76,178
- other comprehensive income	4,633	588,687	4,196	455,127

44.2.4 Yield / interest rate risk in the banking book (IRRBB)-Basel II specific

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees '000-----			
Impact of 1% change in interest rates on				
- profit and loss account	(1,266,083)	3,124,480	(1,374,678)	2,553,183
- other comprehensive income	-	(3,109,517)	-	(1,026,876)

Notes to and forming part of the Consolidated Financial Statements

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44.2.5 Mismatch of interest rate sensitive assets and liabilities

Effective yield / interest rate (%)	Total	2022										Non-interest bearing financial instruments
		Exposed to yield / interest risk										
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		

(%) Rupees '000

On-balance sheet financial instruments

Assets

Cash and balances with treasury banks	56,130,598	-	-	-	-	-	-	-	-	-	-	56,130,598
Balances with other banks	2,785,113	-	-	-	-	-	-	-	-	-	-	2,785,113
Lending to financial institutions	9,815,098	9,815,098	-	-	-	-	-	-	-	-	-	9,815,098
Investments	466,876,561	17,473,983	49,865,260	336,510,393	6,029,190	1,304,593	5,695,344	40,168,612	-	-	-	9,841,186
Advances	454,260,608	285,833,752	87,011,370	30,256,232	19,283,170	99,028	358,572	6,302,332	21,970,250	4,935	-	3,140,967
Other assets	45,169,012	-	-	-	-	-	-	-	-	-	-	45,169,012
	1,035,039,990	313,122,833	136,876,630	386,766,625	25,312,360	1,403,621	6,053,916	46,460,944	21,970,250	4,935	-	117,066,876

Liabilities

Bills payable	21,309,950	-	-	-	-	-	-	-	-	-	-	21,309,950
Borrowings	150,134,396	32,826,776	47,004,394	11,926,013	62,754	5,553,188	1,652,133	4,209,566	45,692,011	105,383	-	1,662,178
Deposits and other accounts	781,556,223	374,113,778	73,045,097	20,144,707	12,930,417	180,993	88,365	83,636	-	-	-	301,019,240
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	48,103,963	-	-	-	-	-	-	-	-	-	-	48,103,963
	1,001,104,532	406,440,554	120,049,491	32,070,720	12,993,171	5,734,171	1,690,498	4,293,202	45,692,011	105,383	-	372,095,331
	33,934,458	(93,317,721)	16,827,139	334,695,905	12,319,189	(4,330,550)	4,363,418	42,167,742	(23,661,761)	(100,448)	-	(255,028,455)

On-balance sheet gap

Net non-financial assets

Total net assets

Off-balance sheet financial instruments

Commitments in respect of:												
- forward foreign exchange contracts (lending)	50,919,583	15,258,965	16,862,852	18,020,766	777,000	-	-	-	-	-	-	-
- forward foreign exchange contracts (borrowing)	6,264,654	4,407,179	1,789,815	67,660	-	-	-	-	-	-	-	-
- forward government securities transactions (lending)	5,825,358	5,825,358	-	-	-	-	-	-	-	-	-	-
- forward government securities transactions (borrowing)	35,400,890	-	35,400,890	-	-	-	-	-	-	-	-	-
- cross currency and interest rate swaps	1,510,401	-	-	-	-	-	-	-	-	-	-	1,510,401
- forward lending	-	-	-	-	-	-	-	-	-	-	-	-
	13,568,996	16,677,144	(20,327,853)	17,953,106	777,000	-	-	-	-	-	-	(1,510,401)

Off-balance sheet gap

Total yield / interest risk sensitivity gap

Cumulative yield / interest risk sensitivity gap

	(76,640,577)	(3,500,714)	352,649,011	13,096,189	(4,330,550)	4,363,418	42,167,742	(23,661,761)	(100,448)			
	(76,640,577)	(80,141,291)	272,507,720	285,603,909	281,273,359	285,636,777	327,804,519	304,142,758	304,042,310			

Notes to and forming part of the Consolidated Financial Statements

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		2021									
		Exposed to yield / interest risk									
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
On-balance sheet financial instruments		Rupees '000									
	(%)										
Assets											
Cash and balances with treasury banks		-	31	-	-	-	-	-	-	-	88,516,627
Balances with other banks		-	-	-	-	-	-	-	-	-	3,517,361
Lending to financial institutions		-	-	-	-	-	-	-	-	-	-
Investments	7.5	116,174,948	68,506,857	162,034,290	4,696,806	-	-	-	-	-	4,256,237
Advances	8.1	163,504,430	99,924,223	60,895,039	44,614,728	2,842,339	161,081	2,948,423	12,962,289	4,356,624	4,086,186
Other assets		-	-	2,080	-	-	-	-	-	-	25,873,135
		839,873,734	279,679,378	168,431,111	222,931,409	49,311,534	2,842,339	161,081	2,948,423	12,962,289	4,356,624
		96,249,546									
Liabilities											
Bills payable		-	-	-	-	-	-	-	-	-	14,122,901
Borrowings	7.7	14,376,667	30,221,760	18,921,598	7,394,561	127,515	564,010	2,533,729	29,976,064	4,508,729	2,545,196
Deposits and other accounts	3.7	343,847,429	52,464,330	12,910,472	19,520,599	79,178	670,073	8,638	1,000	-	214,538,280
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-
Other liabilities		320,391	625,797	20,503	-	-	-	-	-	-	31,029,851
		801,349,271	358,544,487	31,852,573	26,915,160	206,693	1,234,083	2,562,367	29,977,064	4,508,729	282,236,228
		38,524,463	78,865,109	85,119,224	191,078,836	22,396,374	2,635,646	386,056	(17,014,775)	(152,105)	(165,986,682)
On-balance sheet gap											
		27,605,937									
Net non-financial assets											
Total net assets											
		66,130,400									
Off-balance sheet financial instruments											
Commitments in respect of:											
- forward foreign exchange contracts (lending)		90,624,579	22,989,453	31,929,618	35,058,118	647,390	-	-	-	-	-
- forward foreign exchange contracts (borrowing)		40,696,274	17,796,399	13,928,728	8,971,147	-	-	-	-	-	-
- forward government securities transactions (lending)		-	-	-	-	-	-	-	-	-	-
- forward government securities transactions (borrowing)		19,884,976	11,925,766	7,959,210	-	-	-	-	-	-	-
- cross currency and interest rate swaps		6,681,964	-	-	-	-	-	-	-	-	6,681,964
- forward lending		-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap											
		23,361,365	(6,732,712)	10,041,680	26,086,971	647,390	-	-	-	-	(6,681,964)
Total yield / interest risk sensitivity gap											
		(85,597,821)	95,160,904	217,165,807	23,043,764	2,635,646	(1,073,002)	386,056	(17,014,775)	(152,105)	
Cumulative yield / interest risk sensitivity gap											
		(85,597,821)	9,563,083	226,728,890	249,772,654	252,408,300	251,335,298	251,721,354	234,706,579	234,554,474	

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Yield curve risk is the risk that a financial instrument will suffer either a decline in income or capital because future changes in prevailing interest rates impact assets more or less than they impact liabilities.

The interest rate risk of the Group arises when there is a mismatch between contractual maturities, which are subject to interest rate adjustment within a specified period or re-pricing of on and off-balance sheet assets and liabilities. Risk is addressed by Asset and Liability Management Committee that reviews the interest rate dynamics at regular intervals and decides re-pricing of assets and liabilities to ensure that the spread of the Group remains at an acceptable level.

Major sources of interest rate risk are;

- i) differences between the timing of rate changes and the timing of cash flows (re-pricing risk);
- ii) changing rate relationships among different yield curves affecting the Group's activities (basis risk);
- iii) changing rate relationships across the range of maturities (yield curve risk);
- iv) interest-related options embedded in the Group's products (options risk); and
- v) changes in marked-to-market value of financial instruments which occur when interest rate changes (price risk).

44.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human factors or from external events. The Group businesses are dependent on the ability to process a large number of transactions efficiently and accurately. Operational risks and losses originate from business / operational process failure, IT security failure, natural disasters, dependence on key suppliers, fraud, service quality compromises, regulatory non-compliance, loss of key staff and social and environmental impacts.

The operational risk management function is primarily responsible for the oversight of operational risk management across the Group. The operational risk management framework of the Group is governed by the operational risk management policy and procedures, while the implementation is supported by an operational risk management system and designated operational risk coordinators within different units across the Group. The framework is in line with international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organizational learning and future requirements.

The Group has implemented an effective operational risk management framework for managing operational risk. Each department has processes and system controls in place to address operational risks within their area. Operational loss data is collected through a well defined program implemented across the Group. Periodic workshops are conducted for risk and control self assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key risk indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes are subject to comprehensive operational risk assessments, before implementation. Regular updates on operational risk status is presented to Enterprise Risk Management Committee (ERMC) and the Board of Directors through the Board Risk Management Committee (BRMC).

Operational risk-disclosures Basel II specific

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Group is currently using basic indicator approach for calculating operational risk capital charge.

Under basic indicator approach the capital charge for operational risk is a fixed percentage (denoted alpha) of average positive annual gross income of the Group over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

44.4 Shariah Non-Compliance Risk (SNCR)

Shariah Non-Compliance Risk (SNCR) is the risk that arises from a Group's failure to comply with the Shariah rules and principles prescribed by the State Bank of Pakistan and Shariah Board of the Bank. Managing Shariah non-compliance risk is vital for the establishment of an effective Shariah governance system. Shariah compliance is critical to an Islamic Group's operations and such compliance requirements must permeate throughout the organization and its products and activities.

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Faysal Bank Limited (FBL), being converted into Islamic Bank is fully aware of the importance and implication of Shariah non-compliance risk on its business and strategy and therefore, ensures Shariah compliance in its business activities & operations. FBL has also developed a comprehensive framework for Shariah Non-Compliance Risk management, which entails identification, assessment, monitoring / controlling and reporting of SNCR residing in the Bank.

44.5 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replenish funds when they are withdrawn.

Liquidity risk management framework is governed by the liquidity risk management policy. The policy provides specific directives for measuring and managing liquidity risk identifies responsible personnel; and defines their respective roles and responsibilities relating to liquidity risk management.

The management of liquidity risk is accomplished through a formal structure which includes:

- Board of Directors (BoD)
- Board Risk Management Committee (BRMC)
- Asset and Liability Committee (ALCO)
- Enterprise Risk Management Committee (ERMC)
- Treasury
- Risk management (enterprise risk management)
- Finance

The BoD approves the liquidity risk management policy including risk limits and ensures, through quarterly reviews by the BRMC, that the Group's liquidity risk is being managed prudently. The BRMC plays a strategic role in liquidity risk management by overseeing the liquidity risk profile of the Group. ERMC defines the risk tolerance levels and setting risk limits for effective liquidity risk management. ALCO ensures adherence with policy requirements and risk limits so that the Group remains sufficiently liquid at all times.

The market and liquidity risk under enterprise risk management function overseas liquidity risk. The Group's Asset and Liability Committee manages the liquidity position on a continuous basis.

The Group ensures to maintain a diversified portfolio of liquid assets and funding base. Sources of funding comprise of a good mix of core deposits. Concentration in deposit, especially large volume deposits, is closely monitored to anticipate any potential liquidity issues in case of their withdrawals.

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like liquid assets to liquid liabilities, liquid assets to total deposits, large volume deposits to total deposits, advances to deposit, liquid assets to volatile funding; on a regular basis against defined limits. Further, liquidity gaps over different time bands, are also monitored through maturity profiling of assets and liabilities. The Group also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, the Group has also implemented the SBP's Basel III liquidity standards for ensuring compliance with the requirements of LCR, NSFR and other monitoring tools.

The Group performs liquidity stress testing on periodic basis in order to ensure sufficient liquidity is always available to meet financial obligations / commitments. Stress testing aims to quantify the potential impact of extreme yet plausible events or movements on the value of portfolio. Shocks include withdrawal of deposits, withdrawal of wholesale / large deposits, withdrawal of top deposits, etc. The results of liquidity stress testing are shared with relevant authorities / committees, on periodic basis.

Contingency funding plan (CFP) is a part of liquidity risk management policy of the Group. CFP provides a set of several early warning indicators of a possible liquidity shortfall situation; describes the actions to be taken to manage it and identifies the roles and responsibilities of ALCO, CFP team or other relevant authorities.

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44.5.1 Maturities of assets and liabilities - based on contractual maturities

	2022												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets													
Cash and balances with treasury banks	56,130,598	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,785,113	2,785,113	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	9,815,098	9,815,098	-	-	-	-	-	-	-	-	-	-	-
Investments	469,308,034	-	-	9,093,505	1,551,727	1,551,728	7,905,036	7,111,439	3,103,455	1,304,593	34,085,999	352,663,849	50,916,703
Advances	454,260,608	34,186,754	37,040,685	56,288,565	16,739,520	34,460,468	41,330,899	13,508,603	14,769,861	43,227,548	38,136,574	48,307,902	62,655,167
Fixed assets	35,196,154	44,540	119,606	318,949	598,728	600,630	615,336	697,696	49,035	560,358	918,548	3,004,622	27,528,566
Intangible assets	2,341,852	5,928	35,569	94,850	177,843	178,155	177,843	6,254	42,987	47,183	607,102	569,630	357,011
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	45,169,012	3,097,281	2,413,101	5,466,129	5,264,821	4,526,933	15,699,975	1,085,712	1,602,493	2,942,649	26,895	-	489,509
	1,075,006,469	93,465,101	52,209,172	71,251,998	24,332,639	41,317,914	65,729,089	22,409,704	19,567,891	48,082,331	73,775,118	404,566,003	131,926,956
Liabilities													
Bills payable	21,309,950	710,333	4,261,990	11,365,306	-	-	-	-	-	-	-	-	-
Borrowings	150,134,396	3,181,672	16,762,435	7,592,339	31,418,445	15,585,950	11,926,013	35,535	27,219	5,553,188	1,652,133	4,209,566	45,737,395
Deposits and other accounts	781,556,223	625,649,585	19,570,683	22,341,735	26,417,044	46,630,258	20,145,315	6,665,682	6,265,135	180,983	38,365	69,129	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	744,088	-	-	-	-	-	-	-	-	-	744,088	-	-
Other liabilities*	50,647,609	335,632	2,486,113	5,741,959	4,751,305	7,738,669	9,407,642	3,772,954	5,675,198	8,343,089	73,487	1,451	-
	1,004,392,266	629,877,222	43,081,221	21,357,246	47,011,339	62,586,794	69,954,877	41,478,970	10,474,171	11,967,552	14,077,260	2,508,073	4,280,146
Net assets	70,614,203	636,412,121	9,127,951	5,015,367	24,240,659	38,254,155	28,636,963	24,250,119	11,935,533	7,600,279	34,005,071	71,267,045	400,285,857
Share capital	15,176,965	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	11,675,968	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	10,669,662	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	33,091,551	-	-	-	-	-	-	-	-	-	-	-	-
Total equity attributable to the equity holders of the Bank	70,614,146	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	57	-	-	-	-	-	-	-	-	-	-	-	-
	15,176,965	11,675,968	10,669,662	33,091,551	70,614,146	57	-	-	-	-	-	-	-
	11,814,937	-	-	-	514	818	3,227	10,342	107,249	129,713	441,652	1,596,179	9,525,243
Liabilities													
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

	2022												
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Liabilities													
Lease liabilities	11,814,937	-	-	-	514	818	3,227	10,342	107,249	129,713	441,652	1,596,179	9,525,243

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2021													
Rupees '000													
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets													
Cash and balances with treasury banks													
58,516,658	58,516,658	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks													
3,517,361	3,517,361	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions													
357,249,356	151,437	454,310	58,768,908	5,703,322	10,103	17,472,096	3,133,862	7,677	3,187	45,873,626	3,249,110	170,008,738	52,412,790
Investments													
396,295,362	42,076,919	30,081,712	12,149,811	29,077,453	33,648,642	21,340,575	35,958,212	9,801,512	13,437,244	36,820,194	36,169,242	44,383,735	51,349,111
Advances													
26,416,480	410,114	82,043	95,725	218,782	412,451	417,877	435,792	86,659	110,822	393,130	1,133,688	2,712,814	19,906,573
Intangible assets													
2,088,064	4,974	29,843	34,817	79,582	149,217	149,217	149,217	-	-	387,494	125,546	334,836	663,321
Deferred tax assets													
25,875,215	3,124,720	1,050,940	1,353,277	3,940,019	4,781,111	2,539,643	6,613,841	357,340	735,195	1,356,899	22,230	-	-
Other assets													
689,988,496	107,802,183	31,688,846	72,402,538	39,019,358	39,001,524	41,919,398	46,291,924	10,253,188	14,286,448	84,831,343	40,699,826	217,440,123	124,321,795
Liabilities													
Bills payable													
14,122,901	14,122,901	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings													
111,189,829	2,935,770	13,414,094	100,000	472,000	16,687,909	13,533,850	18,921,598	45,376	7,349,184	127,515	564,010	2,553,691	34,484,832
Deposits and other accounts													
644,039,999	485,985,651	10,505,757	4,699,300	34,960,297	28,340,728	41,608,503	14,402,808	4,570,031	17,897,790	202,029	805,755	60,350	1,000
Liabilities against assets subject to finance lease													
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt													
611,506	-	-	-	-	-	-	-	-	-	-	-	-	611,506
Deferred tax liabilities													
33,873,861	1,032,161	580,933	809,873	7,615,737	3,902,233	2,719,855	3,235,115	1,151,225	1,289,840	858,671	370,928	2,599,553	7,647,737
Other liabilities *													
803,838,096	504,076,483	24,500,784	5,609,173	43,048,034	48,930,870	57,922,208	36,559,521	5,766,632	26,536,814	1,188,215	1,740,693	5,213,594	42,745,075
66,130,400	(396,274,300)	7,198,064	66,793,365	(4,028,676)	(9,929,346)	(16,002,810)	9,732,403	4,486,556	(12,250,366)	83,643,128	38,959,133	212,226,529	81,376,720
Net assets													
15,176,965	-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital													
12,613,183	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves													
7,061,583	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net													
31,278,631	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit													
66,130,362	-	-	-	-	-	-	-	-	-	-	-	-	-
Total equity attributable to the equity holders of the Bank													
38	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest													
66,130,400	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities													
Lease liabilities													
9,717,316	-	-	-	-	468	2,636	2,769	2,769	36,765	161,180	226,608	1,652,322	7,631,799

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

2021													
Rupees '000													
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
9,717,316	-	-	-	-	468	2,636	2,769	2,769	36,765	161,180	226,608	1,652,322	7,631,799

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

44.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

In line with the SBP BSD Circular Letter No. 02 and 03 of 2011 on "Maturity and Profit rate sensitivity gap reporting", deposit withdrawal pattern analysis on current and saving accounts (CASA) is conducted on at least ten years weekly data. The outliers (seasonal variations) are adjusted from data using fourth spread statistical methodology. The regression methodology is used to estimated deposits withdrawal pattern of both current and saving deposits. This methodology is in line with industry best practices and regulatory guidelines.

	2022									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	56,130,598	4,765,484	979,478	1,509,912	3,567,096	7,136,999	16,378,894	9,443,965	12,323,462	25,308
Balances with other banks	2,785,113	236,451	48,599	74,917	176,989	354,117	812,673	468,582	611,454	1,331
Lendings to financial institutions	9,815,098	9,815,098	-	-	-	-	-	-	-	-
Investments	469,308,034	23,112,451	3,103,455	331,134,499	10,214,894	1,304,593	5,695,344	43,826,095	50,916,703	-
Advances	454,260,608	63,679,626	64,700,019	62,384,716	74,707,138	46,407,073	41,418,967	48,307,902	44,835,199	7,819,968
Fixed assets	35,196,154	25,307	2,601	17,307	1,942,789	1,756,416	918,548	3,003,841	9,395,038	18,134,307
Intangible assets	2,341,852	-	-	313	361,941	398,674	47,183	607,102	300,933	625,706
Deferred tax assets	45,169,012	13,550,025	9,791,754	15,699,975	2,688,205	2,942,649	26,897	-	-	469,507
Other assets	1,075,006,469	115,184,442	78,625,906	410,821,639	93,659,052	60,300,521	65,298,506	105,657,487	118,382,789	27,076,127
Liabilities										
Bills payable	21,309,950	21,309,950	-	-	-	-	-	-	-	-
Borrowings	150,134,396	33,988,952	47,004,394	11,926,013	62,754	5,553,188	1,652,133	4,209,566	45,632,011	106,385
Deposits and other accounts	781,556,223	102,066,763	83,866,919	36,613,751	52,063,505	78,388,434	184,527,893	106,208,636	137,547,258	273,064
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	744,088	-	-	-	-	-	744,088	-	-	-
Other liabilities *	50,647,609	10,883,811	12,489,975	9,407,642	9,448,152	8,274,763	141,831	1,435	-	-
Net assets	1,004,392,266	168,249,476	143,361,288	57,947,406	61,574,411	92,216,385	187,065,945	110,419,637	183,179,269	378,449
Share capital	70,614,203	53,065,034	64,735,382	352,874,233	32,084,641	31,915,864	121,767,439	4,762,150	64,796,480	26,697,678
Reserves	15,176,965	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	11,675,968	-	-	-	-	-	-	-	-	-
Unappropriated profit	10,869,862	-	-	-	-	-	-	-	-	-
Total equity attributable to the equity holders of the Bank	33,091,551	-	-	-	-	-	-	-	-	-
Non-controlling interest	70,614,146	-	-	-	-	-	-	-	-	-
	57	-	-	-	-	-	-	-	-	-
	70,614,203	-	-	-	-	-	-	-	-	-

This contains maturity analysis of lease liabilities based on expected maturities which is shown below:

	2022									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Liabilities										
Lease liabilities	11,814,937	-	1,332	93,558	27,260	129,713	441,652	1,596,179	8,164,671	1,360,572

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

2021									
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets	Rupees '000								
Cash and balances with treasury banks	292,485	588,749	1,182,162	2,379,490	4,605,342	5,715,792	10,959,169	18,902,276	13,891,193
Balances with other banks	17,581	35,389	71,058	143,028	276,821	343,569	668,740	1,136,192	834,983
Lendings to financial institutions	-	-	-	-	-	-	-	-	-
Investments	54,442,090	17,936,500	8,183,183	6,153,564	45,873,626	3,249,210	170,091,871	51,105,979	213,333
Advances	47,806,696	64,487,314	51,361,081	57,370,872	40,039,627	39,496,925	44,383,735	44,075,202	7,273,910
Fixed assets	806,663	830,328	485,792	197,482	393,130	1,133,698	2,712,814	8,486,348	11,420,225
Intangible assets	149,217	298,434	149,217	-	387,494	125,546	334,836	653,320	-
Deferred tax assets	-	-	-	-	-	-	-	-	-
Other assets	8,577,090	7,338,076	7,091,708	1,312,090	1,356,899	199,352	-	-	-
	869,968,496	112,091,822	68,474,201	67,556,526	92,932,939	50,264,092	229,141,165	124,359,317	33,633,644
Liabilities	Rupees '000								
Bills payable	14,122,901	-	-	-	-	-	-	-	-
Borrowings	16,921,864	30,221,760	18,921,598	7,394,561	127,515	564,010	2,553,729	29,976,025	4,508,767
Deposits and other accounts	52,775,012	74,811,641	24,170,545	42,116,249	38,462,298	48,263,320	91,168,398	156,787,784	115,484,752
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	9,152,461	5,952,185	3,712,604	2,664,400	1,606,605	543,395	2,599,553	6,827,586	815,072
	803,838,096	92,972,238	46,804,747	52,175,210	40,196,418	49,370,725	96,321,680	194,202,901	120,808,591
Net assets	19,119,584	(19,470,796)	21,669,454	15,381,316	52,736,521	893,367	132,819,485	(69,843,584)	(87,174,947)
Share capital	15,176,965								
Reserves	12,613,183								
Surplus on revaluation of assets - net	7,061,583								
Unappropriated profit	31,278,631								
Total equity attributable to the equity holders of the Bank	66,130,362								
Non-controlling interest	38								
	66,130,400								
This contains maturity analysis of lease liabilities based on expected maturities which is shown below:									
2021									
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Liabilities	Rupees '000								
Lease liabilities	-	3,103	2,769	39,534	161,180	226,608	1,652,322	6,827,586	804,214
	9,717,316								

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

44.6 Derivative risk management

The Group's derivatives risk management is performed under market risk management which is an independent unit reporting to the Chief Risk Officer. The risk management policies are governed by the regulatory and internal guidelines. The risk management department of the Group reviews credit risk, market risk and other risks associated with the derivative transactions or related area of the activity and assigns limits within which the transactions / area of activity can be carried out. Furthermore, Group's derivative portfolio is on run off basis due to conversion. Adherence to these limits is ensured through independent monitoring and control functions.

There are a number of risks undertaken by the Group, which need to be monitored and assessed. The management of risks includes the following primary components:

- comprehensive risk measurement approach;
- detailed structure of limits, guidelines and other parameters used to govern risk taking; and
- strong management information system for controlling, monitoring and reporting risks.

Major risks associated with the derivative instruments are market risk, credit risk and liquidity risk. The Group uses SunGard-Sierra to measure and manage these risks which provides end-to-end capability with respect to transaction life cycle.

Market risk

Market risk is the risk that the value of a derivative contract will be adversely affected by movements in equity prices, profit rates, currency exchange rates and commodity prices. The authority for approving policies, limits and periodic reviews rest with the Board of Directors. The critical measures used to manage market risks are profit rate delta and currency delta basis. These measures involve extreme shifts in a variety of parameters, such as FX rates, profit rates, equity prices, implied volatility levels and combinations of the above. These measures are calculated through the relevant systems.

Credit risk

Credit risk is the risk that a party to a derivative contract will fail to perform its obligation. There is a settlement risk associated with the derivative transactions. Settlement risk is monitored on a daily basis. Risk management department of the Group sets the policies and limits for counterparty risk based on a pre-defined criteria linked with the internal risk rating of the customer.

Liquidity risk

Liquidity risk is managed as part of the overall liquidity risk of the Group. The risk management policies related to liquidity risk are explained in note 44.5 to these unconsolidated financial statements.

45 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 23, 2023 by the Board of Directors of the Holding Company.

46 GENERAL

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

47 EVENTS AFTER THE REPORTING DATE

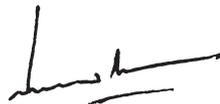
The Board of Directors in its meeting held on February 23, 2023 has proposed a final cash dividend of 10% (2021: 10%). These consolidated financial statements for the year ended December 31, 2022 do not include the effect of these appropriations which will be accounted for subsequent to the year end.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Annexure I to and forming part of the Consolidated Financial Statements

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2021 as referred in note 11.5 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4		5	6	7	8	9	10	11	12	13
Rupees '000													
1	Leisure Apparels (Pvt) Ltd	87/I, 14Th Street, Khayaban-E-Sahar, Phase-VI, Dha, Karachi	1-Ahmed Fuad Mirza 2-Fatza Fuad	1-42301-2976899-5 2-42301-8271842-4	1-Ahmed Jamal Mirza 2-Ahmed Fuad Mirza	-	12,488	944	13,432	-	12,488	944	13,432
2	Paramount Spinning Mills	157, 2Nd Floor Cotton Exchange Building I.I.Chundrigar Road Karachi.	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	-	29,715	-	29,715	-	29,715	-	29,715
3	Paramount Spinning Mills	157, 2Nd Floor Cotton Exchange Building I.I.Chundrigar Road Karachi.	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	-	163,639	17	163,656	-	163,639	17	163,656
4	Paramount Spinning Mills	157, 2Nd Floor Cotton Exchange Building I.I.Chundrigar Road Karachi.	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	-	47,972	-	47,972	-	47,972	-	47,972
5	Dhrr Marketers (Mohammad Taufiq)	501 5Th Floor Uni Shoppin Uni Shopping Centre Abdullhan Haroon Road Karachi	Mohammad Taufiq	42301-0822745-9	Mohammad Qasim	25,000	65,661	-	90,661	-	65,365	-	56,365
6	Nazura Ali Sayal	173-1 Khayaban-E-Muhaliz, Ph Ase-Vi Dha Karachi Pakistan Karachi	1-Nazura Ali Sayal 2-Alisha Wafa Sayal	1-42301-1641574-4 2-42301-9910000-4	1-Akber Ali Sayal 2-Akber Ali Sayal	13,337	19,170	-	32,507	-	15,808	-	15,808
7	Ghulam Hussain	House No.377, B-1-Area, Liaquatabad, Karachi.	Ghulam Hussain	42101-1433062-9	Muhammud Yousaf	1,446	3,116	-	4,562	-	3,133	-	3,133
8	Gulshan Weaving Mills Ltd.	2Nd Floor Finlay House, I.I. Chundrigar Road Karachi	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	79,370	113,246	-	192,616	79,370	118,804	-	198,174
9	Gulshan Weaving Mills Ltd.	2Nd Floor Finlay House, I.I. Chundrigar Road Karachi	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	139,005	141,884	-	280,889	139,005	148,600	-	287,605
10	Gulshan Weaving Mills Ltd.	2Nd Floor Finlay House, I.I. Chundrigar Road Karachi	1-Abdul Shakoor 2-Naser Ahmed 3-Tanzeer Ahmed	1-42201-0350226-5 2-42201-0632509-5 3-42201-0350138-5	1-Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	141,381	197,693	-	339,074	124,427	203,313	-	327,740
11	Incus Battery Industries	F-244, Site Industrial Area Karachi	1-Ahmad Ismail (Late) 2-Habib Jamal 3-Rashid Ahmad 4-Tahir Ahmed 5-Asad Ahmad 6-Khuram Jamal 7-Shamina Begum 8-Kishwar Jamal 9-Farraz Ahmed	1-42201-5777085-1 2-42201-4933927-9 3-42201-0498734-7 4-42201-4203452-3 5-42201-3798740-1 6-42201-7257154-9 7-42201-4767570-4 8-42201-9288941-4 9-42201-9401530-2	1-Muhammud Ismail 2-Muhammud Ismail 3-Muhammud Ismail 4-Ahmad Ismail 5-Ahmad Ismail 6-Habib Jamal 7-Ahmed Ismail 8-Habib Jamal 9-Asad Ahmad	-	68,266	-	68,266	-	68,266	-	68,266
12	Farraz Ahmad (Image Embroidery)	15/C 3Rd Zamzama Commercial Lane, Phase-V, Dha, Karachi,	Farraz Ahmad	42201-9401530-2	Asad Ahmad	-	97,719	-	97,719	-	64,983	-	64,983

Annexure I to and forming part of the Consolidated Financial Statements

S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Interest / Mark-up written-off	Other Financial Reliefs	Total (10+11+12)
						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
													Rupees '000
13	Fahima Garments (Shoab Usman Sulman)	23-Dawood Colony, Block No.IV & V, Kda Scheme No. 7, Stadium Road-Karachi	Shoab Osman Sulman	42201-0719719-5	Usman Sulman	49	2,299	-	2,348	-	-	2,205	2,205
14	Fahima Garments (Shoab Usman Sulman)	23-Dawood Colony, Block No.IV & V, Kda Scheme No. 7, Stadium Road-Karachi	Shoab Osman Sulman	42201-0719719-5	Usman Sulman	5,000	8,582	-	13,582	-	-	9,108	9,108
15	Aaa Electronics Industries (Pvt.) Ltd.	11- Modern Co-Operative Housing Society, Tipu Sultan Road Karachi	1-Abid Farooq 2-Amjad Farooq 3-Arshad Farooq 4-Surya Farooq 5-S.M.Farooq	1-35202-0485641-3 2-42000-0397564-5 3-42000-0497406-1 4-42000-038449-6 5-42000-0412513-5	1-S.M Farooq 2-S.M Farooq 3-S.M Farooq 4-S.M Farooq 5-Ahmedudul Mangoon	-	11,785	-	11,785	-	-	11,421	11,421
16	Pakistan Air Conditioning (Pvt.) Ltd.	11- Modern Co-Operative Housing Society, Tipu Sultan Road Karachi	1-Abid Farooq 2-Amjad Farooq 3-Arshad Farooq 4-Surya Farooq 5-S.M.Farooq	1-35202-0485641-3 2-42000-0397564-5 3-42000-0497406-1 4-42000-038449-6 5-42000-0412513-5	1-S.M Farooq 2-S.M Farooq 3-S.M Farooq 4-S.M Farooq 5-Ahmedudul Mangoon	-	23,591	-	23,591	-	-	22,685	22,685
17	Rabica Wahab (Logistics Management)	H.No.325 Garden West Karachi	Mrs. Rabica Wahab	42201-9608506-6	Mr. Abdul Wahab	-	1,546	-	1,546	-	-	546	546
18	Progressive Distribution	Plot 313 & 314, Sector 27/Korangi Industrial Area Karachi	Shahab Islam Abad Ahmed Mst. Noor Jahan Asher Mehtab Faisal Mehtab	42201-2327236-5 42101-1760816-5 42201-2573233-8 42201-4612257-3 42201-0719075-9	Mehtab Ahmed Abdul Waheed Abdul Khair Mehtab Ahmed Mehtab Ahmed Mehtab Ahmed	9,592	8,075	-	17,667	-	-	8,816	8,816
19	Paramount Spinning Mills	157, 2Nd Floor Cotton Exchange Building, I.Chundrigar Road Karachi.	1-Abdul Shakoor 2-Nasser Ahmed 3-Tanveer Ahmed	1-42201-0360228-5 2-42201-0632509-5 3-42201-0350138-5	1- Haji Jabaluddin 2-Abdul Shakoor 3-Abdul Shakoor	174,521	310,667	-	485,188	375,652	-	348,746	724,398
20	Nextel Communications.	P 110 - Bukhari Plaza chiniot Bazar, Faisalabad	1. Shahid Mehmood 2.Sadia Shahid	1. 33100-3006222-3 2. 33100-5170313-0	1.Ch Sultan Ali 2.Shahid Mehmood	5,952	3,449	-	9,401	-	-	2,757	2,757
21	M/S Euro Heights	Gt Road Gujrat	Meher Muhammad Afzal	34201-1572914-9	Meher Muhammad Anwar	-	7,052	-	7,052	-	-	7,052	7,052
22	Saqib Traders	(1) 6 & 7 A Gda Commercial Plaza Gujranwala (2) Shop # 17 & 18 New Sabzi Mandi, Gujranwala	Sheikh Muhammad Ashtaq	34101-1971651-5	Sh Muhammad Anwar	-	989	-	989	-	-	689	689
23	Shaheen Construction Company	House No.130, Block-M, Model Town, Lahore	Muhammad Masood Ahmed Khan	35202-5174914-9	Bashir Ahmed Khan	310	3,576	-	3,886	-	-	3,464	3,464
24	Zahid Hussain & Co	172 - Mohalla Gulistan colony No. 02/Faisalabad	1.Aamir Hussain 2.Hamid Hussain 3.Zahid Hussain	1. 33100-3844207-1 2. 33100-5999703-5 3. 33100-8835708-5	1.Zahid Hussain 2.Allah Dita 3.Allah Dita	4,931	5,287	-	10,218	-	-	4,344	4,344
25	Mazma International	67 B, Dha Lahore	Sheikh Azhar Mehmood	42301-1374564-9	Sheikh Mahmood Ali	11,713	26,526	-	38,239	-	-	19,595	19,595
26	Imperial Dental Supply Company	14 Sharif Plaza 26 Shairah E Quid E Azam, 151 McLeod Road Lahore.	Muhammad Ifkhar	35200-1502456-7	Muhammad Ali	1,400	8,716	-	10,116	-	-	7,936	7,936

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						Principal	Interest / Mark-up	Others	Total (6+7+8)				Principal written-off	Interest / Mark-up written-off	Other Financial Reliefs
									6	7	8				
						Rupees '000									
1	2	3	4	5	6	7	8	9	10	11	12	13			
27	Mass Constructors	310-M Dha Lahore	Muhammad Younes	35201-1488296-3	Ghulam Muhammad	-	1,868	-	1,868	-	-	1,368			
28	M/S Citi International	42-F Mall Avenue 54 The Mall Lahore	1. Muhammad Afzal 2. Muhammad Shafi	(1) 61101-5495846-5 (2) 226-30-080602	1. Abul Sattar Shahid 2. Alan Ditta	-	29,333	-	29,333	-	-	25,333			
29	M/S Kissan Enterprises	Phalia Road Mangeti Islamabad	3. Sheheen Zahid Deewan	(3) 517-85-395275	3. Zahid Jamal Dewan	711	2,631	-	3,342	-	-	2,640			
30	Top Line Poultry Breeder	268-Aa Shadman 1 Lahore	1. Muhammad Afzal Shahid 2. Muhammad Akhtar	(1) 61101-5495846-5 (2) 34402-8529663-1	1. Abul Sattar Shahid 2. Muhammad Shafi	-	9,425	-	9,425	-	-	7,425			
31	Saeed Munir & Company	Grain Market Vehari	Saeed Ul-Haq	35201-2200244-3 2. 35202-8486405-9 36603-1503835-3	1. Umar Khatab Khan 2. Abul Hameed Mehr Dh	-	5,394	-	5,394	-	-	4,794			
32	Jh Corporation	112 E Model Town Lahore	Ihsan Hyder Tarrar	34301-1783977-3	Shujaat Hussain Tarrar	1,500	9,634	-	11,134	-	-	8,149			
33	Zanal Textiles (Pvt) Limited	13/A-1 Main Peco Road Township Lahore	1. Shehzada Alamgir Shah 2. Syed Khuram Mehboob	1. 35200-1535632-9 2. 36302-0967610-1	1. Syed Muhammad Shah 2. Syed Mehboob Alam	105,431	105,431	-	105,431	-	-	105,431			
34	Zanal Textiles (Pvt) Limited	13/A-1 Main Peco Road Township Lahore	1. Shehzada Alamgir Shah 2. Syed Khuram Mehboob	1. 35200-1535632-9 2. 36302-0967610-1	1. Syed Muhammad Shah 2. Syed Mehboob Alam	-	118,782	-	118,782	-	-	118,782			
35	Haji Muhammad Abdullahi/Samira Abdullahi	House No.304 G-III, M.A. Johar Town, Lahore	Haji Muhammad Abdullah	35200-6502339-1	Muhammad Hanif	6,212	11,256	-	17,468	-	-	8,815			
36	Ss-100 Traders	20-168, Chah Jattan, Daak Khana Sramat Ali Sialkot	Shahid Maqbool	34603-2886411-5	Muhammad Ismail	-	1,606	-	1,606	-	-	1,206			
37	Hassan Zaman (Private) Limited	White House 21-B Block M, Gulberg iii Lahore	1. Kashif Saeed 2. Muhammad Saleem Rana 3. Moeen Saleem Rana 4. Muhammad Saeed Malik 5. Bilal Saeed 6. Usman Saleem Rana	1. 35202-1516887-3 2. 35202-2052703-5 3. 35202-2200102-1 4. 35202-2631584-3 5. 35202-8307762-3 6. 35202-8916013-3	1. Muhammad Saeed Malik 2. Rana Hassan Muhammad 3. Muhammad Saleem Rana 4. Muhammad Zaman 5. Muhammad Saeed Malik 6. Muhammad Saleem Rana	-	18,955	-	18,955	-	-	16,855			
38	Achan International	122-Temple Road Lahore	Muhammad Achan Ameen	35202-1007251-9	Muhammad Ameen	1,700	8,220	-	9,920	-	-	7,180			
39	Fairhad	House 3 Street 9 Sector F-8-3 Islamabad	Fairhad Khan	61101-7321421-9	Jahangir Ahmed	-	5,257	-	5,257	-	-	2,757			
40	Saeed Ahmed	127, Imran Road, Khyaban Colony No. 2, Faisalabad	Saeed Ahmed	33100-6311844-5	Bashir Ahmed	360	6,158	-	6,508	-	-	6,094			
41	Genertech Pakistan Limited.	317/C-1, Ghalib Road Gulberg Lahore	1. Tanvir Elahi 2. Alangir Elahi 3. Jahangir Elahi 4. Nadir Ali Awan 5. Amir Jahangir 6. Shahzad Elahi	1. 35200-5522225-3 2. 270-88-158235 3. 35202-2561094-5 4. 272-92-508977 5. 35202-0676798-7 6. 35200-1962823-7	1. Jahangir Elahi 2. Ehsan Elahi 3. Jahangir Elahi 4. Muzaffer Ali 5. Ehsan Elahi 6. Tanveer Elahi	17,903	184,073	-	201,976	-	-	185,001			
42	A & N Worldwide (Pvt) Ltd	P-110 Bank Square Faisalabad	1. Sh Shahid Aziz 2. Muhammad Akram 3. Nooreen Shahid	1. 33100-1276311-5 2. 33100-6193334-7 3. 33100-9144482-2	1. Abul Aziz 2. Noor Muhammad 3. Shahid Aziz	4,995	6,207	-	11,202	-	-	6,502			

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
43	A & N Worldwide (Pvt) Ltd	P-110 Bank Square Faisalabad	1. Sh Shahid Aziz 2. Muhammad Akram 3. Nooreen Shahid	1. 33100-1276311-5 2. 33100-6193334-7 3. 33100-9144482-2	1. Abdul Aziz 2. Noor Muhammad 3. Shahid Aziz	900	3,622	-	4,522	-	1,835	-	1,835
44	Navebsons Laboratories (Pvt) Ltd.	7 A-Friends Colony, Bastami Road, Lahore	1. Arjumand Akhtar 2. Akhtar Hussain Bhutta 3. Nadeem Akhtar Bhutta	1. 35202-2415746-1 2. 35202-2415746-7 3. 35202-2415748-3	1. Akhtar Hussain Bhutta 2. Nawab Din 3. Akhtar Hussain Bhutta	-	88,841	-	88,841	-	84,035	-	84,035
45	Rena Estate Developers Investors	163-D, Post Staff Housing Society, College Road, Lahore	Rana Muhammad Hafeez Ullah	61101-0445019-7	Rana Mohd Aziz Ullah	-	7,250	-	7,250	-	6,900	-	6,900
46	Al Qamar Flour & General Mills	Lohianwala Bypass Near Samabad Octroi Post Office Gujranwala	1. Babar Saeed 2. Dental Saeed 3. Gohar Saeed	1. 34101-6668722-9 2. 34101-5213331-9 3. 34101-6915949-9	1. Mukhtar Ahmad Shekh 2. Mukhtar Ahmad Shekh 3. Mukhtar Ahmad Shekh	67,883	30,427	-	98,310	-	11,649	-	11,649
47	Punjab Bricks Company	Kotli Toleke, Tehsil Kamoki, District Gujranwala	Saad Imtiaz virk	34102-042485-3	Imtiaz Ahmed Virk	1,996	1,139	-	3,135	-	836	-	836
48	Anwar & Brothers	30-Fee Bazar, Near Factory Golden Engine Sataheen Abad Gujranwala.	Muhammad Yaqoob	34101-2428809-7	Muhammad Srafi	1,300	1,350	-	2,650	-	1,205	-	1,205
49	Ideal Garments Industries	Ideal House, 13 Km, Multan Road, Thokar Niaz Bag, Lahore	1. Aamer Rafique Qureshi 2. Ghaznitar Rafique Qureshi	1. 35202-8585766-7 2. 35202-9574991-3	1. Muhammad Rafique Qureshi 2. Muhammad Rafique Qureshi	-	52,248	-	52,248	-	52,248	-	52,248
50	Medline International	Shop 11 Basement Asalm Centre 9 A Shah Alam Market Lahore	Waqar Masud Raither	35202-5894635-9	M.D Masud Raither	3,494	2,502	-	5,996	-	2,306	-	2,306
51	Khuram Rafique	House B-2/299 Mohallah Bara Darbhinder Road Gujrat	Khuram Rafique	34201-2865631-3	Muhammad Rafique	-	939	4	943	-	939	4	943
52	Aa Cotton Gimer	Gram Market, Haroonabad, Distt. Bahawalnagar	Muhammad Arian Asim	31104-1673837-5	Muhammad Akram Khan	7,970	4,074	-	12,044	-	4,010	-	4,010
53	Al Reza Industries (Pvt) Ltd	F-4, Industrial Estate Multan	1. Nabeed Jahan Altaf 2. Muhammad Khurshed Za	1. 36302-0405531-2 2. 36302-5442152-3	1. Mian Muhammad Ali 2. Mian Muhammad Ali	6,002	6,393	-	12,395	-	5,111	-	5,111
54	Lala Basfir And Sons	Shop No. 93, Ghallaha Mandi Okara	Shaukat Ali	35302-2002641-1	Malik Basfir Ahmed	4,700	7,665	-	12,365	-	6,713	-	6,713
55	Syed Bhai's (Pvt) Ltd.	200, Ferozepur, Road, Lahore	1. Sabiha Mansoor 2. Masroor Ahmed Khan 3. Zamir Ahmed Khan 4. Mansoor Ahmed Khan 5. Rashida Zamir	1. 35201-1286206-0 2. 35201-1355027-9 3. 35201-1330550-3 4. 35201-1355003-5 5. 35201-1271240-8	1. Mansoor Ahmed Khan 2. Zamir Ahmed Khan 3. K.B Basfir Ahmed Khan 4. Zamir Ahmed Khan 5. Zamir Ahmed Khan	-	89,369	44	89,413	-	89,369	44	89,413
56	Ishaq & Brother	Tahli Morhi Chowk Rawalpindi	Muhammad Ishaq	37405-6270233-1	Muhammad Asghar	550	2,723	-	3,273	-	2,721	-	2,721
57	Syed Bhai's (Pvt) Ltd	200, Feroze Pur Road, Lahore	1. Sabiha Mansoor 2. Masroor Ahmed Khan 3. Zamir Ahmed Khan 4. Mansoor Ahmed Khan 5. Rashida Zamir	1. 35201-1286206-0 2. 35201-1355027-9 3. 35201-1330550-3 4. 35201-1355003-5 5. 35201-1271240-8	1. Mansoor Ahmed Khan 2. Zamir Ahmed Khan 3. K.B Basfir Ahmed Khan 4. Zamir Ahmed Khan 5. Zamir Ahmed Khan	14,884	411,576	-	426,460	-	382,986	-	382,986
58	M/S Baiwa Trading.Co/Prop Rashid Na	Rahman Trading Co 130-C Sattelite Town Near Masjid Ayesha Sargodha	Rashid Naeem	38403-8192919-9	Muhammad Saadiq	4,984	8,936	-	13,920	-	9,410	-	9,410

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						Principal	Interest / Mark-up	Others	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13	
59	Riaz Muhammad Shehzad	72-E, Holy Family Hospital Road, Satellite Town Rawalpindi	Riaz Muhammad Shehzad	37405-5716689-7	Faz. Mohammad	656	8,526	-	9,182	-	7,926	-	7,926
60	Dewan-E-Khas	G. T. Road Gujrat	Ch Zaheer Peneez	34201-2298894-3	Ch Muhammad Yousof	8,800	26,469	-	35,269	-	25,454	-	25,454
61	Ilyas Auto Store	Purana Lari Adda Multan Road Vehari	Muhammad Anjad Hameed	36603-1426257-9	Ch Abdul Hameed	2,000	4,366	-	6,366	-	4,144	-	4,144
62	Multinational Industrial System	St-1, Za-Ul-Haq Road, Gujranwala	Muhammad Irfan	34101-3501924-9	Muhammad Sardar	926	2,239	3	3,168	-	1,717	3	1,720
63	Al-Mukhtar House (Hostel)	3-S-34, Ibrahim Street, Naksha Stop, Rawan Warden, Ichra Lahore	Sajjad Ahmed Shah	33203-1243551-9	Mukhtar Ahmed Shah	544	650	-	1,194	-	583	-	583
64	Raja Kashif Saleem Chib	H No. 3 St No. 8,F-8-3, Islamabad	Raja Kashif Saleem Chib	37405-0146622-9	Raja Muhammad Saleem	-	28,344	-	28,344	-	22,844	-	22,844
65	Robin Soap Factory	Po-86 Saqpur Road Pindora Rawalpindi	1. Khawaja Shehzad Jalli 2. Khawaja Elz Jalli	1. 37405-1681804-7 2. 37405-2983288-1	1. Khawaja Abdul Jalli 2. Khawaja Abdul Jalli	3,497	7,794	-	11,291	-	7,318	-	7,318
66	Chohan Brothers	Amanabadi Gate, Near Shekhpura Road, Gujranwala	Muhammad Arif Javed	34101-7840870-9	Ashiq Hussain	5,693	5,728	-	11,421	-	4,660	-	4,660
67	Sox Chemicals (Pvt) Ltd	25 A li, Industrial Estate Multan	1. Muhammad Altaf Shahid 2. Muhammad Ashfaq	1. 36302-0207129-1 2. 36302-5303347-7	1. Abdul Rasheed 2. Abdul Rasheed	5,978	26,669	-	32,647	-	20,187	-	20,187
68	Tera Star Industries	Air Port (Kulwal) Road Gohat Pur Sialkot	1. Nadeem 2. Naeem Ashraf	1. 34603-289781-1 2. 34603-4857122-7	1. Muhammad Ashraf 2. Muhammad Ashraf	5,999	11,402	-	17,401	-	10,964	-	10,964
69	Advance Agro Tech	25 A li, Industrial Estate Multan	1. Muhammad Saleem 2. Muhammad Khalil-Ur-Rehman	1. 36302-1549099-3 2. 36302-8951962-1	1. Shaqoor-Ullah 2. Muhammad Altaf Shahid	700	15,922	-	16,622	-	12,301	-	12,301
70	M/S Dawood Steel	32-DI Muhammad Road Lahore	Ghazala Bilal	35202-5218037-6	Muhammad Bilal	5,500	13,834	-	19,334	-	11,165	-	11,165
71	Haleem Aslam Malik	H No. P-23, Race Course Road, Faisalabad	Haleem Aslam	33100-0670713-3	Malik M Aslam	12,400	22,024	-	34,424	-	18,701	-	18,701
72	Mumtaz Ahmed Bilal, Abida Zulfiqar	P1222, Mohallah Banni, Said Pur Road, Rawalpindi	1. Mumtaz Ahmed Bilal 2. Abida Zulfiqar	1. 37405-5187095-3 2. 37405-9062586-0	Ch Muhammad Siddique	4,251	6,619	-	10,870	-	5,187	-	5,187
73	Pak Italian Ceramics	Pak Italian Ceramics - Main G.T. Road, Wazirabad	Sarmad Gondal	34104-2326249-3	Ghazantari Ali Gondal	-	1,873	-	1,873	-	1,873	-	1,873
74	Muhammad Nawaz	Jhallar Dewana Po Madharynwala Hafizabad	Muhammad Nawaz	34301-8644559-3	Alah Ditta	-	1,990	6	1,996	-	1,990	6	1,996
75	Hakim Ali	Ahmadabad Po Luddan Tehsil And District Vehari	Hakim Ali	36603-4181067-9	Peer Bux	-	597	-	597	-	597	-	597
76	Saqib Ali Khawaja	Ward No.2 Muhalla Khawaja Meerpur Bathoro Dist. Thatha	Saqib Ali Khawaja	41405-4204996-7	Zulfiqar Ali Khawaja	-	530	-	530	-	530	-	530
77	Sajjad Feroz Ahmed	Sajjad Feroz Ahmed Bhooma Bhatt P.O Same Tehsil Wazirabad, Gujranwala	Sajjad Feroz Ahmed	34104-2333919-9	Muhammad Feroz	817	1,133	-	1,950	-	1,114	-	1,114
78	Muhammad Arif	Chak No. 169 Mirac Po Datrawala Tehsil Chishtian	Muhammad Arif	31102-1124950-9	Ali Muhammad	600	957	-	1,557	-	670	-	670
79	Irran Nawaz	Wagon Jhanda Po Wattoonwan Tehsil And Dist. Shekhpura	Irran Nawaz	35404-6270757-7	Malik Muhammad Nawaz Wattoo	851	1,201	74	2,126	-	1,004	-	1,004

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	Interest / Mark-up written-off		Other Financial Reliefs
Rupees '000													
1		3	4		5	6	7	8	9	10	11	12	13
80	Muhammad Shatzad Malik	House # 23-2, Habib Colony, Bahawalpur	Muhammad Shatzad Malik	31202-0340214-3	Muhammad Manzoor Malik	702	1,972	-	2,674	-	1,645	-	1,645
81	Liaqat Ali	Jasukay Po Tahli Goraya Tehsil Pindi Bhatian	Liaqat Ali	34302-1247933-9	Muhammad Yaqoob	-	1,364	-	1,364	-	1,314	-	1,314
82	Dil Murad	Village Haji Muhammad Ramzan Po Daur 68 Nusrat Distt Shaheed Benazir Abad	Dil Murad	45402-0963456-5	Muhammad Ramzan	1,350	1,225	9	2,584	-	707	-	707
83	Sardar Amjad Hassan Gurcharni	Lot Larbi M.P. Post Khatlas Lal Garh P.O Khas Teh Jampur Distt Rajanpur	Sardar Amjad Hassan Gurcharni	32402-1422980-1	Sardar Zaffar Ullah Khan Gorcharni	1,500	2,151	-	3,651	-	1,508	-	1,508
84	Muhammad Saleem Reza	House No. 186 Street No.1 Faysal Colony Okara	Muhammad Saleem Reza	35302-8661816-7	Ghulam Muhammad	3,117	1,660	31	4,808	-	1,493	-	1,493
85	Haji Muhammad Ameer	Muhalla Shekhan Wala P.O Dewaran Raja Pur Teh Distt Lodharan	Haji Muhammad Ameer	36203-1805633-1	Shiekh Haji Mukhtarian Ali	650	777	11	1,438	-	671	-	671
86	Rana Ashraf Ali	Village & P.O. Kotli Bawa Faqir Chand Tehsil Pastur Sialkot. Res:59577/0300.6408953	Rana Ashraf Ali	34602-2033004-1	Rana Suleman Khan	700	1,583	-	2,283	-	1,493	-	1,493
87	Muhammad Usman Khan	Bonga Lashari Po Jamal Pur Haslipur	Muhammad Usman Khan	31203-7799070-3	Ahmed Khan Doltana	-	1,061	-	1,061	-	1,061	-	1,061
88	Sialwat Seeds And Chemical	Sialwat Seed And Chemical - 10Km Multan Road Sahawal 1. House No. 155 Block Y Scheme No. 03 Farid Town Sahawal 2. Mandar Wali Badomahni The & Distt Narowal	1. Muhammad Iqbal Bhangu 2. Sana Ullah	1. 31102-0648129-1 2. 94501-2010463-3	1. Haji Allah Rakha 2. Muhammad Tufail	-	2,932	-	2,932	-	2,782	-	2,782
89	Muhammad Sharif	H No 352 St. 4 Mohala Sharqi Colony Southern Block Vehari	Muhammad Sharif	36603-5171446-5	Permat Ali	800	2,291	-	3,091	-	2,020	-	2,020
90	Shan Traders	Shan Traders - House# 78, Block M, Tehsil Atitwala Distt Pakpattan	Zeeshan Amir	36401-0894037-7	Rafique Ahmad Chaudhry	15,000	8,794	67	23,861	-	8,065	-	8,065
91	Syed Iqbal Hussain Shah	16-S Wapda Town Phase 2 Multan	Syed Iqbal Hussain Shah	36202-8624167-7	Ghulam Jahaniyan Shah	200	4,428	-	4,628	-	3,838	-	3,838
92	Maqbool Ahmad	Dado Ahoka Po Pakpattan Teh And Distt. Pakpattan	Maqbool Ahmad	36402-7990541-5	Ghulam Muhammad	-	1,818	-	1,818	-	1,218	-	1,218
93	Abdul Jabbar	Anad Rice Mills Chak# 99/9-L Pakpattan Road Sahawal	Abdul Jabbar	35301-1910052-5	Allah Yar	1,850	3,021	11	4,882	-	2,218	-	2,218
94	Imtiaz Ahmed Zahid	Raja Cotton Industries Chak 29Dnb Shah Wala Road Ahmed Pur East	Imtiaz Ahmed Zahid	31201-2792758-7	Jan Muhammad Zahid	-	2,416	-	2,416	-	2,016	-	2,016
95	Chaudhary Sajid Mehmood	Chak No.24 Shumail Tehsil Bhatwal Distt Sargodha	Chaudhary Sajid Mehmood	91609-0119279-3	Bashir Ahmad	4,102	12,159	-	16,261	-	12,004	-	12,004

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
96	Abdul Razzaq Qureshi	Chak# 66-Kb Kot Qazi P/O Karam Pur Tehsil Maisi Distt Vehari	Abdul Razzaq Qureshi	36602-0928227-5	Ghulam Muhammad Qureshi	6,405	2,338	-	8,743	-	-	2,646	2,646
97	Ali Abidi	Chak# 218 Eb Po Chak 216Eb Vehari	Ali Abidi	36603-3819481-1	Akbar Ali	228	591	15	834	-	-	492	507
98	Khawar Nazir	Mouza Alla Abad Tehsil And District Vehari	Khawar Nazir	36603-2347384-5	Muhammad Nazir	2,521	6,009	5	8,535	-	-	5,584	5,584
99	Naveed Ahmed Tariq	Chak No.517 E.B. Mohallah Iqbal Nagar Near Fareed Town Tehsil Burewala Distt Vehari	Naveed Ahmed Tariq	36601-3458991-7	Gulzar Ahmad Tariq	800	1,636	20	2,456	-	-	1,409	1,409
100	Muhammad Azam Wattoo	Charat Singh Tehsil Deeparpur Distt Okara	Muhammad Azam Wattoo	35301-2010345-9	Mian Allawal Wattoo	982	2,387	195	3,564	-	-	2,355	2,470
101	Muhammad Azam Sheikh	Hajveri Filling Station Lahore Sigodha Road Farooq Abad	Muhammad Azam Sheikh	35404-0758804-1	Sheikh Muhammad Tufail	-	3,562	-	3,562	-	-	3,262	3,262
102	Hazara Poultry Services	Hazara Poultry Services - Saadat Market Manshehra Road Qalanderabad Abbottabad	1. Asad Sajawal 2. Sajawal Khan	1. 13101-2447824-7 2. 13101-0987425-3	1. Sajawal Khan 2. Allah Dad Khan	-	595	-	595	-	-	595	595
103	Muhammad Nawaz	Lorhki P/O Khas Tehsil Daeka Distt Sialkot 03349743054	Muhammad Nawaz	34601-5231084-5	Khushi Muhammad	323	799	18	1,140	-	-	726	726
104	Fazal Mahmood	Akuka House Bangla Road Haroonabad	Fazal Mahmood	31101-5663345-1	Muhammad Yar Khan	3,639	3,696	18	7,353	-	-	3,649	3,649
105	Zafar Iqbal Khan	Mouza Hussain Abad Tari, Tehsil Kabinwala, Distt Khanewal	Zafar Iqbal Khan	36302-3292269-9	Haji Rabriawaz Khan	475	892	-	1,367	-	-	826	826
106	Muzzaifer Iqbal	Mouza Rukan Pura Po Khas Depalpur Okara	Muzzaifer Iqbal	35301-5029875-9	Atta Muhammad	1,611	2,751	6	4,368	-	-	2,599	2,599
107	Khizar Hayat Shahid	H# 15-A Tariq Street# 11 Zakeriya Town Bossan Road Multan	Khizar Hayat Shahid	36302-0543702-1	Rab Nawaz Khan	1,605	1,732	-	3,337	-	-	1,791	1,791
108	Sardar Ali	Khali Abad Colony Depalpur Okara	Sardar Ali	35301-2003916-9	Ashraf Ali	402	2,062	61	2,525	-	-	1,910	1,910
109	Riasat Ali	Mouza Lurkey Naimat Tehsil Sharapur Distt Sheikhpura	Riasat Ali	35402-4763024-9	Muhammad Akbar	2,497	4,933	85	7,515	-	-	4,292	4,292
110	Chaudhary Cold Storage	Chaudhary Cold Storage - Adda Maharawal Main Khurdianwala Jaranwala Faisalabad	1. Abid Latif 2. Muhammad Shahid	1. 33104-2878996-9 2. 33104-3154364-9	1. Muhammad Latif 2. Muhammad Latif	1,900	3,290	-	5,190	-	-	2,792	2,792
		1. 61/Gb, Maharawal, Tehsil Jaranwala, District Faisalabad											
		2. 61/Gb, Maharawal, Tehsil Jaranwala, District Faisalabad											

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
126	Mian Sheeraz Qureshi	Village Near Saibo Banglow Phariaro P/O Chondiko Tehsil Naro Dist Khairpur	Mian Sheeraz Qureshi	45602-6416282-9	Mian Atta Muhammad	26	1,875	1	1,902	-	1,277	-	1,277
127	Muhammad Nawaz	Yachoki Khurd Po Jaran Teh Dist Hafizabad	Muhammad Nawaz	34-301-17-66525-3	Muhammad Inayat	-	759	-	759	-	609	-	609
128	Abdul Rasheed Dogar	Noor Ul Haq Colony H# 74-B Bahawal Pur	Abdul Rasheed Dogar	31202-3694701-5	Mehmood Ul Hassan	4,983	391	-	5,384	-	974	-	974
129	Muhammad Reza Ali Przada	Shekh Wahan Post Office Khas Teh Khairpur Tarnawali Bahawalpur	Muhammad Reza Ali Przada	31204-7335431-3	Mian Reza Husain Przada	9,050	11,023	33	20,106	-	11,920	-	11,920
130	Rizwan Saddique	H# 04, Moh Shebri Colony, Near Sp Office Behim Yar Khan	Rizwan Saddique	31303-7028329-9	Muhammad Saddique	1,976	789	-	2,765	-	841	-	841
131	Imtiaz Ahmed	Mouza Dera Jamat Ali Tehsil Kamoke Dist Gujranwala	Imtiaz Ahmed	34-101-2527083-3	Jamat Ali	69	649	-	718	-	533	-	533
132	Al Syed Protein Farm	Al Syed Protein Farm - House No. 253 E. Erne Society Lahore	1. Syed Ahmad Reza Shah 2. Syed Anwar Ali Shah 3. Syed Mukarram Ali Shah	1. 35102-0205454-9 2. 35202-6832708-3 3. 35202-4124424-1	1. Syed Mahboob Shah 2. Syed Muhammad Siddique Shah 3. Syed Anwar Ali Shah	4,999	485	-	5,484	-	809	-	809
133	Skandar Khan	Skandar Khan 603, Patha Mandi Road, Muzam-E-Hayat, Sargodha Pakistan	Skandar Khan	38403-5361953-9	Khan Muhammad	-	1,366	-	1,366	-	966	-	966
134	Muhammad Raaique	49 Acres Chek # 44Db Tehsil Yazman District Bahawalpur	Muhammad Raaique S/O Elm U-Din	31205-7890290-9	Elm Uddin	306	826	48	1,180	-	878	29	907
135	Muhammad Ashraf	Muhalah Jaktadan Tehsil Jampur Dist Rajan Pur	Muhammad Ashraf	32102-9704035-9	Malik Raheem Buksh	860	965	-	1,825	-	1,013	-	1,013
136	Shah Nawaz Bhatti	Thatha Eisa Tehsil And Dist Nankana Sahb	Shah Nawaz Bhatti	35402-8515618-9	Muhammad Akbar Khan	1,000	2,535	95	3,630	-	2,282	-	2,282
137	Muhammad Rasheed	Multan Road Maraka Po Khas Teh Dist Lahore	Muhammad Rasheed	35202-6511458-5	Salamat Ali	1,141	2,297	-	3,438	-	2,099	-	2,099
138	Anser Ayub	Chek# 14 Ucc Dakhana Mandi Faizabad Ferozvala Sheikhpura	Anser Ayub	35401-358820-9	Umer Hayat	479	931	25	1,435	-	911	67	978
139	Saeed Ahmad	Mouza Lurkey/Namat Tehsil Sharapur Dist Sheikhpura	Saeed Ahmad	35202-1426853-7	Shoukat Ali	-	2,264	88	2,352	-	2,114	38	2,152
140	Sarraz Khan	93 Acres Mouza Raipar Tehsil Kehrmor Pacca District Lodhian	Sarraz Khan	36202-0956121-9	Mohammad Ali Khan	2,469	6,945	47	9,461	-	6,955	-	6,955

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off	10			
1	2	3	4	5	6	7	8	9	10	11	12	13		
													Rupees '000	
141	Syad Zaighum Hayat Jahandad	Shah Jewana Po Khas Teh & Distt Jhang 03009727234/03005100962 03005100962	Syad Zaighum Hayat Jahandad	61101-1368335-1	S Hassan Shah	7,902	4,445	-	12,347	-	3,597	-	3,597	
142	Muhammad Buksh	Mouza Bhaqi Wahan Tehsil Kehror Pacca District Lodhran	Muhammad Buksh	36202-0184901-5	Abdul Ghafoor	1,200	3,682	62	4,944	-	3,692	62	3,754	
143	Ahmed Nawaz	Chak No.31 W.B. Tehsil Arid District Vehari	Ahmed Nawaz	36501-5838017-5	Ahmad Bukhsh	689	1,560	-	2,249	-	1,553	-	1,553	
144	Muhammad Hashim	Village Khan Muhammad Laghari Kanyani Golarchi Distt Badin	Muhammad Hashim	41102-2404363-3	Khan Muhammad	500	612	12	1,124	-	668	-	668	
145	Mubarak Ali Zahid	Dera Phian Wah Ahata Po Chak# 88/P Teh Distt Rahim Yar Khan	Mubarak Ali Zahid	31303-9487013-1	Muhammad Saadiq	814	796	-	1,610	-	805	-	805	
146	Muhammad Nadeem Anjum	Muhammad Nadeem Anjum Dara Sndu Chak No 313 Eb Po Box Tehsil Burewala Distt Vehari 03006992013	Muhammad Nadeem Anjum	36601-9025707-5	Asghar Ali	2,494	1,805	-	4,299	-	2,303	-	2,303	
147	Sardar Imitiaz Farid Khan	Mooda P.O Basir Pur Tehsil Depalpur Distt Okara	Sardar Imitiaz Farid Khan	35301-2342530-5	Hamid Ali Khan	1,801	4,809	25	6,635	-	4,450	100	4,550	
148	Rashid Mehmood	Mouza Rukan Pur Tehsil & District Lodhran	Rashid Mehmood	31202-3715679-1	Mian Ashiq Muhammad	-	2,027	43	2,070	-	1,620	-	1,620	
149	Muhammad Asim Khan	Muhammad Asim Khan S/O M Akram Khanmouza Shatab Garh Tehsil Malisli Distt Vehari 0302-7351744	Muhammad Asim Khan	36602-0928906-1	Muhammad Akram	150	1,524	-	1,674	-	1,198	-	1,198	
150	Mohsin Farid Chisti	Mohsin Farid Chisti Mouza Khokhar P.O Sohaka Burawala Distt Vehari 0345-7100075	Mohsin Farid Chisti	36601-8176773-1	Sardar Ali	-	1,082	-	1,082	-	732	-	732	
151	Mir Rahman	H #101/2 Street #7 Off Khayaban-E- Fehat Phase VI Dha Karachi	Mir Rahman	42000-0371188-1	Mir Jamil Ur Rahman	1,187	485	9	1,681	1,187	485	9	1,681	
152	Farukh Butt	Falek Butt & Co., Construction Co , 136/8- B- Bk Lahore Canal Bank Housing Society Lahore	Farukh Butt	34601-2642185-7	Muhammad Zahoor Butt	391	113	10	514	391	113	10	514	
153	Sultan Ghazi	Royal Estate Shop#01 Plot#945-C Bk-2 Pechs Nr Jheel Park Karachi	Sultan Ghazi	42201-0574561-7	Muhammad Iqbal Ghazi	442	110	15	567	442	110	15	567	
154	Usman Salar	H# 665 A Miahilil Peoples Colony No 01 Faisalabad	Usman Salar	33100-4252864-5	Ghulam Mustata	859	179	7	1,045	859	179	7	1,045	
155	Hamood Khalid Choudh	Rapid Cargo Off 40 6Th Fir Arkay Square Sny E Liaqat Off li Chundrigar Rd Karachi	Hamood Khalid Choudh	42101-9486093-7	Muhammad Khalid	483	40	12	535	483	40	12	535	
156	Muhammad Sharhazad	H # 186 Block G-3 Wapda , Town , Lahore	Muhammad Sharhazad	35202-1050635-3	Mukhtar Ahmed	104	102	-	206	506	110	-	616	
157	Syed Zameer Uddin	Flat 1201 , Block L, Creek Vista Apartments, Phase VIII, Dha, Karachi	Syed Zameer Uddin	42000-4143783-7	Syed Abdul Rauf Shah	759	48	25	832	-	544	24	568	

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
Rupees '000													
158	Asif Khaili	Easy Ticket, Off # 41, 1st, Central Plaza, Barkat Market Lahore	Asif Khaili	35202-6679260-3	Khushi Muhammad	667	37	21	725	631	-	-	631
159	Muhammad Tufail	U Micro Finance Bank, Dept Sales Aftab Steel Market Gt Rd Nr Summit Bnk Gujranwala	Muhammad Tufail	341012-690674-3	Muhammad Boota	61	23	11	95	561	30	11	602
160	Abid Hussain	Asat Product Build 2C Mezzane Flr 7 Badar Commercial Phs V/Dha Nr Shoukat Khanum Karachi	Abid Hussain	42201-8064371-9	Ghulam Ali	78	21	14	113	469	27	14	510
161	Muhammad Durrani	Apartment No 217 2Nd Floor Silver Oaks F-10 Markaz Islamabad	Muhammad Durrani	16101-9549769-9	Abdul Sattar Khan Durrani	73	18	22	113	583	26	22	631
162	Muhammad Asad	City Steel Industries 4 Rajput Street Badami Bagh Lahore	Muhammad Asad	35202-2352972-7	Muhammad Akshad	59	12	10	81	707	31	10	748
163	Mudassar Mahmood Butt	H # 14 / A, Street # 37 Nawazish Street Ghari Shatro Lahore Lahore	Mudassar Mahmood Butt	35202-2647617-5	Mahmood Ahmad Butt	448	114	29	591	448	114	29	591
164	Atif Sheikh	Premier Trading Company Basement 4-A Shah Alam Market Lahore	Atif Sheikh	35202-0596718-1	Sheikh Sajjad Ahmad	516	32	9	557	516	32	9	557
165	Zulfiqar Ali	House No 57 Defence Fort Ghazi Road Lahore	Zulfiqar Ali	35201-2308362-1	Alah Ditta	513	30	9	562	513	30	9	562
166	Nasar Iqbal	H No 82 G Block Marghazar Society Multan Road Lahore Lahore	Nasar Iqbal	35202-2851656-7	Fazal Hussain	732	31	14	777	725	31	2	758
167	Ali Mughal	Upwards Spiral Traders, Office # 27 / A Awasi Gerni Road, Islam Pura Lahore	Ali Mughal	35202-9625728-1	Muhammad Aslam	566	33	22	621	566	33	22	621
168	Chaudhary Jafri	180 - Park Block Allama Iqbal Town Lahore	Chaudhary Jafri	35202-2849784-1	Ch Akhtar Abbas Jafri	599	37	19	665	599	37	19	665
169	Sharzad Liaqat	Al Aziz Mobile Center College Road Mc Plaza, Christian Bahawalnagar	Sharzad Liaqat	31102-7398137-9	Liaqat Ali	543	33	12	588	543	33	12	588
170	Ghulam Jijeeja	Ghulam Moiddin Jahiandhri Bldg, 1 St Flr Flat# 18 Nr Dlipasand Sweet M.A Jimnah Rd Opp Baloch Park Eid Gah, Kti	Ghulam Jijeeja	42301-1091614-1	Muhammad Usman	142	19	18	179	560	-	-	560
171	Shakil Chaudry	Apartment No 505 Warda Hamna Residencia # 02 Street # 91 Sec#G -11/3 Islamabad	Shakil Chaudry	61101-3150840-9	Jamil Ahmad Chaudhary	349	35	24	408	484	65	26	575
172	Muhammad Ibrahaim	House # 397-399 Gzri Road Clifton Ground Flr Karachi	Muhammad Ibrahaim	42301-2424659-9	Abdul Haq	98	14	20	132	585	30	20	635

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
173	Muhammad Kashif Sham	H # B-7 Circular Street Phase 2 ,D.H.A Near Abu Bakar Mosque Karachi	Muhammad Kashif Sham	42301-2478227-7	About Samad Shamsi	380	15	25	420	682	24	25	731
174	Mohsin Saleem	34A Gosta-E-Alhbab Tech Society Canal Bank Opposite Doctor Hospital Lahore	Mohsin Saleem	35200-1518434-9	Saleem Ahmed Malik	299	93	9	401	445	58	-	503
175	Muhammad Iftikhar Alam	Hno.140 Street No.9 Rawal Town Islamabad	Muhammad Iftikhar Alam	61101-5067182-7	Muhammad Younas	387	45	-	432	387	47	100	534
176	Saeed Mazhar Ali	H # 12/2 5Th Street Khayaban E Pehat Phase 6 Dh, 4 Karachi	Saeed Mazhar Ali	42201-4356951-1	Mazhar Ali Khan	429	98	10	537	536	98	10	644
177	Badar Ud Din	House R-116,Shair Muhammad Baloch Society, Blk-10, G-Joulhar,Karachi	Badar Ud Din	42501-9729427-9	Lutf Uddin	1,410	567	-	1,977	-	482	100	582
178	Muhammad Taseen Khan	House # 557 Block- E Phase I.M.A Johar Town Scheme Lahore	Muhammad Taseen Khan	35201-5344337-7	Muhammad Yameen Khan	4,617	7,236	-	11,853	-	7,287	100	7,387
179	Muhammad Naveed Tahir	House # 66 Rahman Villas Defence Road Cantt Lahore	Muhammad Naveed Tahir	35201-5965977-9	M Siddique Butt	1,897	2,652	-	4,549	-	2,187	100	2,287
180	Nasir Ansari	Flt#A-411 5Th Flr Welcome Centre Blk-19 Gulistan E Johar Nr Johar Sw Karachi	Nasir Ansari	42101-8504281-1	M Munawwar Azeem Ansari	842	116	-	958	842	-	-	842
181	Amreen Naqi & Syed Sarfaraz Hussain	House # 19- C Govt Employee Housing Society Peco Road Lahore	Amreen Naqi & Syed Sarfaraz Hussain	35202-8983059-6	Syed Sarfaraz Hussain Naqvi	1,176	781	-	1,957	-	780	100	880
182	Mubarak Bin Awad	H# 07, Block-10, Area 1-C, Landhi # 1, Karachi.	Mubarak Bin Awad	42201-1628498-9	Awad Bin Ahmed	1,074	207	-	1,281	579	126	-	705
183	Nasir Munir Ahmed	House # 263 Shaibr Sharif Road Pawalpindi	Nasir Munir Ahmed	37405-4544782-9	M. Munir Ahmad	3,373	1,234	-	4,607	-	1,203	100	1,303
184	Syed Shamim-Ud-Din Bukhtar	House # 17- D Pcr College Road Lahore	Syed Shamim-Ud-Din Bukhtar	35202-2625500-1	Syed Zameer Uddin	2,928	4,221	-	7,149	-	1,141	100	1,241
185	Abdul Majid Semn Khan	H#326 Lain 05 Askari Colony Phase 2 Cantt Multan	Abdul Majid Semn Khan	36302-9404351-7	Muhammad Abdul Qadir Khan	703	72	-	775	703	-	-	703
186	Muhammad Salim Bag	Flat # 2 1st Floor, Plot # 17-C Khayaban-E-Shamsher, Phase 6, Dha Karachi	Muhammad Salim Bag	42301-1974874-1	Muhammad Yaqoob Baig	1,306	113	3	1,422	1,306	259	4	1,569
187	Saiga Ch.	House # 35-A, Education Town, Wahdat Road, Lahore	Saiga Ch.	35202-9504428-2	Rao Hashmat Ali	4,289	5,905	-	10,194	-	4,813	-	4,813
188	Tabish Shaibaz Khan	P-182 Umer Block St. # 01 Muslim Town # 01 Kabanstan Road Noor Pur Faisalabad	Tabish Shaibaz Khan	33100-3400233-9	Shahbaz Khan	3,537	268	-	3,795	-	443	176	619
189	Huma Akif	Little Steps 36 - 37 C - 1 Gulberg - Iii Lahore Pakistan	Huma Akif	35202-0346103-6	Muhammad Akif Chaudhry	821	16	-	837	810	140	-	950

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	10			
1	2	3	4	5	6	7	8	9	10	11	12	13	
190	Muhammad Hassan	House #01 Mihalah Sher Khan Bhurgari Nr Gbps School Tando Hyder Road Tan Hyderabad 35 Pakistan	Muhammad Hassan	41303-0584064-3	Jamal Khan	510	11	-	521	484	36	-	520
191	Muhammad Ateeq Qureshi	P-59 Street No-5 Aslam Gurji Tezab Mill Road Near Kamoka Textile Faisalabad	Muhammad Ateeq Qureshi	33100-3060700-9	M Rafique Qureshi	577	35	-	612	577	-	-	577
192	Sharoon Malik	H # 17-C, St # 8, Youhanabad, Lahore,	Sharoon Malik	35201-6538641-9	Rofan Malik	1,666	143	-	1,809	-	544	-	544
193	S.M.Faheem Uddin	House # A-301 Block N Kda Scheme # 2 North Nazimabad Karachi	S.M.Faheem Uddin	42101-9429872-3	S.M. Fayyaz Uddin	4,556	1,779	-	6,335	-	1,232	100	1,332
194	Muhammad Akbar Jalal	H # 269 , Sikandar Block Allama Iqbal Town Lahore	Muhammad Akbar Jalal	35201-0418342-1	Choudhary Bashir Ahmad	488	42	-	530	488	66	-	554
195	Akif Razza	HR#-32, Shalmar Villas, B#3-A, Gulshan-E-Jauhar, Karachi.	Akif Razza	42000-2007020-3	Iqbal Ahmed Hussaini	2,299	-	-	2,299	-	688	-	688
196	Moaazzam Ali Qureshi	H# 67 /1-C, Blk 6 Pechs Karachi	Moaazzam Ali Qureshi	42000-4751468-3	Muhammad Imran Qureshi	1,792	141	-	1,933	-	596	100	896
197	Chaudhary Muhammad Haroon Bashir	199 - Ee , Dha Phase - Iv Lahore Pakistan	Chaudhary Muhammad Haroon Bashir	42301-4759666-7	Chaudhary Bashir Ahmad	748	18	-	766	164	583	-	747
198	Khalid Waheed Sultan	House No 705 Street No 47 Sector G-9/1	Khalid Waheed Sultan	61101-4079511-9	Chaudhry Saeed Akhter	498	26	4	528	500	35	7	542
199	Aamir Liaqat Bajwa	Po Box # 08 Sharjah # 08 Sharjah United Arab Emirates	Aamir Liaqat Bajwa	31101-1696983-1	Liaqat Ali Bajwa	2,413	766	-	3,179	-	894	-	894
200	Imran Saleem & Rabia Saleem	House # 14/ 1 Block # P , Phase Ii Dha Lahore	Imran Saleem & Rabia Saleem	35201-8007321-1	Omer Farooq	7,744	3,738	-	11,482	-	2,156	100	2,256
201	Muhammad Rizaz	House # 310- J Ii M.A Johar Town Lahore	Muhammad Rizaz	35202-7047073-3	Muhammad Saadliq	2,825	2,389	-	5,214	-	3,763	100	3,853
202	Tanveer Iqbal	H # 23 - B , St # 02 , Farooq Colony , Walton Road Lahore	Tanveer Iqbal	35101-4236785-3	M Iqbal Tahir	1,113	92	-	1,205	1,113	162	-	1,275
203	Ghazala	Flat # 102, First Floor, Plot No. B-49, Block No. 11, Kda Scheme No. 24 Gulshan-E-Iqbal Karachi	Ghazala	42201-7214669-0	Zafar Iqbal	3,137	1,147	-	4,284	-	663	100	763
204	Anjad Ahmed Siddiqui	D-102, Block-B, North Nazimabad, Karachi.	Anjad Ahmed Siddiqui	42101-7317284-7	Ifthikar Ahmed	699	368	-	1,067	-	1,449	-	1,449
205	Aris Ahmed Safi	H # 194-J, Erme Sector, Lahore.	Aris Ahmed Safi	35202-9950879-7	Naseeb Ahmad Saifi	-	584	-	584	-	584	-	584
206	Azz Ahmed Nahiyoan	H# 84 Al Raheem Villas Nr Jama-E-Masjid Banoo Hashim/Nr Bypass Casimabad Hy Hyderabad 60 Pakistan	Azz Ahmed Nahiyoan	41303-4521152-7	Jan Muhammad Nahiyoan	557	-	-	557	502	23	-	625
207	Mohammad Maqbool Tahir	House#187 S Treet#82 Mangla Road G-9/4	Mohammad Maqbool Tahir	61101-2699492-3	Muhammad Hassan	963	110	5	1,078	938	243	4	1,185

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						Principal	Interest / Mark-up	Others	Total (6+7+8)	Principal written-off			
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees '000													
208	Sheikh Liaquat Ali	St # 2-A H # 2 Javaid Park Kala Khatali Rd Nr Al Hadees Masjid Shahdara Lahore	Sheikh Liaquat Ali	35401-1838407-3	Muhammad Shafi	484	27	-	511	484	123	5	612
209	Naveed Murtaza	Chak No 219 Rb Koonhan Wala St 4 Mohallah Jamili Park Faisalabad	Naveed Murtaza	33100-3549982-3	Ghulam Murtaza	739	45	-	784	739	106	-	845
210	Sameer Ullah Khan	H # 603 , Block - A Gulshan Ravi Lahore	Sameer Ullah Khan	35202-3823404-7	Nusrat Ullah Khan	616	33	-	649	616	76	-	692
211	Farkhal Shakeel	H # 13 , Malik Town , Daska Chowk Near Ravi View Hotel , Shahdara Lahore	Farkhal Shakeel	35202-6100851-7	Shakeel Javaid Bhatti	1,686	22	-	1,718	-	479	86	565
212	Haider Ali Bhatti	H # 11-17-B1 Near Chaudhary Chowk, College Road, Township, Lahore.	Haider Ali Bhatti	35202-6560916-7	Muhammad Yaqoob Bhatti	2,010	55	-	2,065	-	503	52	555
213	Muhammad Rizaz	Muhallah Islam Pura Imam Bargah Maisi	Muhammad Rizaz	36603-1389772-7	Muhammad Abdullah	1,844	466	-	2,310	-	424	100	524
214	Inayat Ullah	House # 19, Street # 44, F-8/1, Islamabad	Inayat Ullah	17301-2935935-3	Muhammad Ameer	1,754	656	-	2,410	-	656	-	656
215	Rashid Mahmood	H # 135 , D - 3 Wapoda Town Lahore	Rashid Mahmood	35202-6220889-7	Mahmood Ahmed	672	32	-	704	-	549	-	549
216	Abdul Razzaq	Property Address Cha No. 196, Rb Antirocotics Office, Elahi Town, Near Millat Town, Teraisadar Distt Faisalabad	Abdul Razzaq	36103-3150382-3	Sheer Muhammad	7,317	11,125	-	18,442	-	8,994	100	9,094
217	Ghulam Murtaza Khoro	H # C F-13 Income Tax Commissioner Colony Sharah-E-Ghalib Blk#1 Clifton Karachi	Ghulam Murtaza Khoro	45202-6852457-5	Muhammad Arif	923	27	-	950	118	596	-	714
218	Faisal Umar	House , H # 155 D Bk Satellite Town Moh Madni Masjid Gujranwala	Faisal Umar	34101-9430190-7	Arif Javed Butt	1,243	58	-	1,301	1,243	176	-	1,419
219	Muhammad Farhan Zafar	H # 22, Askari Heaver Colony M/A Jinnah Road Multan	Muhammad Farhan Zafar	36302-6868344-7	Zafar Iqbal	1,264	187	-	1,451	-	409	100	509
220	Rehim Khan	House # 434 Area Sector 51/A Korangi # 6 Karachi Pakistan	Rehim Khan	42201-51188776-7	Hussain Khan	498	28	9	535	461	88	11	560
221	Muhammad Jawad	St # 01 , Umer Farooq Colony Nr Penger Head Quarter Kasur Pakistan	Muhammad Jawad	35102-3388895-5	Sajjad Ahmad	3,272	1,333	-	4,605	-	1,676	-	1,676
222	Tariq Mahmood Mir	R-704, Block 1 Shantabad, Fb Area, Karachi	Tariq Mahmood Mir	42101-8944362-7	Fazal Mahmood Mir	441	41	-	482	-	685	-	685
223	Taimur Amar Kayani	H # 498 Bloc K- F Gulshan Ravi Near Usman Park Lahore	Taimur Amar Kayani	35202-2924052-3	Amar Rafique Kayani	793	20	-	813	-	728	-	728
224	Farrat Kamal	House #26-A, Street # 37, Jamil Town, Sabzazar, Lahore	Farrat Kamal	35202-6505777-7	Abdul Latif	1,087	197	100	1,384	437	197	170	804
						1,057,567	3,065,495	2,825	4,125,887	745,966	2,961,466	3,776	3,711,208

Annexure II to and forming part of the Consolidated Financial Statements

The Bank is operating 700 Islamic banking branches (December 31, 2021: 595) including 2 Islamic sub-branches (December 31, 2021: 2). The statement of financial position and profit and loss account of these branches for the year ended December 31, 2022 are as follows:

	Note	2022	2021
-----Rupees '000-----			
(A) Statement of financial position			
ASSETS			
Cash and balances with treasury banks		53,620,528	34,500,786
Balances with other banks		1,526,612	2,345,633
Due from financial institutions		4,000,000	-
Investments	1	443,604,835	169,622,462
Islamic financing and related assets - net	2	437,804,503	351,466,762
Fixed assets		35,493,325	18,063,668
Intangible assets		1,529,495	231,682
Due from head office		2,969,272	79,488
Other assets		43,648,123	16,326,810
		1,024,196,693	592,637,291
LIABILITIES			
Bills payable		18,997,842	9,671,804
Due to financial institutions		144,147,220	99,267,708
Deposits and other accounts	3	768,985,659	428,362,073
Due to head office		-	4,666,798
Other liabilities		34,684,644	17,501,285
		966,815,365	559,469,668
NET ASSETS			
		57,381,328	33,167,623
REPRESENTED BY			
Islamic banking fund		27,180,000	22,180,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		10,759,271	1,132,979
Unappropriated profit	5	19,442,057	9,854,644
		57,381,328	33,167,623
CONTINGENCIES AND COMMITMENTS			
	6		
(B) Profit and loss account			
Profit / return earned	7	84,181,410	28,279,592
Profit / return expensed	8	47,806,779	11,095,454
Net profit / return		36,374,631	17,184,138
Other income			
Fee and commission income		3,612,219	1,941,525
Foreign exchange income		1,099,721	503,437
Gain on securities		2,982	75,879
Others		243,231	130,623
Total other income		4,958,153	2,651,464
Total income			
		41,332,784	19,835,602
Other expenses			
Operating expenses		21,040,986	10,400,364
Other charges		312,237	1,037
Total other expenses		21,353,223	10,401,401
Profit before provisions		19,979,561	9,434,201
Provisions and write offs - net		865,899	1,680,479
Profit before taxation		19,113,662	7,753,722
Taxation		9,526,249	3,023,952
Profit after taxation		9,587,413	4,729,770

Annexure II to and forming part of the Consolidated Financial Statements

1	INVESTMENTS BY SEGMENTS:	2022				2021			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000-----									
	Federal Government securities:								
	- Ijarah Sukuks	387,017,281	-	(3,914,959)	383,102,322	142,350,109	-	(1,014,416)	141,335,693
	- Other Federal Government securities	4,801,581	-	-	4,801,581	925,512	-	-	925,512
		391,818,862	-	(3,914,959)	387,903,903	143,275,621	-	(1,014,416)	142,261,205
	Shares								
	- Listed companies	11,604,100	(604,620)	(1,481,894)	9,517,586	100,000	-	-	100,000
	Non Government Debt securities:								
	- Listed	37,000,000	-	1,836,000	38,836,000	15,000,000	-	487,500	15,487,500
	- Unlisted	7,347,346	-	-	7,347,346	11,773,608	-	149	11,773,757
		44,347,346	-	1,836,000	46,183,346	26,773,608	-	487,649	27,261,257
	Total investments	447,770,308	(604,620)	(3,560,853)	443,604,835	170,149,229	-	(526,767)	169,622,462
						Note	2022	2021	
----- Rupees '000-----									
2	ISLAMIC FINANCING AND RELATED ASSETS - NET								
	Murabaha					2.2	10,837,970	31,630,824	
	Musharaka						90,906	7,164	
	Diminishing Musharaka						213,134,744	169,178,512	
	Istisna						31,870,700	29,274,907	
	Tawwaruq						13,206,270	2,131,046	
	Running Musharaka						119,430,547	73,228,956	
	Fixed assets Ijarah financing - net					2.1	32,109	47,914	
	Tijarah						2,274,421	1,091,633	
	Advance against Murabaha financing						1,675,896	2,440,981	
	Advanced against Diminishing Musharaka						15,556,470	19,610,409	
	Advance against Ijarah						-	1,312,461	
	Advance against Istisna						21,163,846	12,906,932	
	Advance against Islamic export refinance						3,642,674	5,225,476	
	Advance against Tijarah						467,445	216,504	
	Advance against Salam						83,236	-	
	Musawamah						150,680	187,825	
	Bai salam						99,342	433,702	
	Salam						101,200	13,500	
	Inventory related to Istisna						6,205,350	2,814,621	
	Inventory related to Murabaha						203,694	1,535,917	
	Inventory related to Salam						-	100,000	
	Inventory related to Musawamah						3,980	-	
	Inventory related to Tijarah						1,346,223	984,847	
	Gross Islamic financing and related assets						441,577,703	354,374,131	
	Less: provision against Islamic financings								
	- specific						(3,534,367)	(2,666,575)	
	- general						(238,833)	(240,794)	
							(3,773,200)	(2,907,369)	
	Islamic financing and related assets - net of provision						437,804,503	351,466,762	

Annexure II to and forming part of the Consolidated Financial Statements

2.1 Ijarah

	2022						
	Cost			Accumulated depreciation			Book value as at Dec 31, 2022
	As at Jan 1, 2022	Additions / (deletions)	As at Dec 31, 2022	As at Jan 1, 2022	Charge for the year	As at Dec 31, 2022	
	Rupees '000						
Plant and machinery	147,395	(94,960)	52,435	99,481	(79,155)	20,326	32,109
Total	147,395	(94,960)	52,435	99,481	(79,155)	20,326	32,109

	2021						
	Cost			Accumulated depreciation			Book value as at Dec 31, 2021
	As at Jan 1, 2021	Additions / (deletions)	As at Dec 31, 2021	As at Jan 1, 2021	Charge for the year	As at Dec 31, 2021	
	Rupees '000						
Plant & Machinery	147,395	-	147,395	69,339	30,142	99,481	47,914
Total	147,395	-	147,395	69,339	30,142	99,481	47,914

Future Ijarah payments receivable

	2022				2021			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	Rupees '000							
Ijarah rental receivables	33,506	-	-	33,506	48,653	-	-	48,653

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

2.2 Murabaha

	Note	2022		2021	
		Rupees '000			
Murabaha financing	2.2.1	10,837,970		31,630,824	
Inventory for Murabaha		203,694		1,535,917	
Advances for Murabaha		1,675,896		2,440,981	
		<u>12,717,560</u>		<u>35,607,722</u>	
2.2.1 Murabaha receivable - gross	2.2.3	11,529,227		32,541,234	
Less: Deferred murabaha income	2.2.4	(350,063)		(275,779)	
Profit receivable shown in other assets		(341,194)		(634,631)	
Murabaha financings		<u>10,837,970</u>		<u>31,630,824</u>	
2.2.2 The movement in Murabaha financing during the year is as follows:					
Opening balance			31,630,824		2,802,616
Sales during the year			111,886,384		60,522,835
Adjusted during the year			(132,679,238)		(31,694,627)
Closing balance			<u>10,837,970</u>		<u>31,630,824</u>

Annexure II to and forming part of the Consolidated Financial Statements

	2022	2021
	-----Rupees '000-----	
2.2.3 Murabaha sale price	11,529,227	32,541,234
Murabaha purchase price	(10,837,970)	(31,630,824)
	<u>691,257</u>	<u>910,410</u>
2.2.4 Deferred murabaha income		
Opening balance	275,779	65,167
Arising during the year	4,602,165	1,707,627
Less: recognised during the year	(4,527,881)	(1,497,015)
Closing balance	<u>350,063</u>	<u>275,779</u>

3 DEPOSITS

Customers

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Current deposits	230,370,374	25,984,343	256,354,717	171,716,974	21,947,496	193,664,470
Savings deposits	201,420,482	22,483,986	223,904,468	168,304,245	15,291,589	183,595,834
Term deposits	152,681,148	815,829	153,496,977	30,904,502	490,615	31,395,117
Margin	7,053,895	41,484	7,095,379	-	-	-
	<u>591,525,899</u>	<u>49,325,642</u>	<u>640,851,541</u>	<u>370,925,721</u>	<u>37,729,700</u>	<u>408,655,421</u>

Financial institutions

Current deposits	9,405,615	65,052	9,470,667	247,179	30,425	277,604
Savings deposits	118,137,901	-	118,137,901	14,963,498	-	14,963,498
Term deposits	525,550	-	525,550	4,465,550	-	4,465,550
	<u>128,069,066</u>	<u>65,052</u>	<u>128,134,118</u>	<u>19,676,227</u>	<u>30,425</u>	<u>19,706,652</u>
	<u>719,594,965</u>	<u>49,390,694</u>	<u>768,985,659</u>	<u>390,601,948</u>	<u>37,760,125</u>	<u>428,362,073</u>

	2022	2021
	-----Rupees '000-----	
3.1 Composition of deposits		
- Individuals	138,037,575	117,358,082
- Government / Public Sector Entities	39,625,447	3,916,151
- Banking Companies	5,902,607	12,229
- Non-Banking Financial Institutions	122,231,511	19,694,422
- Private Sector	463,188,519	287,381,189
	<u>768,985,659</u>	<u>428,362,073</u>

3.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 431.530 billion (2021: Rs 338.045 billion).

Annexure II to and forming part of the Consolidated Financial Statements

	2022	2021
	-----Rupees '000-----	
4 CHARITY FUND		
Opening balance	42,956	26,070
Additions during the year		
Received from customers on account of delayed payment	188,806	45,000
Other Non-Shariah compliant income	8,713	723
Profit on charity saving account	5,256	1,017
	202,775	46,740
Payments / utilisation during the year		
Education	12,000	21,354
Health	10,000	7,500
Social work	24,053	1,000
	46,053	29,854
Closing balance	199,678	42,956
Donee wise details of charity disbursements over Rs 0.5 million;		
HIRA Foundation	-	3,354
Alamgir Welfare Trust	5,000	-
The Citizens Foundation	5,500	-
Bait us Salam Welfare Trust	5,000	1,000
Saylani Welfare Trust	5,000	-
Patients' Aid Foundation	-	2,500
Darul Uloom Karachi	-	10,000
Lahore University of Management Sciences	-	5,000
CEIF IM Sciences, Peshawar	5,000	3,000
Pakistan Children s Heart Foundation	-	5,000
Pink Ribbon Pakistan	5,000	-
Akhuwat Foundation	5,000	-
Indus Hospital & Health Network	5,000	-
Rations Bags (For Flood Victims)	4,053	-
Developments in Literacy	1,500	-
There were no charity disbursement to related parties of the Bank.		
5 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	9,854,644	5,124,874
Add: Islamic banking profit for the year	19,113,662	7,753,722
Less: taxation	(9,526,249)	(3,023,952)
Closing balance	19,442,057	9,854,644
6 CONTINGENCIES AND COMMITMENTS		
Guarantees	37,760,844	23,409,723
Commitments	132,750,751	109,246,212
	170,511,595	132,655,935
7 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	46,822,185	20,102,058
Investments	37,359,225	8,177,534
	84,181,410	28,279,592

Annexure II to and forming part of the Consolidated Financial Statements

	<u>2022</u>	<u>2021</u>
	-----Rupees '000-----	
8 Profit on deposits and other dues expensed		
Deposits and other accounts	35,890,486	7,438,366
Other short term borrowings	5,290,744	2,744,018
Securities sold under repurchase agreements	5,375,912	-
Lease liability against right-of-use assets	1,249,637	913,070
	<u>47,806,779</u>	<u>11,095,454</u>

9 Pool management

The Bank's Islamic Banking Division (FBL IBD) has maintained the following pools:

- i. 'General Pool' for local and foreign currency deposits;
- ii. 'Islamic Export Refinance Pool';
- iii. 'Treasury Musharaka Pool';
- iv. FBL 'Islamic Investment Pool' (Mudarabah based);
- v. FBL 'Islamic Saving Pool' (Mudarabah based);
- vi. FBL 'Islamic Equity Pool';
- vii. Haj Musharaka Pool';
- viii. Treasury Pool;
- ix. Pakistan Mortgage Refinance Company Musharakah Pool;
- x. Open Market Operation; and
- xi. Mudarabah based Financing Facility

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency is catered for all FBL Islamic depositors and provide profit / loss based on Mudarabah and Musharaka.
- The IERS Pool caters the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.

Annexure II to and forming part of the Consolidated Financial Statements

- The 'Treasury Musharaka Pool' is to provide Shariah compliant mechanism for Interbank Money Market transactions and manage the liquidity position of FBL IBD statement of financial position by creating individual pools against each FBL Islamic money market deals.
- The FBL Islamic investment certificate pools are created to cater the needs of high net worth clients.
- The FBL Islamic saving pools are created to cater the needs of high net worth clients / institutions.
- The FBL Islamic equity pool is created to mainly cater the funding requirement of project / long term financing assets during non accrual period.
- The Haj Musharaka pool is created to give returns to Ministry of religious affairs deposits.
- The Treasury Mudarabah Pool is created to cater the liquidity requirement of the Bank.
- Pakistan Mortgage Refinance Company Musharakah Pool is created to promote expansion of affordable housing finance.
- Shariah Compliant Mudarabah Based Open Market Operations (OMO) Pool was created to enhance monetary policy transmission and improve management of market liquidity.
- Shariah Compliant Standing Ceiling Facility- Mudarabah based Financing Facility (MFF) Pool was created with a view to provide liquidity management framework for the Bank and enhance the effectiveness of monetary policy implementation. As per the guidelines provided by State Bank of Pakistan, MFF shall be available as a standing facility on overnight basis.
- The risk characteristics of each pool mainly depends on the asset and liability profile of each pool.

9.1 Profit / (loss) distribution to depositor's pool

Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

Gross income generated from relevant assets, calculated at the end of the month is first divided between FBL Islamic and investors / depositors in the ratio of FBL Islamic equity commingled in a pool on pro rata basis, and then amongst FBL Islamic and the depositors as per agreed mudarib fee and weightages declared before start of a month, respectively. All Mudarabah and Musharaka based deposits are fully invested in respective Pools to produce returns for them. In case where FBL Islamic is unable to utilise all funds available for investment, priority is given to the deposit account holders.

All remunerative accounts such as saving accounts, investment certificates, business kamil accounts, etc. are opened on the basis of Mudarabah, Musharaka, Wakalah or a combination of Mudarabah and Musharaka. The return on these deposits is calculated on the basis of Profit and Loss sharing (PLS). Unless specified, all remunerative local currency and foreign currency deposits are taken as General Mudarabah and Musharaka pool.

Profit share is determined by using weightages and profit sharing ratio assigned to each category of deposit within a pool. These weightages and profit sharing ratios are declared by FBL Islamic in compliance with the requirements of the Shariah and the SBP.

The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. The direct expenses are charged to respective pool. The indirect expenses including the establishment cost are borne by FBL Islamic as Mudarib. The direct expenses charged to the pool include depreciation of Ijarah assets, cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee, documentation charges, brokerage fee for the purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools etc. Provisions against any non-performing assets of the pool are not passed on to the pool except on the actual loss / write-off of such non-performing asset and suspension of income against non-performing assets. The profit of the pool is shared between the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

Particulars	2022		2021	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	14,936,903	30.51	6,246,877	41.15
- Amount and percentage of Mudarib share transferred to depositors through Hiba	4,136,622	27.7	598,860	9.59
- Profit rate earned (annualised)	-	11.8	-	7.3
- Profit rate distributed (annualised)	-	7.3	-	2.8

Other Information



ایک غنئی



Consumer Grievances Handling Mechanism

With the vision to 'Be the leading Islamic Bank in Pakistan', Faysal Bank believes in making continuous efforts towards enhancing Customer Experience across touchpoints, such as but not limited to; branch banking, contact center, digital channels. It is our differentiating value to proactively anticipate our customers' needs and wants and modify our experience accordingly to provide service going above-and-beyond.

We at Faysal Bank believe in providing impeccable experience to our customers throughout the lifecycle. As part of our service excellence mandate, we have established pillars of visibility, accountability, customer feedback and grievance handling, which enables us to better empathize with the raw customer experience and put our efforts towards enhancing it at every step.

It is our priority to ensure that the bank's conduct with its customers is in a fair and transparent manner, imparting awareness to take informed decisions and at the same time delivering upon our committed standards. With this resolve, the bank has been investing in the best technologies to improve not only the Service Delivery & Digital Experience, but also enable provisions to gauge key internal performances while ensuring critical processes are measured via thorough optimization cycle.

To meet our pledge of rendering the best in class service, we have implemented the following initiatives; resulting in optimal customer experience:

Consumer Protection Policy: In order to inculcate customer centricity in the culture and dynamics of Faysal Bank, we have framed an extensive consumer protection policy, which outlines comprehensive guidelines for customer management throughout the customer journey, and product lifecycle.

Voice of Customer Program: The In-house Voice of Customer (VoC) program enables us to capture customers' feedback, requirements, and expectations via surveys and other strategic initiatives. The program gathers customer feedback on all available customer touchpoints to capture customers' satisfaction on bank's services/products/processes/digital offerings/brand equity/lifestyle and Complaints through telephonic interviews of our valued customers

Service Standards Monitoring Spectrum: The bank has a robust process monitoring platform that spans across various products, channels including but not limited to Digital Channels, Branch Banking, Consumer Finance, Centralized Operations and support segments with an aim to identify gaps resulting in high turnaround times while driving efforts to meet our committed service standards.

Knowledge Initiatives: We drive a robust knowledge enhancement program focused towards increasing our staff awareness levels on products, processes and customer handling techniques. To inculcate the service mind-set, not only do we take the contemporary approach, but we also utilize mediums such as Service Snippets, Infograms, Online Portal, etc.

Process Optimization: Process Optimization at Customer Experience thoroughly keeps in lens all the facts and figures emanating from Complaint Management Unit and the platforms mentioned above and yields strategies and plans to make the experience better for our customers.

Complaint Management Unit: The automated Complaint Resolution system at Faysal Bank is to ensure due diligent complaint closures while maintaining high FTC (Fair Treatment of Customers) standards.

In 2022, the bank directly received a total of 96,091 complaints which were resolved in an average time of 7 working days. In addition, we at Faysal Bank conduct thorough root cause analysis to facilitate / drive continuous improvement in tandem with the business and product management teams via various avenues as elaborated above.

Customer Satisfaction Surveys: At Faysal Bank, we conduct Customer Satisfaction Surveys from renowned vendors in order to get a validated external view on the customer experience aspect of various product suites.

Market Competition Scan: With the resolve to understand the key drivers behind industry best practices, both locally and internationally, Faysal bank continuously carries out competitive scans on various service standards and process journeys.

Video Mystery Shopping Program: We have a robust and unique Video Mystery Shopping Program (VMSP) which is conducted by an external independent agency through concealed recording devices and objectively captures the realities of a customer's experience. Especially designed to capture a range of aesthetics and customer interactive elements, with a view to identify weak areas and validate strengths. This program is a testament to our customer commitment where the bank continuously seeks ways to improve the customer experience with a 360-degree view.

Combined Pattern of CDC and Physical Shareholding as on December 31, 2022

S.No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage %
1	Associated Companies, Undertakings and Related Parties			72.07
	Ithmaar Bank B.S.C	6	729,367,723	
	Faisal Finance (Luxembourg) S.A.		129,830,225	
	MFAI (Jersey) Limited		38,995,485	
	MFAI (Jersey) Limited		50,365,166	
	DMI (Jersey) Limited		64,915,110	
	State Life Insurance Corporation of Pakistan		80,368,941	
2	Directors, Chief Executive Officer, and their Spouse(s) and Minor Children			1.70
	Mr. Farooq Rahmatullah Khan	12	1,427	
	Mr. Ahmed Abdulrahim		723	
	Mohamed Abdulla Bucheery			
	Mian Muhammad Younis		726	
	Mr. Juma Hasan Ali Abul		723	
	Mr. Imtiaz Ahmad Pervez		133,344	
	Mr. Abdulelah Ebrahim Mohamed AlQasimi		575	
	Mr. Abdulla Abdulaziz Ali Taleb		575	
	Mr. Ali Munir		755	
	Ms. Fatima Asad Khan		500	
	Mr. Mohsin Tariq		25,672,975	
	Mr. Yousaf Hussain- President & CEO		-	-
3	Executives/Employees	3	12,410	0.00
4	NIT and ICP	4	17,914	0.00
5	Banks, Development Financial Institutions, Non-Banking Financial Institutions	15	36,138,500	2.38
6	Insurance Companies	9	8,598,666	0.57
7	Modarabas and Mutual Funds	72	48,762,891	3.21
8	General Public			
	a. Local	15,867	232,280,150	15.30
	b. Foreign	70	22,421,483	1.48
9	Others			
	a. Foreign Companies	13	476,733	0.03
	b. Joint Stock Companies	109	20,383,342	1.34
	c. Provident Funds, Pension Funds, Gratuity Funds and other entities	80	28,949,463	1.91
	Total	16,260	1,517,696,525	100.00
	Total Paid-up Capital		1,517,696,525 Shares	
	10% of the Paid-up Capital		151,769,652 Shares	
S.No.	Shareholders holding 10% or more Shares			
1	Ithmaar Bank B.S.C		729,367,723	48.06

Combined Pattern of CDC and Physical Shareholding as on December 31, 2022

S.No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage %
1	Associated Companies, Undertakings and Related Parties	6	1,093,842,650	72.07
2	Directors, Chief Executive Officer and their Spouse(s) and Minor Children	12	25,812,323	1.70
3	Executives/ Employees	3	12,410	0.00
4	NIT and ICP	4	17,914	0.00
5	Banks, Development Financial Institutions, Non-Banking Financial Institutions	15	36,138,500	2.38
6	Insurance Companies	9	8,598,666	0.57
7	Modarabas and Mutual Funds	72	48,762,891	3.21
8	General Public			
	a. Local	15,867	232,280,150	15.30
	b. Foreign	70	22,421,483	1.48
9	Others			
	a. Foreign	13	476,733	0.03
	b. Joint Stock Companies	109	20,383,342	1.34
	c. Provident Funds, Pension Funds, Gratuity Funds and other entities	80	28,949,463	1.91
	Total	16,260	1,517,696,525	100

Pattern of Shareholding

As on December 31, 2022

Number of Shareholders	Shareholding Slab			Total Shares Held	Number of Shareholders	Shareholding Slab			Total Shares Held
		To					To		
3962	1	To	100	119,063	1	250001	To	255000	251,466
5727	101	To	500	1,718,457	2	255001	To	260000	516,771
1379	501	To	1000	1,012,718	2	260001	To	265000	529,302
3336	1001	To	5000	8,937,737	1	265001	To	270000	270,000
642	5001	To	10000	4,637,090	2	270001	To	275000	548,500
288	10001	To	15000	3,547,920	1	275001	To	280000	277,956
151	15001	To	20000	2,675,572	1	280001	To	285000	280,947
117	20001	To	25000	2,674,549	4	295001	To	300000	1,195,577
76	25001	To	30000	2,105,732	1	305001	To	310000	308,283
40	30001	To	35000	1,311,829	3	310001	To	315000	938,624
38	35001	To	40000	1,440,528	1	325001	To	330000	328,000
33	40001	To	45000	1,421,886	1	330001	To	335000	332,000
32	45001	To	50000	1,552,714	1	335001	To	340000	338,350
15	50001	To	55000	792,527	2	340001	To	345000	688,640
24	55001	To	60000	1,384,410	3	345001	To	350000	1,044,721
18	60001	To	65000	1,136,924	1	350001	To	355000	354,500
14	65001	To	70000	945,025	2	355001	To	360000	714,214
17	70001	To	75000	1,245,246	1	370001	To	375000	370,569
15	75001	To	80000	1,161,867	2	375001	To	380000	750,622
8	80001	To	85000	663,592	1	380001	To	385000	385,000
12	85001	To	90000	1,049,167	3	385001	To	390000	1,164,907
14	90001	To	95000	1,291,677	1	390001	To	395000	390,078
22	95001	To	100000	2,190,724	1	395001	To	400000	400,000
5	100001	To	105000	507,930	1	405001	To	410000	405,513
7	105001	To	110000	758,812	1	410001	To	415000	413,807
5	110001	To	115000	568,437	1	420001	To	425000	421,000
5	115001	To	120000	588,660	1	425001	To	430000	430,000
7	120001	To	125000	862,608	2	430001	To	435000	867,742
4	125001	To	130000	515,376	2	440001	To	445000	884,648
5	130001	To	135000	659,545	1	445001	To	450000	450,000
8	135001	To	140000	1,108,527	1	475001	To	480000	480,000
3	140001	To	145000	427,667	1	480001	To	485000	482,808
7	145001	To	150000	1,031,239	4	495001	To	500000	1,996,818
4	150001	To	155000	610,708	2	500001	To	505000	1,005,241
3	155001	To	160000	473,892	1	505001	To	510000	506,000
3	160001	To	165000	488,213	1	510001	To	515000	513,787
6	165001	To	170000	1,010,447	3	545001	To	550000	1,645,290
3	170001	To	175000	516,253	1	550001	To	555000	552,971
7	175001	To	180000	1,244,624	1	555001	To	560000	558,000
4	180001	To	185000	733,297	1	560001	To	565000	561,158
3	185001	To	190000	563,271	2	575001	To	580000	1,155,000
1	190001	To	195000	192,050	2	590001	To	595000	1,184,256
11	195001	To	200000	2,198,181	1	595001	To	600000	600,000
2	200001	To	205000	408,600	2	610001	To	615000	1,226,500
6	205001	To	210000	1,251,861	1	635001	To	640000	638,500
3	210001	To	215000	638,670	1	650001	To	655000	652,150
6	225001	To	230000	1,368,122	1	665001	To	670000	669,000
2	230001	To	235000	468,900	1	670001	To	675000	675,000
7	240001	To	245000	1,697,849	1	680001	To	685000	682,750
5	245001	To	250000	1,244,060	2	685001	To	690000	1,377,962

As on December 31, 2022

Number of Shareholders	Shareholding Slab			Total Shares Held	Number of Shareholders	Shareholding Slab			Total Shares Held
		To					To		
3	695001	To	700000	2,095,500	1	3070001	To	3075000	3,072,801
1	750001	To	755000	750,358	1	3200001	To	3205000	3,204,539
2	770001	To	775000	1,546,193	1	3235001	To	3240000	3,237,000
1	775001	To	780000	779,506	1	3355001	To	3360000	3,360,000
2	785001	To	790000	1,579,827	1	3495001	To	3500000	3,497,919
2	795001	To	800000	1,600,000	1	3540001	To	3545000	3,543,320
1	830001	To	835000	832,380	1	4545001	To	4550000	4,549,396
1	920001	To	925000	924,000	1	4720001	To	4725000	4,724,429
1	925001	To	930000	929,925	1	5350001	To	5355000	5,354,500
1	935001	To	940000	938,137	1	5405001	To	5410000	5,408,000
1	950001	To	955000	950,346	1	5735001	To	5740000	5,737,890
2	970001	To	975000	1,942,314	1	6090001	To	6095000	6,090,780
1	975001	To	980000	975,855	1	6285001	To	6290000	6,288,686
1	1035001	To	1040000	1,035,039	1	7085001	To	7090000	7,086,648
2	1065001	To	1070000	2,132,255	1	7140001	To	7145000	7,143,485
1	1245001	To	1250000	1,250,000	1	7325001	To	7330000	7,329,500
1	1330001	To	1335000	1,330,001	1	7470001	To	7475000	7,472,339
1	1370001	To	1375000	1,370,500	1	7665001	To	7670000	7,665,510
1	1480001	To	1485000	1,481,633	1	9745001	To	9750000	9,747,500
1	1530001	To	1535000	1,535,000	1	10060001	To	10065000	10,063,926
1	1535001	To	1540000	1,536,390	1	14395001	To	14400000	14,398,739
1	1545001	To	1550000	1,547,598	1	14830001	To	14835000	14,833,000
1	1645001	To	1650000	1,650,000	1	25670001	To	25675000	25,672,975
1	1700001	To	1705000	1,701,500	1	38995001	To	39000000	38,995,485
1	1800001	To	1805000	1,805,000	1	43935001	To	43940000	43,938,825
1	1995001	To	2000000	2,000,000	1	50365001	To	50370000	50,365,166
1	2065001	To	2070000	2,069,211	1	55480001	To	55485000	55,480,393
1	2290001	To	2295000	2,293,500	1	64915001	To	64920000	64,915,110
1	2380001	To	2385000	2,380,692	1	80365001	To	80370000	80,368,941
1	2645001	To	2650000	2,648,243	1	129830001	To	129835000	129,830,225
1	2890001	To	2895000	2,890,047	1	729365001	To	729370000	729,367,723
1	2895001	To	2900000	2,900,000					
1	2980001	To	2985000	2,981,144					
					16,260				1,517,696,525

Code Of Conduct on Corporate Website





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Notice of the Twenty Eighth Annual General Meeting

Notice is hereby given that the 28TH Annual General Meeting ("AGM") of Faysal Bank Limited ("FBL") will be held on March 29, 2023, at 11:00 a.m. at JS Auditorium, Institute of Business Administration (IBA), City Campus, Garden, Kiyani Shaheed Road, Karachi to transact the following businesses:

Ordinary Business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on November 25, 2022.
2. To receive and adopt Unconsolidated & Consolidated Financial Statements and Statement of Compliance with Code of Corporate Governance of FBL for the year ended December 31, 2022 together with the Directors' and Auditors' Reports thereon.
3. To consider and approve as recommended by the Board of Directors 10% Final Cash Dividend for the year ended December 31, 2022 in addition to 5% Interim Cash Dividend for the Second Quarter (half year) ended June 30, 2022 and 55% Interim Cash Dividend for the third quarter ended September 30, 2022 already paid to the Shareholders.
4. To appoint External Auditors KPMG Taseer Hadi & CO, Chartered Accountants for the ensuing financial year 2023 at PKR 14,550,000/- (excluding sales tax and out of pocket expenses capped at 5%) of statutory audit, reviews and certification fees.
5. Any other business with the permission of the Chair.

Special Business:

6. **To consider and approve amendment in Articles of Association (AOA) as directed by the State Bank of Pakistan (SBP) in its Islamic Banking License of Faysal Bank Limited and in that connection to pass the following resolutions as Special Resolutions, with or without modification, addition or deletion.**

"**RESOLVED** that the below mentioned revised definition of Shariah in the Article of Association laid down as a condition by the State Bank of Pakistan through its Islamic Banking License of Faysal Bank Limited dated December 30, 2022, be and hereby is approved as recommended by the Board of Directors."

"**Shariah** means the injunctions of Islam as laid down in the Holy Quran and Sunnah."

FURTHER RESOLVED "that the Chief Executive Officer and or Company Secretary of the Bank be and are hereby singly authorized and empowered to give effect to the above resolution effect any amendments as may be required by Regulators and to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time as and when necessary".

7. **To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2022 for attending the Board/Sub-Committees Meetings and in that connection to pass the following resolution as Special Resolution, with or without modification, addition or deletion.**

"**RESOLVED** that the remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note No. 38.2 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2022 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved."

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

Karachi dated: March 7, 2023

By the order of the Board



Aurangzeb Amin

Company Secretary & Head of Legal

Notes:

1. The Share Transfer Books of the Bank shall remain closed from **March 22, 2023 to March 29, 2023** (both days inclusive). Transfer received at the Share Registrar of the Bank, by the close of business on March 21, 2023 will be treated in time.
2. A member entitled to attend and vote at the Meeting may appoint another person as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Bank not later than 11:00 a.m. on March 27, 2023.
3. **The all Shareholders are requested to strictly follow the COVID-19 related SOPs issued by the Provincial and/or the Federal Government.**

4. Participation in the AGM through Video link

The General Meeting is being conducted as per guidelines circulated by SECP following arrangements have also been made by the Bank to facilitate the maximum participation of the shareholders in the AGM through video link facility, either in-person or through appointed proxies:

The shareholders interested to participate through video link are requested to please provide below information at Email: cdcsr@cdcsrsl.com and Whatsapp No. **0321-8200864** at the earliest but not later than close of business on March 28, 2023

Full Name of Shareholder / Proxy Holder	Company	CNIC Number	Folio / CDC A/c No.	Email ID	Mobile Phone No.
	Faysal Bank Limited				

Please note that video link and login credentials will be shared with only those members / designated proxies whose e-mail and other required information are received in required time as mentioned above.

- a) Video-link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.
 - b) Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the meeting proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.
 - c) Shareholders may send their comments and suggestions relating to the agenda items of the AGM at least two (2) working days before the meeting, at the given email address cdcsr@cdcsrsl.com WhatsApp on **0321-8200864**. Shareholders are requested to mention their full name, CNIC # and Folio/CDC Account # for this purpose.
 - d) Shareholders are encouraged to participate in the meeting to consolidate their attendance and participation through proxies.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For appointing proxies

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CINC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

6. Procedure for E-Voting

In accordance with the Companies (Postal Ballot) Regulation, 2018, ("the Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017, ("the Act") in the manner and subject to conditions contained in the Regulations.

- a. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on March 22, 2023.
- b. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- c. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote online at any time from March 24, 2023, 9:00 a.m. to March 28, 2023. Voting shall close on March 28, 2023, at 5:00 p.m. Once the vote on the resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

7. Procedure for Voting Through Postal Ballot

Pursuant to Regulations, the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for all businesses classified as special business under the Act in the manner and subject to conditions contained in the Regulations in accordance with the requirements and procedure contained in the aforesaid Regulations.

- a. The members shall ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, Faysal Bank Limited Faysal House, St-02, Commercial Lane, Main Shahrah-e-Faisal, Karachi, Pakistan or email at frkhan@faysalbank.com one day before the AGM, i.e., on March 28, 2023, during working hours. The signature on the Ballot Paper shall match with signature on the CNIC.

This postal Poll paper is also available for download from the website of FBL at www.faysalbank.com or use the same as published in newspapers.

Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

8. Members are required to timely notify any change in their address to their respective Participants (if shares are held electronically) or to the Share Registrar of the Bank (if shares are held in physical form) M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

9. Mandatory Requirement for Provision of IBAN and Valid CNIC for payment of Cash Dividend through Electronically:

In compliance with requirements of Companies Act, 2017 and Companies (Distribution of Dividends) Regulation, 2017, the Bank has withheld dividend of those shareholders who have not yet provided correct and complete bank account details including valid IBAN of their own bank accounts.

In order to receive cash dividend(s) withheld by the Bank as stated above, shareholders are requested to contact Bank's Share Registrar at the above given address or Participant / Investor Account Services of Central Depository Company of Pakistan (as the case may be) along with legible copy of their respective valid CNIC and provide their complete and correct bank account details including valid IBAN.

10. Deduction of Withholding Tax:

Please note that the withholding tax will be deducted at the following rate based on "Active Taxpayer List" (ATL) available at FBR website:

1. Persons appearing in Active Taxpayers List: 15%
2. Persons not appearing in Active Taxpayers List: 30%.

Further, in case of joint shareholders, tax will be deducted as per their ratio/share (if any) intimated by the same to the Bank's Share Registrar, otherwise their shareholding treated as equal.

11. Requirement of Valid Tax Exemption Certificate for Claim of Exemption U/S 150 of the Income Tax Ordinance 2001:

If the FBL is available with valid exemption certificate issued u/s 159 of Income Tax Ordinance, 2001 or has filed a petition against the FBR for acquiring exemption certificate, in any relevant court, a copy of valid exemption certificate or certified true copy of the Stay Order of Honorable Court along with latest court proceedings (if any) would be required latest by March 21, 2023 in lieu of valid exemption certificate for non-deducting of withholding tax. In case of non-availability of the same or court order, tax shall be deducted accordingly.

12. Deduction of Zakat on Dividend issue:

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat Declaration Form (CZ 50) under Zakat and Ushr Ordinance 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 to the Bank's Share Registrar. Shareholders who hold shares with participants / CDC are advised to provide the above Forms through the concerned brokers / CDC.

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

The Company has placed the Audited Annual Financial Statements for the year ended December 31, 2022 along with Auditor's and Director's Reports thereon on its website: www.faysalbank.com

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

In pursuance of SECP notification S.R.O 787 (I)/2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through e-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi for which form may be downloaded from the Company's website: www.faysalbank.com

15. Deposit / Conversion of Physical Shares into Book-Entry Form:

The Securities and Exchange Commission of Pakistan ("SECP") through its letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised listed companies to adhere with the provision of the Section 72 of the Companies Act, 2017 (the "Act") requiring all the existing companies to replace shares issued by them in physical form with shares into Book-Entry form in a manner as may be specified and from the date notified by the SECP but not exceeding four (04) years from the date of the promulgation of the Act. Considering the aforesaid directive, FBL has also published a request on dated May 28, 2021 to ensure compliance with requirement of the Act and advised to open Investor Account directly with the Central Depository Company of Pakistan Limited ("CDC") or CDC-Sub-Account with any of the TREC Holder registered with Pakistan Stock Exchange Limited to place their physical shares into Book-Entry form. It will not only to secure the compliance of relevant rules and regulations but will also speed up the process of disbursement of entitlement to the respective shareholders.

16. Claiming of Unclaimed / Unpaid Dividends and Share Certificates:

In compliance of Section 244 of the companies Act 2017, the Bank has already requested through individual letters to shareholders who have not yet claimed their outstanding cash dividends/ bonus shares, Shareholders are once again requested to lodge their claims for cash dividends, right /bonus shares kept with the Share Registrar and Transfer Agent of the Bank. On the address given above.

17. Registration on CDC's e-Services Web Portal:

Central Depository Company (CDC) has developed Centralized Cash Dividend Register (CCDR), an e-Services web portal which contains details pertinent to cash dividend paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to shareholder by listed companies and access of all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies in retrieving detail of cash dividends from centralized register and using the same for their record purposes. Shareholders may access CCDR via <https://eservices.cdcaccess.com.pk> in addition, the Dividend / Zakat & Tax Deduction Report can also be obtained directly from participant (Stock Broker) which has been provided to them on their CDS terminals. Moreover, shareholders may also receive copy of this report on their provided email addresses.

Statement of Material Facts Under Section 134(3) of the Companies Act, 2017 in Respect of Special Business

Agenda Item No. 6:

To consider and approve amendment in Articles of Association (AOA) as directed by the State Bank of Pakistan (SBP) in its Islamic Banking License of Faysal Bank Limited and in that connection to pass the following resolutions as Special Resolutions, with or without modification, addition or deletion.

The Board of Directors has recommended the amendments in the AOA laid down as a condition by the State Bank of Pakistan through its Islamic Banking License to Faysal Bank Limited. Therefore, in accordance with Section 32 of the Companies Act, 2017, approval of the Shareholders in the General Meeting is required by way of a special resolution to alter the Company's Memorandum and Articles of Association.

The below mentioned proposed amendment by SBP in AOA have been deliberated and approved by the Board of Directors in the meeting held on February 23, 2023 subject to approval of Shareholders.

Existing definition in the AOA	Proposed Amendment as directed by SBP
Article 2(x): Shariah" means Islamic principles, injunctions, guidelines and teachings as determined by the Shariah Board under the guidance of the Shariah Governance Framework issued by the State Bank of Pakistan vide IBD Circular No. 1 of 2018 and as amended from time to time	Article 2(x): Shariah means the injunctions of Islam as laid down in the Holy Quran and Sunnah"

Accordingly, keeping view the directions of SBP, the shareholders are requested to consider and approve the below mentioned resolutions:

"RESOLVED that the below mentioned revised definition of Shariah in the Article of Association laid down as a condition by the State Bank of Pakistan through its Islamic Banking License of Faysal Bank Limited dated December 30, 2022, be and hereby is approved as recommended by the Board of Directors."

"Shariah means the injunctions of Islam as laid down in the Holy Quran and Sunnah."

FURTHER RESOLVED "that the Chief Executive Officer and or Company Secretary of the Bank be and are hereby singly authorized and empowered to give effect to the above resolution effect any amendments as may be required by Regulators and to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time as and when necessary".

Agenda Item No. 7:

To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2022 for attending the Board/Sub-Committees Meetings and in that connection to pass the following resolution as a Special Resolution, with or without modification, addition or deletion.

"RESOLVED that the remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note No. 38.2 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2022 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved."

Ballot Paper For Voting Through Post

For poll at the Annual General Meeting to be held on Wednesday March 29, 2023, at 11:00 a.m. at JS Auditorium, Institute of Business Administration (IBA), City Campus, Garden, Kiyani Shaheed Road, Karachi

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: frkhan@faysalbank.com

Name of shareholder/joint shareholder(s):	
Registered Address:	
CDC Participant / Investor ID with sub-account No.	
Number of shares held	
CNIC / Passport No. (in case of foreigner) (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	
Name of Authorized Signatory:	
CNIC / Passport No. (in case of foreigner) of Authorized Signatory – (copy to be attached)	

I/we hereby exercise my/our vote in respect of the following special resolutions through postal ballot by giving my/our assent or dissent to the following special resolution by placing tick (✓) mark in the appropriate box below:

Special Resolutions
<p>Agenda Item No. 6:</p> <p>To consider and approve amendment in Articles of Association (AOA) as directed by the State Bank of Pakistan (SBP) in its Islamic Banking License of Faysal Bank Limited and in that connection to pass the following resolutions as Special Resolutions, with or without modification, addition or deletion.</p> <p>“RESOLVED that the below mentioned revised definition of Shariah in the Article of Association laid down as a condition by the State Bank of Pakistan through its Islamic Banking License of Faysal Bank Limited dated December 30, 2022, be and hereby is approved as recommended by the Board of Directors.”</p> <p>“Shariah means the injunctions of Islam as laid down in the Holy Quran and Sunnah.”</p> <p>FURTHER RESOLVED “that the Chief Executive Officer and or Company Secretary of the Bank be and are hereby singly authorized and empowered to give effect to the above resolution effect any amendments as may be required by Regulators and to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time as and when necessary”.</p> <p>Agenda Item 7:</p> <p>To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2022 for attending the Board/Sub-Committees Meetings and in that connection to pass the following resolution as Special Resolution, with or without modification, addition or deletion.</p> <p>“RESOLVED that the remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note No. 38.2 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2022 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved.”</p>

Instructions For Poll

1. Please indicate your vote by ticking (✓) the relevant box.

2. In case if both the boxes are marked as (✓), you poll shall be treated as "Rejected".

I/we hereby exercise my/our vote in respect of the above special resolutions through ballot by conveying my/our favor or against to the resolution by placing tick (✓) mark in the appropriate box below;

Resolutions	In favor of the Resolution	Against the Resolution
Agenda Item 6		
Agenda Item 7		

NOTES:

1. Dully filled postal poll paper should be sent to the Chairman of Faysal Bank Limited at Faysal House, 4th Floor, St-02, Commercial Lane, Main Shahrah-e-Faisal, Karachi or Email: frkhan@faysalbank.com.
2. Copy of CNIC/ Passport No. (In case of foreigner) should be enclosed with the postal ballot form.
3. Postal poll paper should reach the Chairman within business hours by or before Tuesday, March 28, 2023. Any postal ballot received after this date, will not be considered for voting.
4. Signature on postal poll paper should match with signature on CNIC/ Passport No. (In case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.

_____ Date _____

Shareholder / Proxy holder Signature/Authorized Signatory
(in case of corporate entity, please affix company stamp)

Form of Proxy

I/We _____ of _____ a member a member (s) of FAYSAL BANK LIMITED and holding _____ ordinary shares, as per Register Folio No. / Participant's ID/CDC sub Account No. _____ hereby appoint _____ Folio No. / Participant's ID/CDC sub Account No _____ or failing him/her _____ of _____

as my / our proxy to vote and act for me / us on my / our behalf at the Annual General Meeting of the Bank will be held on March 29, 2023 and at any adjournment thereof.

Signed _____ day of _____, 2023

Witness:

1. _____

Revenue Stamp
Rs. 5/-

2. _____

Signature of Member (s)

NOTES:

1. The Share Transfer Books of the Bank shall remain closed from March 22, 2023 to March 29, 2023 (both days inclusive). Transfer received at the Shares Registrar of the Bank, by the close of business on March 21, 2023 will be treated in time for attending Annual General Meeting will be held on March 29, 2023 at Karachi.
2. A member entitled to attend and vote at the Meeting may appoint another Member as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member, but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Meeting.
3. Members are required to timely notify any change in their address to Bank's Shares Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CINC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم

میں / ہم _____
 رہائشی _____
 فیصل بینک لمیٹڈ کے ممبر (ز) کی حیثیت سے رجسٹرڈ فیلو نمبر / پارٹی سپنٹ شناختی نمبر / سی ڈی سی سب اکاؤنٹ نمبر کے مطابق _____
 عمومی شیئرز کے مالک ہیں اور بذریعہ لہذا _____
 فیلو نمبر / پارٹی سپنٹ شناختی نمبر / سی ڈی سی سب اکاؤنٹ نمبر _____ یا ان کی غیر موجودگی میں _____
 رہائشی _____ کو پراکسی کے طور پر مقرر کرتا ہوں / کرتے ہیں جو کہ میرے / ہمارے پراکسی کے طور پر میری / ہماری غیر موجودگی میں
 بینک کے 29 مارچ، 2023 کو منعقد ہونے والے سالانہ اجلاس عام میں میری / ہماری جانب سے شرکت کرنے اور ووٹ دینے کے اہل ہوں گے۔

دستخط _____ دستخط کی تاریخ _____
 گواہ _____
 1- پانچ روپے کارپوریٹ اسٹامپ چسپاں کریں
 2- ممبر (ز) کے دستخط

نوٹ:

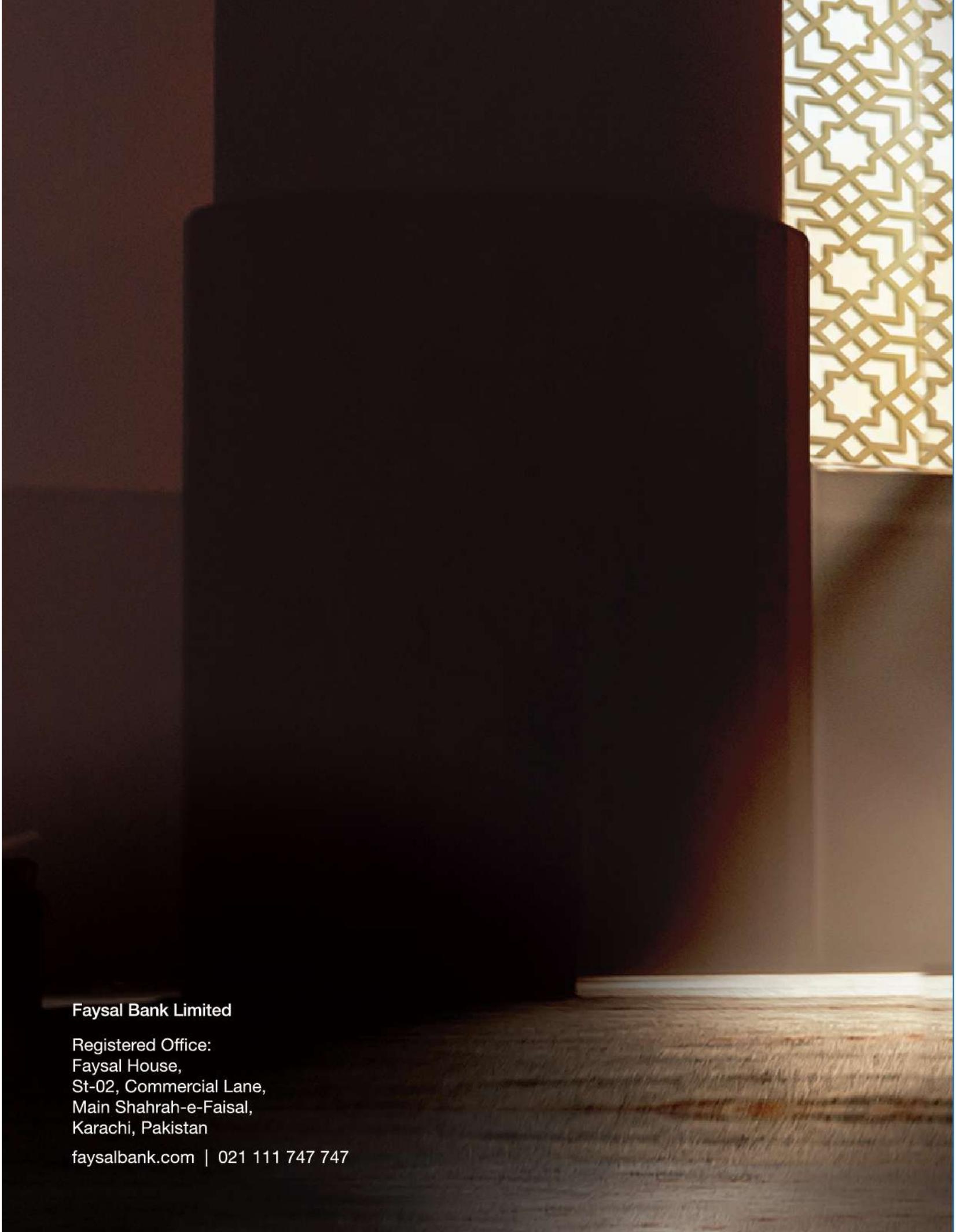
1. بینک کے شیئر ٹرانسفر بکس 22 مارچ، 2023 سے 29 مارچ، 2023 تک (بشمول دونوں دن) بند رہیں گی۔ بینک کے شیئرز رجسٹرار کو 21 مارچ، 2023 کو کاروبار کے اختتام تک موصول ہونے والے ٹرانسفر کو 29 مارچ، 2023 کو کراچی میں منعقد ہونے والے سالانہ اجلاس عام کے لئے بروقت قرار دیا جائے گا۔
2. اجلاس میں شرکت اور ووٹ دینے کا اہل ممبر کسی دوسرے ممبر کو اپنی جگہ شرکت کرنے اور ووٹ دینے کے لئے پراکسی مقرر کر سکتا ہے جبکہ کسی ادارے کی جانب سے مقرر کردہ پراکسی کا ممبر ہونا لازمی نہیں ہے، لیکن اس کے پاس ادارے کی جانب سے تقرری کا ثبوت ہونا چاہیے۔ پراکسی لازمی طور پر اجلاس سے کم از کم 48 گھنٹے قبل بینک کے رجسٹرڈ آفس میں وصول ہونی چاہیے۔
3. ممبرز اپنے پتی کی تبدیلی سے متعلق اطلاع بینک کے شیئر رجسٹرار میسرز سی ڈی سی ہاؤس لمیٹڈ، سی ڈی سی ہاؤس، B-99 بلاک بی، ایس ایم سی ایچ ایس مین شاہراہ فیصل، کراچی کو بروقت دیں۔
4. سی ڈی سی اکاؤنٹ ہولڈرز سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 26 جنوری، 2000 کو جاری شدہ سرکلر 1 میں دی گئی رہنما ہدایات پر عمل کریں۔

A اجلاس میں شرکت کے لیے:

1. انفرادی ممبر کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ آدمی جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات قواعد کے مطابق اپلوڈ ہو چکی ہیں، انہیں اپنی شناخت کے لیے اجلاس میں شرکت کے وقت قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرنا پڑے گا۔
2. کارپوریٹ ادارے کی صورت میں اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی (اگر پہلے فراہم نہیں کیا گیا ہے) نامزد کرنے والے کے مجاز دستخط کے ساتھ پیش کرنا ہو گا۔

B پراکسی کی تقرری کے لئے

1. انفرادی ممبر کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ آدمی جس کی سکیورٹیز گروپ میں ہیں اور اس کی رجسٹریشن کی تفصیلات قواعد کے مطابق اپلوڈ ہو گئی ہیں، انہیں درج بالا ضروریات کے مطابق پراکسی فارم جمع کرنا ہو گا۔
2. پراکسی فارم پر دو افراد کی گواہی درکار ہوگی جن کے نام، پتہ اور سی این آئی سی نمبر درج ہوں گے۔
3. پراکسی فارم کے ساتھ اصل ممبر اور پراکسی کے سی این آئی سی پاسپورٹ کی مصدقہ نقول منسلک ہوں گی۔
4. مینٹگ کے وقت پراکسی کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ضروری ہو گا۔
5. کارپوریٹ ادارے کی صورت میں کمپنی کے پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی (اگر پہلے فراہم نہیں کیا گیا ہے) مجاز دستخط شدہ منسلک ہو گا۔



Faysal Bank Limited

Registered Office:
Faysal House,
St-02, Commercial Lane,
Main Shahrah-e-Faisal,
Karachi, Pakistan

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