

# مستقیم صراطِ

فیصل بینک سے فیصل اسلامی،  
ارادے سے تکمیل تک۔

FIRST QUARTER  
ENDED MARCH 31, 2022  
UNAUDITED FINANCIAL STATEMENTS

faysalbank  فیصل بینک

**Corporate Information as of March 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  
Mr. Abdulelah Ebrahim Mohamed AlQasimi  
Mr. Abdulla Abdulaziz Ali Taleb  
Mr. Mohsin Tariq  
Mr. Yousaf Hussain

Chairman  
Member  
Member  
Member  
Member

**Shariah Board**

Mufti Muhammad Mohib-ul-Haq Siddiqui  
Dr. Mufti Khalil Ahmad Aazami  
Mufti Muhammad Ashja Khan  
Mufti Abdul Basit  
Mufti Muhammad Abdullah

Chairman Shariah Board  
Shariah Board Member  
Shariah Board Member  
Shariah Board Member  
Resident Shariah Board Member

**Syed Majid Ali**

**Chief Financial Officer**

**Mr. Aurangzeb Amin**

**Company Secretary & Head of Legal**

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

**Auditors**

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

**Legal Advisors**

**Registered Office**

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

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

**Share Registrar**

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

Tel: (92-21) 111-111-500  
Fax: (92-21) 34326053  
Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)

**Faysal Bank Limited**

**Condensed Interim Unconsolidated Financial Statements**

**For the quarter ended March 31, 2022**

Faysal Bank Limited  
Directors' Report on Unconsolidated Financial Statements  
For the quarter ended March 31, 2022

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 unaudited condensed interim financial statements for the quarter ended March 31, 2022.

***Company Profile***

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

The Bank's footprint spreads over 223 cities across the country with 606 branches. In line with FBL's strategy of transforming into an Islamic Bank, 98% of its branches are offering dedicated 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***

The Monetary Policy Committee (MPC), in its emergency meeting on April 7, 2022, decided to raise the policy rate by 250 basis points to 12.25%. As per MPC statement, an elevated inflationary outlook and external vulnerabilities are the reasons for this rate increase. The International Monetary Fund (IMF) has predicted 4% economic growth for the current fiscal year due to sluggish domestic demand caused by monetary tightening and fiscal consolidation measures taken in January 2022. The average Consumer Price Index (CPI) inflation for 9MFY22 stood at 10.77% as monthly readings remained above

Faysal Bank Limited  
Directors' Report on Unconsolidated Financial Statements  
For the quarter ended March 31, 2022

12% for the fourth consecutive month. The State Bank of Pakistan (SBP) has revised its inflation expectation upwards from 9-11% to above 11% for Fiscal Year 22 (FY '22).

Trade deficit for the first nine months of FY '22 widened by 70% to USD 35.4 billion as exports increased by 25% (to USD 23.3 billion) and imports rose by 49% (to USD 58.7 billion). During July to February FY '22, workers' remittances increased by 7.6% to USD 20.1 billion. The current account posted a deficit of USD 12.1 billion for the eight months of current fiscal year against a surplus of USD 994 million last year. The SBP expects the current account deficit to be around 4% of Gross Domestic Product (GDP) in the current fiscal year. Owing to the increase in trade deficit, USD/PKR parity depreciated to 183.48 from 157.87, at the start of FY '22, i.e. a depreciation of 16.2%.

The Federal Board of Revenue (FBR) collected revenue of PKR 4.38 trillion during July to March FY '22, a growth of 29.1% from last year. FBR exceeded the target by PKR 247 billion due to higher import taxes. The fiscal deficit during July to January FY '22 was recorded at 2.9% of GDP (PKR 1,862 billion) against 2.4% of GDP (PKR 1,309 billion) last year. Similarly, the primary balance posted a deficit of PKR 174 billion during this period as compared with surplus of PKR 416 billion during the same period last year.

Inflationary pressures continue to be the major concern facing the global economy. The shock to energy and food prices from Russia's invasion of Ukraine and ongoing supply chain constraints from the pandemic are the major reasons of this inflationary pressure. The World Bank has stated that the global economic growth may slow down to 4.1% this year from an estimated 5.5% in 2021. Looking ahead for Pakistan, heightened uncertainty about domestic politics and continuation of IMF program has contributed to a sharp rise in Pakistan's Eurobond yields. With a change in government, political stability and attaining the next tranche from IMF (in turn mobilizing funding from other multilateral agencies) will be key in putting Pakistan on the path of lower inflation, sufficient foreign reserves and anchored current account and fiscal deficits.

**Bank's Performance*****Financial Highlights***

Key Balance Sheet Numbers	March '22	December '21	Growth
	Rs. in million		%
Investment	<b>400,451</b>	357,471	12.0%
Financing	<b>403,493</b>	396,295	1.8%
Total Assets	<b>932,266</b>	869,612	7.2%
Deposits	<b>649,175</b>	644,089	0.8%

Profit & Loss Account	March '22	March '21	Growth
	Rs. in million		%
Total Revenue	<b>9,321</b>	<b>7,665</b>	21.6%
Non-Markup Expenses	<b>5,968</b>	<b>4,684</b>	27.4%
Profit before tax and provisions	<b>3,353</b>	<b>2,981</b>	12.5%
Provisions / (Reversal)	<b>(147)</b>	<b>(533)</b>	-72.4%
Profit before tax	<b>3,500</b>	<b>3,514</b>	-0.4%
Tax	<b>1,367</b>	<b>1,410</b>	-3.0%
Profit after tax	<b>2,133</b>	<b>2,103</b>	1.4%
Earnings per share (Rupees)	<b>1.41</b>	1.39	

Net markup income at PKR 7,182 million registered impressive growth of 32% over corresponding period. The increase in net markup income is a result of strong growth of PKR 78 billion or 41% in current deposits from March 31, 2021. Non markup income at PKR 2,139 million was 3.9% lower than first quarter of 2021. The primary reason for this decline was PKR 120 million loss on securities realized largely due to

the bearish stock market conditions prevailing during the quarter under review. Excluding loss on securities, non-markup income showed robust growth of 24.5%.

Rising inflation and increase in branch network led to an increase of PKR 1,283 million or 27.4% in non-markup expenses. Net provisions for quarter ended March 31, 2022 reflected reversal of PKR 147 million as against reversal of PKR 533 million in the corresponding period of last year. Accordingly profit after tax for the quarter ended March 31, 2022 at PKR 2,134 million was 1.4% higher than corresponding period last year.

On the balance sheet side deposits grew by 0.8% to PKR 649.2 billion. The Bank concentrated on reducing cost of deposit during the quarter and saw significant growth in low-cost deposits. Advances increased by 1.8% from December '21 level to PKR 403.5 billion. Liquidity generated from borrowings from financial institutions was invested in government securities, as a result investment are higher by 12.0% at PKR 400.5 billion. Accordingly, total assets of the Bank are at PKR 932.3 billion as at March 31, 2022 registering a strong quarterly growth of 7.2%.

### ***Outlook***

As per our strategic plan, we will Insha'Allah apply to SBP for issuance of Islamic banking license in 2022. We will continue to invest in network expansion and are planning to open another 94 branches this year. The Bank will continue to work towards bringing efficiencies, increasing 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 new technologies to improve digital offerings and experience of customers.

### ***Credit Rating:***

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



Faysal Bank Limited  
Directors' Report on Unconsolidated Financial Statements  
For the quarter ended March 31, 2022

Long-Term	AA
Short-Term	A1+

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

***Subsequent Events***

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

***Acknowledgement***

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

***Approval***

In compliance with the requirement of the Companies Act, 2017, this Directors' Report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on April 27, 2022 and signed by the Chief Executive Officer and a director.

President & CEO

Chairman

Karachi

Dated: April 27, 2022

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ڈائریکٹرز کا جائزہ

فیصل بینک لمیٹڈ

ان کنسولیڈیٹڈ مالیاتی گوشوارے برائے پہلی سہ ماہی 2022

ہم بورڈ آف ڈائریکٹرز کی طرف سے فیصل بینک لمیٹڈ ("ایف بی ایل" یا "ڈی بینک") کی ڈائریکٹرز رپورٹ غیر آڈٹ شدہ مالیاتی گوشواروں کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی کا تعارف

فیصل بینک لمیٹڈ (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۔ فیصل بینک لمیٹڈ اپنے تمام کسٹمرز یعنی ریٹیل، سال اینڈ میڈیم سائزڈ انٹرپرائزز، کمرشل ایگری بیسڈ اور کارپوریٹ شعبہ جات میں جدید بینکاری کی وسیع ترین خدمات فراہم کرتا ہے۔

فیصل بینک کی ملک بھر کے 223 سے زائد شہروں میں 606 شاخیں ہیں۔ فیصل بینک لمیٹڈ کو مکمل اسلامی بینک میں تبدیل کرنے کی حکمت عملی کے تحت ان شاخوں میں سے 98 فیصد شاخیں شرعی اصولوں کے عین مطابق خدمات فراہم کر رہی ہیں۔

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 بینک 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 انجام دیئے جائیں۔

اقتصادی اپ ڈیٹ

مانیٹری پالیسی کمیٹی (MPC) کے مورخہ 7 اپریل 2022 کو ہونے والے ہنگامی اجلاس میں فیصلہ کیا گیا کہ 250 پیس پوائنٹس کے اضافے کے ساتھ پالیسی ریٹ 12.25 فیصد کیا جائے۔ مانیٹری پالیسی کمیٹی کے بیان کے مطابق مہنگائی کی صورتحال اور بیرونی غیر موافق حالات کے سبب شرح میں اضافہ کیا جا رہا ہے۔ انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کی جانب سے ملکی مالی صورتحال پر دہاؤ اور جنوری 2022 میں اٹھائے جانے والے اقتصادی اقدامات کے نتیجے میں درآمدی طلب بڑھنے سے موجودہ مالی سال کے لیے 4 فیصد معاشی ترقی کی پیش گوئی کی گئی ہے۔ مالی سال 2022 کی 9 ماہ مدت کے دوران اوسط کمزیر پرائس انڈیکس (CPI) افراط زر 10.77 فیصد پر جا پہنچا جبکہ ماہانہ اعداد و شمار کے مطابق آنے والے مسلسل چوتھے مہینے کے لیے افراط زر 12 فیصد سے بھی زیادہ ریکارڈ کی

گئی۔ اسٹیٹ بینک آف پاکستان نے مالی سال 22 کے لیے متوقع افراط زر 9-11 فیصد پر نظر ثانی کرتے ہوئے 11 فیصد سے زیادہ کی توقع ظاہر کی ہے۔

مالی سال 2022 کے پہلے 9 ماہ کے لیے تجارتی خسارہ 70 فیصد اضافے کے ساتھ 35.4 ارب ڈالر تک جا پہنچا ہے اور برآمدات میں 25 فیصد تک اضافہ (23.3 ارب امریکی ڈالر) اور درآمدات میں 49 فیصد اضافہ (58.7 ارب امریکی ڈالر) ریکارڈ کیا گیا۔ مالی سال 2022 کے دوران جولائی سے فروری تک محنت کشوں کی جانب سے بھیجی گئی رقم میں 7.6 فیصد تک اضافہ یعنی 20.1 ارب امریکی ڈالر ریکارڈ کیا گیا۔ رواں مالی سال کے 8 ماہ کے لیے کرنٹ اکاؤنٹ خسارے میں گزشتہ سال 994 ملین امریکی ڈالر کے سرپلس کے مقابلے میں 12.1 ارب امریکی ڈالر کا خسارہ ریکارڈ کیا گیا۔ اسٹیٹ بینک آف پاکستان کی توقعات کے مطابق رواں مالی سال میں کرنٹ اکاؤنٹ خسارہ گراس ڈومینٹ پر وڈ کٹ (GDP) کے 4 فیصد تک رہے گا۔ تجارتی خسارے میں اضافے کی وجہ سے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر مالی سال 2022 کی شروعات میں 157.87 سے بڑھ کر 183.48 ہو گئی یعنی ناقدری کی شرح 16.2 فیصد ہے۔

فیڈرل بورڈ آف ریونیو (FBR) نے مالی سال 22 کے دوران جولائی سے مارچ تک 4.38 کھرب روپے کا ریونیو جمع کیا جو گزشتہ سال سے 29.1 فیصد زیادہ ہے۔ ایف بی آر نے درآمدات پر زیادہ ٹیکسز کی وجہ سے وصولی ہدف سے 247 ارب روپے زیادہ کی ہے۔ مالی سال 2022 کے دوران جولائی تا جنوری میں مالی خسارہ گزشتہ سال جی ڈی پی کے 2.4 فیصد (1,309 ارب روپے) کے مقابلے میں جی ڈی پی کے 2.9 فیصد (1,862 ارب روپے) تک ریکارڈ کیا گیا۔ اسی طرح گزشتہ سال اسی مدت کے دوران 416 ارب روپے کے سرپلس کے مقابلے میں مذکورہ مدت کے دوران بنیادی بیلنس پر 174 ارب روپے کا خسارہ ریکارڈ کیا گیا۔

عالمی معیشت کو مہنگائی میں اضافے کے دباؤ کا سامنا رہا۔ روس کی جانب سے یوکرین کے خلاف جنگ اور وبائی صورتحال کے باعث آمدورفت میں رکاوٹوں کے نتیجے میں توانائی اور اشیائے خورد و نوش کی قیمتوں میں اضافہ مہنگائی کے دباؤ کے اہم اسباب رہے۔ عالمی بینک نے امید ظاہر کی ہے کہ بین الاقوامی معیشت 2021 میں 5.5 فیصد کے مقابلے میں اس سال 4.1 فیصد تک سست روی کا شکار رہے گی۔ پاکستان کی غیر یقینی سیاسی صورتحال اور آئی ایم ایف کے پروگرام کے تسلسل کے نتیجے میں یورپ اور باندھ کی آمدنی میں تیزی سے اضافہ ہوا ہے۔ حکومت میں تبدیلی، سیاسی استحکام اور آئی ایم ایف سے آئندہ ملنے والی قسط (دیگر مالیاتی ایجنسیوں سے حاصل ہونے والی امداد) کے نتیجے میں پاکستان کو مہنگائی کم کرنے، غیر ملکی زرمبادلہ کو بہتر بنانے اور کرنٹ اکاؤنٹ اور مالی خساروں پر قابو پانے میں مدد ملے گی۔

بینک کی کارکردگی

مالیاتی جھلکیاں:

(ملین روپے)			
بیلنس شیٹ	مارچ ۲۰۲۲ء	دسمبر ۲۰۲۱ء	اضافہ
سرمایہ کاری	400,451	357,471	12.0%
فنانسنگ	403,493	396,295	1.8%
کل اثاثہ جات	932,266	869,612	7.2%
ڈپازٹس	649,175	644,089	0.8%

نفع اور نقصان اکاؤنٹ	مارچ ۲۰۲۲ء	مارچ ۲۰۲۱ء	اضافہ
کل آمدنی	9,321	7,665	21.6%
مارک اپ کے علاوہ اخراجات	5,968	4,684	27.4%
منافع قبل از محصول اور پروویژن	3,353	2,981	12.5%
پروویژن / (ریورسل)	(147)	(533)	-72.4%
قبل از محصول منافع	3,500	3,514	-0.4%
محصولات	1,367	1,410	-3.0%
بعد از محصول منافع	2,333	2,103	1.4%
فی حصص آمدن (روپے)	1.41	1.39	

گزشتہ سال اسی عرصے کے مقابلے میں 32 فیصد اضافے کے ساتھ مارک اپ سے خالص آمدنی 7,182 ملین روپے رہی۔ 31 مارک اپ سے خالص آمدنی میں اضافہ 31 مارچ 2021 سے کرنٹ ڈپازٹس میں 41 فیصد یعنی 78 ارب روپے کے شاندار اضافے کی بدولت ہوا۔ نان مارک اپ آمدنی 2021 کی پہلی سہ ماہی کے مقابلے میں 3.9 فیصد کمی کے ساتھ 2,139 ملین روپے رہی۔ مذکورہ کمی کے بنیادی سبب میں اسٹاک مارکیٹ میں خراب صورتحال کے باعث سیکورٹیز پر 120 ملین روپے نقصان شامل ہے۔ سیکورٹیز پر نقصان کے علاوہ نان مارک اپ آمدنی میں 24.5 فیصد کا زبردست اضافہ رہا۔

مہنگائی میں اضافے اور برانچ نیٹ ورک میں توسیع کے باعث نان مارک اپ اخراجات 27.4 فیصد اضافہ کے ساتھ 1,283 ملین روپے تک جا پہنچے۔ 31 مارچ 2022 کو ختم شدہ سہ ماہی کے لیے نیٹ پروویژنز کی مد میں 147 ملین روپے قرضوں کی واپسی ہوئی جو کہ گزشتہ سال اسی مدت کے دوران 533 ملین روپے تھی۔ 31 مارچ 2022 کو ختم شدہ سہ ماہی کے لیے بعد از محصول منافع گزشتہ سال کے مقابلے میں 1.4 فیصد اضافے کے ساتھ 2,134 ملین روپے رہا۔

بیلنس شیٹ میں ڈپازٹس 0.8% اضافے کے ساتھ 649.2 ارب روپے تک جا پہنچے ہیں۔ بینک نے سہ ماہی کے دوران ڈپازٹس کے اخراجات کم کرنے پر دھیان دیا اور اس طرح کرنٹ اور کم اخراجات والے ڈپازٹس میں شاندار اضافہ دیکھنے میں آیا۔ بینک ایڈوانسز دسمبر 21 کی سطح سے 1.8 فیصد اضافے کے ساتھ 403.5 ارب روپے رہے۔ مالیاتی اداروں کی جانب سے حاصل شدہ قرضہ جات کی حکومتی سیکورٹیز میں سرمایہ کاری کی گئی، نتیجتاً سرمایہ کاری میں رواں سال کے دوران 12% اضافہ ہوا جو کہ 400.5 ارب روپے رہی۔ اسی طرح، 31 مارچ 2022 کو بینک کے کل اثاثہ جات 7.2% کے شاندار اضافے کے ساتھ 932.3 ارب روپے ریکارڈ کیے گئے۔

## مستقبل پر نظر

ہماری کاروباری منصوبہ بندی کے مطابق، ہم 2022 میں انشاء اللہ اسٹیٹ بینک آف پاکستان میں اسلامی بینکاری لائسنس کے لیے درخواست دیں گے۔ ہم اپنے نیٹ ورک میں توسیع پر سرمایہ کاری جاری رکھیں گے اور ہم نے اس سال مزید 94 شاخیں کھولنے کا ارادہ کیا ہے۔ بینک بہتر کارکردگی، ڈپازٹس میں اضافے اور کسٹمر سروس کے معیار کو فروغ دینے کے لیے کوشاں رہے گا۔ برانچ انفراسٹرکچر میں سرمایہ کاری کے ساتھ، بینک نے جدید ڈیجیٹل طریقوں کی فراہمی پر توجہ مرکوز کر رکھی ہے

اور ہم اپنی ڈیجیٹل پیش کشوں کے ساتھ کسٹمرز کی خدمات کو بہتر بنانے کے لیے نئی ٹیکنالوجی پر سرمایہ کاری کو بھی جاری رکھیں گے۔

## کریڈٹ ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے درج ذیل درجہ بندی کی توثیق کی ہے:

طویل المیعاد: AA

قلیل المیعاد: A1+

مذکورہ بالا کریڈٹ ریٹنگ ایجنسیز نے مستحکم حالت کی درجہ بندی تفویض کی ہے۔

## بعد ازاں رپورٹنگ کے واقعات

سہ ماہی کے اختتام سے لیکر اس رپورٹ کی تاریخ کے درمیان بینک کی مالی پوزیشن کو خاطر خواہ طور پر متاثر کرنے والی کوئی تبدیلی یا معاہدہ نہیں ہوا ہے۔

## توثیقی بیان

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

## منظوری:

کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق، بورڈ کی آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو ڈائریکٹرز نے 27 اپریل 2022 کو منعقدہ اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط ثبت کیے ہیں۔

چیرمین

صدر اور سی ای او

کراچی

27 اپریل 2022

**FAYSAL BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**

		Un-audited March 31, 2022	Audited December 31, 2021
	Note	----- Rupees '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	9	56,044,325	58,516,627
Balances with other banks	10	7,657,453	3,517,282
Lendings to financial institutions	11	5,000,000	-
Investments	12	400,450,965	357,471,437
Advances	13	403,492,824	396,295,362
Fixed assets	14	26,225,384	26,337,967
Intangible assets	15	1,670,807	1,743,445
Deferred tax assets	20	-	-
Other assets	16	31,724,285	25,730,086
		932,266,043	869,612,206
<b>LIABILITIES</b>			
Bills payable	17	14,444,142	14,122,901
Borrowings	18	163,471,558	111,189,829
Deposits and other accounts	19	649,175,433	644,089,308
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	20	615,755	592,332
Other liabilities	21	38,018,229	33,794,514
		865,725,117	803,788,884
<b>NET ASSETS</b>		<u>66,540,926</u>	<u>65,823,322</u>
<b>REPRESENTED BY</b>			
Share capital		15,176,965	15,176,965
Reserves		12,600,658	12,613,183
Surplus on revaluation of assets - net	22	7,149,805	7,061,583
Unappropriated profit		31,613,498	30,971,591
		<u>66,540,926</u>	<u>65,823,322</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	23		

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

\_\_\_\_\_  
**President & CEO**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chairman**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

**FAYSAL BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2022**

		Quarter ended	
		March 31, 2022	March 31, 2021
	Note	----- Rupees '000 -----	
Mark-up / return / interest earned	25	17,302,280	12,022,025
Mark-up / return / interest expensed	26	10,120,444	6,583,129
Net mark-up / interest income		<u>7,181,836</u>	<u>5,438,896</u>
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	27	1,484,242	1,141,311
Dividend income		118,293	89,127
Foreign exchange income		569,122	512,048
Income / (loss) from derivatives		4,628	(31,437)
(Loss) / gain on securities	28	(119,999)	412,067
Other income	29	82,576	102,627
Total non mark-up / interest income		<u>2,138,862</u>	<u>2,225,743</u>
Total income		<u>9,320,698</u>	<u>7,664,639</u>
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	30	5,891,465	4,608,235
Workers Welfare Fund		73,553	76,257
Other charges	31	2,386	5
Total non mark-up / interest expenses		<u>5,967,404</u>	<u>4,684,497</u>
Profit before provisions		<u>3,353,294</u>	<u>2,980,142</u>
Provisions and write-offs - net	32	(146,614)	(532,728)
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<u>3,499,908</u>	<u>3,512,870</u>
Taxation	33	1,366,924	1,409,630
<b>PROFIT AFTER TAXATION</b>		<u><u>2,132,984</u></u>	<u><u>2,103,240</u></u>
		----- Rupees -----	
<b>Basic / diluted earnings per share</b>	34	1.41	1.39

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

\_\_\_\_\_  
President & CEO

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

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Director

**FAYSAL BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2022**

	March 31, 2022	March 31, 2021
	----- Rupees '000 -----	----- Rupees '000 -----
Profit after taxation for the period	2,132,984	2,103,240
<b>Other comprehensive income / (loss)</b>		
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>		
- Movement in surplus on revaluation of investments - net of tax	114,245	(549,637)
<b>Total comprehensive income</b>	<u><u>2,247,229</u></u>	<u><u>1,553,603</u></u>

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

\_\_\_\_\_  
**President & CEO**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chairman**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**



**FAYSAL BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED MARCH 31, 2022**

	Share capital	Reserves				Surplus / (deficit) on revaluation of			Unappropriated profit	Total	
		Capital reserves			Statutory reserve	Total	Investments	Fixed assets / non-banking assets			Total
		Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation							
Rupees '000											
Balance as at January 1, 2021 (Audited)	15,176,965	10,131	375,518	23,952	10,623,046	11,032,647	1,778,725	7,248,748	9,027,473	24,870,347	60,107,432
Profit after taxation for the quarter ended March 31, 2021	-	-	-	-	-	-	-	-	-	2,103,240	2,103,240
Other comprehensive loss - net of tax	-	-	-	-	-	-	(549,637)	-	(549,637)	-	(549,637)
Total comprehensive (loss) / income	-	-	-	-	-	-	(549,637)	-	(549,637)	2,103,240	1,553,603
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(28,853)	(28,853)	28,853	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(157,250)	(157,250)	157,250	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	(12,525)
Balance as at March 31, 2021 (Un-audited)	15,176,965	10,131	362,993	23,952	10,623,046	11,020,122	1,229,088	7,062,645	8,291,733	27,159,690	61,648,510
Profit after taxation for the period from April 1, 2021 to December 31, 2021	-	-	-	-	-	-	-	-	-	6,049,940	6,049,940
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(1,117,489)	-	(1,117,489)	38,784	(1,078,705)
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,117,489)	-	(1,117,489)	6,088,724	4,971,235
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	-	-	-	-	-	-	-	(87,372)	(87,372)	87,372	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(25,289)	(25,289)	25,289	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(37,575)	-	-	(37,575)	-	-	-	-	(37,575)
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 (Audited)	15,176,965	10,131	325,418	23,952	12,253,682	12,613,183	111,599	6,949,984	7,061,583	30,971,591	65,823,322
Profit after taxation for the quarter ended March 31, 2022	-	-	-	-	-	-	-	-	-	2,132,984	2,132,984
Other comprehensive loss - net of tax	-	-	-	-	-	-	114,245	-	114,245	-	114,245
Total comprehensive (loss) / income	-	-	-	-	-	-	114,245	-	114,245	2,132,984	2,247,229
Final cash dividend declared at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,100)	(1,517,100)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(15,875)	(15,875)	15,875	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(10,148)	(10,148)	10,148	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	(12,525)
Balance as at March 31, 2022 (Un-audited)	15,176,965	10,131	312,893	23,952	12,253,682	12,600,658	225,844	6,923,961	7,149,805	31,613,498	66,540,929

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

President & CEO

Chief Financial Officer

Chairman

Director

Director

**FAYSAL BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2022**

	March 31, 2022	March 31, 2021
	----- Rupees '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,499,908	3,512,870
Less: dividend income	(118,293)	(89,127)
	<u>3,381,615</u>	<u>3,423,743</u>
<b>Adjustments:</b>		
Depreciation on owned fixed assets	345,944	329,147
Amortisation of intangible assets	42,592	33,139
Depreciation on right-of-use assets	358,242	349,572
Depreciation on non-banking assets	1,241	1,241
Workers Welfare Fund	73,553	76,257
Reversal of provision against loans and advances - net	(30,150)	(159,289)
Reversal of provision for diminution in value of investments - net	(1,471)	(309,741)
Provision against other assets - net	(30,335)	-
(Reversal of provision) / provision against off balance sheet obligations - net	(5,082)	10,745
Unrealised loss on securities - held for trading - net	49,750	3,329
Gain on sale of fixed assets - net	(25,076)	(2,210)
Gain on sale of non-banking assets - net	-	(49,650)
Charge for defined benefit plan	59,190	52,714
(Income) / loss from derivative contracts - net	(4,628)	31,437
Mark-up / return / interest expensed - lease liability against right-of-use assets	275,447	355,657
Bad debts written off directly	47,275	11,726
	<u>1,156,492</u>	<u>734,074</u>
	4,538,107	4,157,817
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(5,000,000)	(6,249,030)
Held-for-trading securities	(23,201,305)	(38,894,780)
Advances	(7,214,587)	(3,916,292)
Others assets (excluding advance taxation)	(5,947,524)	(170,409)
	(41,363,416)	(49,230,511)
<b>Increase / (decrease) in operating liabilities</b>		
Bills Payable	321,241	(819,680)
Borrowings from financial institutions	50,500,788	34,086,781
Deposits	5,086,125	8,761,784
Other liabilities (excluding current taxation)	2,495,753	(3,056,798)
	58,403,907	38,972,087
Income tax paid	(1,354,033)	(808,702)
Contribution to gratuity fund	(59,190)	(52,714)
<b>Net cash generated / (used in) operating activities</b>	<u>20,165,375</u>	<u>(6,962,023)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (investment) / divestment in available-for-sale securities	(19,839,109)	1,049,206
Net divestment in associates	199,894	200,000
Net divestment in held-to-maturity securities	-	116,440
Dividends received	105,338	75,955
Investment in operating fixed assets	(417,384)	(464,538)
Investment in intangible assets	9,514	(75,084)
Proceeds from sale of fixed assets	27,967	2,835
Proceeds from sale of non-banking assets	-	435,000
<b>Net cash (used in) / generated from investing activities</b>	(19,913,780)	1,339,814
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(357,423)	(374,402)
Dividend paid	(7,244)	(9)
<b>Net cash used in financing activities</b>	(364,667)	(374,411)
<b>Decrease in cash and cash equivalents during the period</b>	(113,072)	(5,996,620)
Cash and cash equivalents at the beginning of the period	59,488,711	61,126,505
<b>Cash and cash equivalents at the end of the period</b>	<u>59,375,639</u>	<u>55,129,885</u>

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

\_\_\_\_\_  
**President & CEO**

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**Chief Financial Officer**

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**Chairman**

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**Director**

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**Director**

**FAYSAL BANK LIMITED****NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 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 Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 606 branches (December 31, 2021: 606 branches) including 2 sub-branches (December 31, 2021: 2). Out of these, 595 (December 31, 2021: 595) are Islamic banking branches and 11 (December 31, 2021: 11) are conventional.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 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 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 26, 2021 and June 30, 2021 respectively.

**2 BASIS OF PRESENTATION**

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.
- 2.2** The financial results of the Islamic banking branches have been consolidated in these condensed interim unconsolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all Islamic banking branches are disclosed in note 38 to these condensed interim unconsolidated financial statements.
- 2.3** The Bank has controlling interest in Faysal Asset Management Limited (FAML) and is required to prepare consolidated financial statements under the provisions of the Companies Act, 2017. These condensed interim financial statements represent the unconsolidated results of the Bank and a separate set of condensed interim consolidated financial statements are also being presented by the Bank.

**3 STATEMENT OF COMPLIANCE**

- 3.1** These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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 Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended March 31, 2022, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 12.525 million (period ended March 31, 2021: Rs. 12.525 million) from the NCR.

**3.3** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the annual audited unconsolidated financial statements for the financial year ended December 31, 2021.

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

**3.4.1** There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 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 condensed interim unconsolidated financial statements.

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

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

<b>Standards, interpretations or amendments</b>	<b>Effective date (annual periods beginning on or after)</b>
- IFRS 9 - 'Financial instruments'	January 1, 2022*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 3 - 'Business combinations' (amendments)	January 1, 2022
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023

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

\* The SBP vide its BPRD Circular Letter No. 24 of 2021 dated July 05, 2021 has notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2022. Awaiting detailed application guidelines, the Bank has not adopted IFRS 9 in these condensed interim unconsolidated financial statements.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are the same as applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2021.

#### **5 BASIS OF MEASUREMENT**

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

#### **6 FUNCTIONAL AND PRESENTATION CURRENCY**

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

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

## 7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements is the same as that applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2021.

## 8 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2021.

## 9 CASH AND BALANCES WITH TREASURY BANKS

	Un-audited March 31, 2022	Audited December 31, 2021
	----- Rupees '000 -----	
In hand		
- local currency	13,544,577	13,697,293
- foreign currencies	1,269,198	1,506,351
	14,813,775	15,203,644
With State Bank of Pakistan in		
- local currency current accounts	29,922,499	28,507,227
- foreign currency current accounts	2,398,060	2,303,501
- foreign currency deposit accounts	5,316,625	4,256,376
	37,637,184	35,067,104
With National Bank of Pakistan in		
- local currency current accounts	3,548,334	8,139,477
Prize bonds	45,032	106,402
	<u>56,044,325</u>	<u>58,516,627</u>

## 10 BALANCES WITH OTHER BANKS

In Pakistan		
- in current accounts	1,880,085	2,037,104
Outside Pakistan		
- in current accounts	5,621,412	1,321,316
- in deposit accounts	155,956	158,862
	<u>7,657,453</u>	<u>3,517,282</u>

## 11 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	<u>5,000,000</u>	<u>-</u>
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## 12 INVESTMENTS

### 12.1 Investments by type:

Note		Un-audited March 31, 2022				Audited December 31, 2021			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----									
<b>Held-for-trading securities</b>									
Federal Government securities		34,945,363	-	(47,953)	34,897,410	11,649,925	-	2,128	11,652,053
Shares		522,407	-	(10,463)	511,944	616,540	-	(10,794)	605,746
		35,467,770	-	(58,416)	35,409,354	12,266,465	-	(8,666)	12,257,799
<b>Available-for-sale securities</b>									
Federal Government securities	12.2	297,805,377	-	(965,661)	296,839,716	276,556,257	-	(1,425,857)	275,130,400
Shares		12,184,997	1,374,838	(1,078,136)	9,732,023	10,697,994	1,376,309	(903,843)	8,417,842
Non Government debt securities		48,050,000	557,516	2,414,033	49,906,517	50,947,014	557,516	2,512,649	52,902,147
		358,040,374	1,932,354	370,236	356,478,256	338,201,265	1,933,825	182,949	336,450,389
<b>Held-to-maturity securities</b>									
Non Government debt securities	12.4	8,248,271	1,518,162	-	6,730,109	8,248,271	1,518,162	-	6,730,109
<b>Associates *</b>									
Faysal Saving Growth Fund	12.5	693,353	-	-	693,353	893,247	-	-	893,247
<b>Subsidiary *</b>									
Faysal Asset Management Limited	12.5	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
<b>Total Investments</b>									
		<u>403,589,661</u>	<u>3,450,516</u>	<u>311,820</u>	<u>400,450,965</u>	<u>360,749,141</u>	<u>3,451,987</u>	<u>174,283</u>	<u>357,471,437</u>
* related parties									

12.2 Investments given as collateral	Un-audited March 31, 2022	Audited December 31, 2021
	----- Rupees '000 -----	----- Rupees '000 -----
- Market treasury bills	55,242,984	19,760,221

### 12.3 Provision for diminution in value of investments

12.3.1 Opening balance	3,451,987	3,777,288
(Reversals) / charge		
Reversals for the period / year	-	(12,724)
Reversals on disposals for the period / year	(1,471)	(312,577)
	(1,471)	(325,301)
Closing balance	<u>3,450,516</u>	<u>3,451,987</u>

#### 12.3.2 Particulars of provision against debt securities

Category of classification	Un-audited March 31, 2022		Audited December 31, 2021	
	Non-performing investments	Provision	Non-performing investments	Provision
----- Rupees '000 -----				
<b>Domestic</b>				
- Loss	2,075,678	2,075,678	2,075,678	2,075,678

12.4 The market value of securities classified as held-to-maturity as at March 31, 2022 amounted to Rs. 6,770 million (December 31, 2021: Rs. 6,755 million).

## 12.5 Investment in subsidiary and associates

Note	As at March 31, 2022				For the period ended March 31, 2022		
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income

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

### Associate

Faysal Savings Growth Fund

Pakistan	25.57	2,793,698	28,101	73,291	57,580	57,580
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### Subsidiary

Faysal Asset Management Limited

12.5.1	Pakistan	99.99	1,414,002	161,084	176,002	83,779	83,779
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Country of incorporation	% Holding	As at December 31, 2021		For the period ended March 31, 2021		
		Assets	Liabilities	Revenue	Profit	Total comprehensive income

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

### Associate

Faysal Savings Growth Fund

Pakistan	28.65	3,195,364	80,211	46,678	31,793	31,793
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### Subsidiary

Faysal Asset Management Limited

Pakistan	99.99	1,346,121	176,982	92,441	34,798	34,798
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**12.5.1** Faysal Asset Management Limited (the Company) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained license to carry out asset management and investment advisory services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

## 13 ADVANCES

Note	Performing		Non-performing		Total	
	Un-audited March 31, 2022	Audited December 31, 2021	Un-audited March 31, 2022	Audited December 31, 2021	Un-audited March 31, 2022	Audited December 31, 2021

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

Loans, cash credits, running finances, etc.	37,258,535	42,476,315	18,885,132	19,036,593	56,143,667	61,512,908
Islamic financing and related assets	362,499,086	350,461,085	3,952,573	3,913,046	366,451,659	354,374,131
Bills discounted and purchased	887,929	441,181	471,828	457,257	1,359,757	898,438
Advances - gross	400,645,550	393,378,581	23,309,533	23,406,896	423,955,083	416,785,477
Provision against advances						
- specific	-	-	(19,508,806)	(19,544,542)	(19,508,806)	(19,544,542)
- general	(953,453)	(945,573)	-	-	(953,453)	(945,573)
	(953,453)	(945,573)	(19,508,806)	(19,544,542)	(20,462,259)	(20,490,115)
Advances - net of provision	399,692,097	392,433,008	3,800,727	3,862,354	403,492,824	396,295,362

### 13.1 Particulars of advances (gross)

	Un-audited March 31, 2022	Audited December 31, 2021
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----- Rupees '000 -----

- in local currency	423,529,358	414,316,390
- in foreign currencies	425,725	2,469,087
	423,955,083	416,785,477

- 13.2** Advances include Rs. 23,310 million (December 31, 2021: Rs. 23,407 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited		Audited	
	March 31, 2022		December 31, 2021	
	Non-performing loans	Provision	Non-performing loans	Provision
----- Rupees '000 -----				
<b>Domestic</b>				
- other assets especially mentioned	241,015	43	263,776	64
- substandard	1,051,534	101,104	1,366,413	117,909
- doubtful	595,071	220,281	595,141	215,372
- loss	21,421,913	19,187,378	21,181,566	19,211,197
<b>Total</b>	<b>23,309,533</b>	<b>19,508,806</b>	<b>23,406,896</b>	<b>19,544,542</b>

**13.3 Particulars of provision against advances**

	Un-audited			Audited		
	March 31, 2022			December 31, 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	27,810	-	27,810	48,119	-	48,119
Charge for the period / year	378,832	7,880	386,712	2,464,778	29,797	2,494,575
Reversals during the period / year	(416,862)	-	(416,862)	(1,690,139)	-	(1,690,139)
	(38,030)	7,880	(30,150)	774,639	29,797	804,436
Amounts written off	(25,516)	-	(25,516)	(1,927,848)	-	(1,927,848)
<b>Closing balance</b>	<b>19,508,806</b>	<b>953,453</b>	<b>20,462,259</b>	<b>19,544,542</b>	<b>945,573</b>	<b>20,490,115</b>

- 13.3.1** 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.

In addition to the requirements of the Prudential Regulations, the management has exercised prudence and maintained a general provision upto 1% of performing consumer portfolio as at March 31, 2022 amounting to Rs. 250 million.

- 13.3.2** As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,123 million (December 31, 2021: Rs 1,976 million) relating to advances while determining the provisioning requirement against non-performing financing as at March 31, 2022. The additional profit arising from availing the FSV benefit (net of tax) as at March 31, 2022 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,295 million (December 31, 2021: Rs 1,205 million).

- 13.3.3** As per the Prudential Regulations, the SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

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

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

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



			Un-audited March 31, 2022	Audited December 31, 2021
	Note		----- Rupees '000 -----	
<b>14 FIXED ASSETS</b>				
Capital work-in-progress	14.1		1,798,596	1,640,844
Property and equipment			24,426,788	24,697,123
			<u>26,225,384</u>	<u>26,337,967</u>
<b>14.1 Capital work-in-progress</b>				
Civil works			402,697	287,365
Equipment			874,421	880,538
Furniture and fixture			166,699	124,286
Vehicles			36,113	33,289
Land and building			318,666	315,366
			<u>1,798,596</u>	<u>1,640,844</u>
			<b>Un-audited</b>	<b>Un-audited</b>
			<b>March 31,</b>	<b>March 31,</b>
			<b>2022</b>	<b>2021</b>
			----- Rupees '000 -----	
<b>14.2 Additions to fixed assets</b>				
The following additions have been made to fixed assets during the period:				
<b>Capital work-in-progress</b>			417,384	464,521
<b>Property and equipment</b>				
Furniture and fixture			3,375	276
Electrical, office and computer equipment			204,218	240,831
Vehicles			-	-
Right-of-use assets			177,111	325,407
Building			5,332	-
Land			2,568	-
Others			44,139	26,271
			<u>436,743</u>	<u>592,785</u>
<b>Total</b>			<u>854,127</u>	<u>1,057,306</u>
<b>14.3 Disposal of fixed assets</b>				
The net book value of fixed assets disposed off during the period is as follows:				
Furniture and fixture			66	17
Electrical, office and computer equipment			738	600
Vehicles			957	9
Others			1,131	-
<b>Total</b>			<u>2,892</u>	<u>626</u>
			<b>Un-audited</b>	<b>Audited</b>
			<b>March 31,</b>	<b>December 31,</b>
			<b>2022</b>	<b>2021</b>
			----- Rupees '000 -----	
<b>15 INTANGIBLE ASSETS</b>				
Capital work-in-progress	15.1		570,791	596,868
Computer software			587,072	613,101
Customer relationship			512,944	533,476
			<u>1,100,016</u>	<u>1,146,577</u>
<b>Total</b>			<u>1,670,807</u>	<u>1,743,445</u>
<b>15.1 Capital work-in-progress</b>				
Computer software			<u>570,791</u>	<u>596,868</u>

		Un-audited	
		March 31, 2022	March 31, 2021
		----- Rupees '000 -----	
<b>15.2</b>	<b>Additions to intangible assets</b>		
The following additions have been made to intangible assets during the period:			
Computer software - directly purchased		16,563	117,976
		Un-audited March 31, 2022	Audited December 31, 2021
		----- Rupees '000 -----	
<b>16</b>	<b>OTHER ASSETS</b>		
	Income / mark-up accrued in local currency - net of provision	15,421,334	10,666,314
	Income / mark-up accrued in foreign currencies - net of provision	10,007	4,524
	Advances, deposits, advance rent and other prepayments	1,160,465	839,746
	Non-banking assets acquired in satisfaction of claims	984,402	985,645
	Mark to market gain on forward foreign exchange contracts	1,938,251	1,869,513
	Fair value of derivative contracts	2,164	2,080
	Acceptances	6,909,166	8,343,820
	Credit cards and other products fee receivable	429,059	488,906
	Receivable from brokers against sale of shares	143,118	370,970
	Dividend receivable	88,303	75,348
	Receivable from 1Link (Private) Limited	3,155,616	729,363
	Rent and amenities receivable	12,085	22,006
	Rebate receivable - net	18,991	22,668
	Defined benefit plan asset	127,785	127,785
	Others	377,547	265,741
		30,778,293	24,814,429
	Less: provision held against other assets	(325,255)	(355,590)
	Other assets - net of provision	30,453,038	24,458,839
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,271,247	1,271,247
	Other assets - total	31,724,285	25,730,086
<b>16.1</b>	<b>Provision held against other assets</b>		
	Dividend receivable	75,348	75,348
	SBP penalties	50,473	51,050
	Security deposits	22,994	22,994
	Others	176,440	206,198
		325,255	355,590
<b>16.1.1</b>	<b>Movement in provision held against other assets</b>		
	Opening balance	355,590	325,832
	Charge for the period / year	-	29,758
	Reversals during the period / year	(30,335)	-
		(30,335)	29,758
	Closing balance	325,255	355,590
<b>17</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	14,444,142	14,122,901

18 **BORROWINGS**

Un-audited      Audited  
**March 31,      December 31,**  
**2022              2021**  
 ----- Rupees '000 -----

**Secured**

Borrowings from the State Bank of Pakistan (SBP)

- under export refinance scheme - part I and II
- under long term financing facility
- under long term financing facility for renewable power energy (RPE)
- under scheme of financing facility for storage of agricultural produce
- under Islamic export refinance scheme - part I and II
- under refinance scheme for payment of wages and salaries
- under Islamic financing for renewable energy
- under Islamic long term financing facility
- under Islamic temporary economic refinance scheme
- under Islamic refinance facility for combating COVID-19
- under Islamic refinance facility for storage of agricultural produce

278,152	614,152
837,419	919,241
716,714	717,788
22,683	28,783
32,331,650	30,993,655
5,614,101	7,280,953
5,965,065	5,973,187
10,301,668	7,733,936
26,898,181	21,721,871
293,900	314,644
214,545	145,956
83,474,078	76,444,166
61,995,948	19,730,756
458,440	467,156
145,928,466	96,642,078

Repurchase agreement borrowings

Borrowing from other financial institutions

**Total secured****Unsecured**

Call borrowings

Overdrawn nostro accounts

Musharaka acceptances

Other borrowings

**Total unsecured**

2,300,000	-
4,326,139	2,545,198
-	1,500,000
10,916,953	10,502,553
17,543,092	14,547,751
163,471,558	111,189,829

19 **DEPOSITS AND OTHER ACCOUNTS**

	Un-audited			Audited		
	March 31, 2022			December 31, 2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
<b>Customers</b>						
Current deposits	233,420,602	25,674,413	259,095,015	184,248,112	24,957,795	209,205,907
Savings deposits	185,936,231	20,586,115	206,522,346	206,181,337	19,665,122	225,846,459
Term deposits	128,432,877	1,390,801	129,823,678	144,979,760	1,950,361	146,930,121
Margin deposits	2,539,370	486,429	3,025,799	3,603,873	7,416	3,611,289
	550,329,080	48,137,758	598,466,838	539,013,082	46,580,694	585,593,776
<b>Financial institutions</b>						
Current deposits	8,795,248	47,672	8,842,920	1,739,947	30,445	1,770,392
Savings deposits	39,820,125	-	39,820,125	45,359,590	-	45,359,590
Term deposits	2,045,550	-	2,045,550	11,365,550	-	11,365,550
	50,660,923	47,672	50,708,595	58,465,087	30,445	58,495,532
	600,990,003	48,185,430	649,175,433	597,478,169	46,611,139	644,089,308

		Un-audited March 31, 2022	Audited December 31, 2021
	Note	----- Rupees '000 -----	
<b>20 DEFERRED TAX LIABILITIES / (ASSETS)</b>			
<b>Taxable temporary differences on</b>			
- surplus on revaluation of fixed assets		1,517,789	1,527,939
- surplus on revaluation of non-banking assets		14,113	14,113
- surplus on revaluation of investments		144,398	71,350
- fair value adjustment relating to net assets acquired upon amalgamation		200,048	208,056
- accelerated tax depreciation		(22,174)	2,294
		1,854,174	1,823,752
<b>Deductible temporary differences on</b>			
- provision for diminution in the value of investments		(50,641)	(31,811)
- provision against advances, off balance sheet etc.		(1,059,541)	(1,059,541)
- provision against other assets		(128,237)	(140,068)
		(1,238,419)	(1,231,420)
		615,755	592,332
<b>21 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		3,455,970	2,567,306
Mark-up / return / interest payable in foreign currencies		8,984	3,109
Unearned commission and income on bills discounted		983,802	852,715
Accrued expenses		2,472,449	2,409,168
Acceptances	16	6,909,166	8,343,820
Dividend payable including unclaimed dividends		1,562,276	52,420
Mark to market loss on forward foreign exchange contracts		1,109,355	989,223
Current taxation (provision less payments)		910,430	782,370
Charity fund balance		1,207	1,273
Provision against off-balance sheet obligations	21.1	99,812	104,894
Security deposits against leases		147,760	189,725
Withholding tax payable		235,025	95,756
Federal excise duty payable		77,925	61,446
Payable to brokers against purchase of shares		683,434	522,535
Fair value of derivative contracts		1,062,455	966,691
Payable related to credit cards and other products		15,066	276,092
Lease liability against right-of-use assets		9,823,303	9,728,175
Advance against disposal of assets		7,990	4,366
Funds held as security		275,055	270,227
Payable to 1Link		88,468	78,572
Insurance payable		75,418	92,807
Clearing and settlement accounts		7,587,198	5,107,985
Others		425,681	293,839
		38,018,229	33,794,514

	Un-audited March 31, 2022	Audited December 31, 2021
	----- Rupees '000 -----	
<b>21.1 Provision against off-balance sheet obligations</b>		
Opening balance	104,894	127,569
Charge for the period / year	893	2,075
Reversals during the period / year	(5,975)	(24,750)
	(5,082)	(22,675)
Closing balance	99,812	104,894
<b>22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
Surplus on revaluation of:		
- available for sale securities	370,236	182,949
- fixed assets	7,178,127	7,220,789
- non-banking assets acquired in satisfaction of claims	1,271,247	1,271,247
	8,819,610	8,674,985
Deferred tax on surplus on revaluation of:		
- available for sale securities	(144,392)	(71,350)
- fixed assets	(1,511,300)	(1,527,939)
- non-banking assets acquired in satisfaction of claims	(14,113)	(14,113)
	(1,669,805)	(1,613,402)
	7,149,805	7,061,583
<b>23 CONTINGENCIES AND COMMITMENTS</b>		
Guarantees	23.1 36,886,203	34,644,920
Commitments	23.2 277,206,559	266,894,554
Other contingent liabilities	23.3 4,122,244	4,122,244
	318,215,006	305,661,718
<b>23.1 Guarantees:</b>		
Financial guarantees	6,935,213	6,686,179
Performance guarantees	10,991,779	9,614,460
Other guarantees	18,959,211	18,344,281
	36,886,203	34,644,920
<b>23.2 Commitments:</b>		
Documentary credits and short-term trade-related transactions		
- letters of credit	75,775,305	77,150,641
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 123,621,183	131,320,853
- forward government securities transactions	23.2.2 55,765,673	19,884,976
- derivatives - cross currency and interest rate swaps (notional principal)	23.2.3 6,365,251	6,681,964
- extending credit (irrevocable)	23.5 15,388,698	31,655,235
Commitments for acquisition of:		
- operating fixed assets	120,124	115,530
- intangible assets	170,325	85,355
	277,206,559	266,894,554

		Un-audited March 31, 2022	Audited December 31, 2021
	Note	----- Rupees '000 -----	
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		86,768,588	90,624,579
Sale		36,852,595	40,696,274
		<u>123,621,183</u>	<u>131,320,853</u>
<b>23.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		<u>55,765,673</u>	<u>19,884,976</u>
<b>23.2.3 Commitments in respect of derivatives</b>			
Sale	24	<u>6,365,251</u>	<u>6,681,964</u>
<b>23.3 Other contingent liabilities</b>			
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case		2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	23.3.1	1,154,701	1,154,701
		<u>4,122,244</u>	<u>4,122,244</u>

**23.3.1** Income tax assessments of the Bank have been finalised upto the tax year 2019 (accounting year ended December 31, 2018). Income tax return for tax year 2021 (accounting year ended December 31, 2020) has already been 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 condensed interim unconsolidated financial statements in respect of this matter.

- 23.4** There are certain claims against the Bank not acknowledged as debt amounting to Rs 30,799 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 condensed interim unconsolidated financial statements.

**23.5 Commitments to extend credits**

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 15,389 million (December 2021: Rs. 31,655 million) which are irrevocable in nature.

	Un-audited March 31, 2022	Audited December 31, 2021
	----- Rupees '000 -----	
<b>24 DERIVATIVE INSTRUMENTS</b>		
Cross currency swaps (notional principal)	6,090,034	6,417,194
Interest rate swap (notional principal)	275,217	264,770

**24.1 Product analysis**

Counterparties	March 31, 2022 (Un-audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	----- Rupees '000 -----			
<b>With banks for</b>				
Hedging	-	-	-	-
Market making	2,540,740	(129,858)	275,217	2,164
<b>With other entities for</b>				
Hedging	-	-	-	-
Market making	3,549,294	(932,623)	-	-
<b>Total</b>				
Hedging	-	-	-	-
Market making	6,090,034	(1,062,481)	275,217	2,164
Counterparties	December 31, 2021 (Audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	----- Rupees '000 -----			
<b>With banks for</b>				
Hedging	-	-	-	-
Market making	2,682,872	(104,219)	264,770	2,080
<b>With other entities for</b>				
Hedging	-	-	-	-
Market making	3,734,322	(862,472)	-	-
<b>Total</b>				
Hedging	-	-	-	-
Market making	6,417,194	(966,691)	264,770	2,080

		Un-audited	
		March 31, 2022	March 31, 2021
	Note	----- Rupees '000 -----	
<b>25 MARK-UP / RETURN / INTEREST EARNED</b>			
On:			
Loans and advances		8,948,688	6,535,589
Investments		7,959,597	5,083,888
Lendings to financial institutions		271,102	372,018
Balances with banks		147	110
Securities purchased under resale agreements		122,746	30,420
		<u>17,302,280</u>	<u>12,022,025</u>
<b>26 MARK-UP / RETURN / INTEREST EXPENSED</b>			
On:			
Deposits		7,657,757	4,755,206
Securities sold under repurchase agreements		836,537	208,165
Other short term borrowings		34,042	15,441
SBP borrowings		381,933	216,539
Musharaka acceptances		42,378	382,432
Lease liability against right-of-use assets		275,447	355,657
Cost of foreign currency swaps against foreign currency deposits / borrowings		892,350	649,689
		<u>10,120,444</u>	<u>6,583,129</u>
<b>27 FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		227,202	190,780
Consumer finance related fees		137,300	132,936
Card related fees (debit and credit cards)		676,447	456,525
Credit related fees		3,759	8,435
Investment banking fees		79,006	23,096
Commission on trade		96,274	93,729
Commission on guarantees		37,198	32,791
Commission on cash management		21,860	18,195
Commission on remittances including home remittances		89,592	60,186
Commission on bancassurance		64,529	68,406
Commission on sale of funds unit		40,446	52,825
Others		10,629	3,407
		<u>1,484,242</u>	<u>1,141,311</u>
<b>28 (LOSS) / GAIN ON SECURITIES</b>			
Realised - net	28.1	(70,249)	415,396
Unrealised - held for trading - net		(49,750)	(3,329)
		<u>(119,999)</u>	<u>412,067</u>
<b>28.1 Realised (loss) / gain on:</b>			
Federal Government securities		56,950	195,234
Shares		(129,612)	139,783
Open end mutual funds		2,413	80,379
		<u>(70,249)</u>	<u>415,396</u>
<b>29 OTHER INCOME</b>			
Rent on property		55,312	48,402
Gain on disposal of fixed assets - net		25,076	2,210
Gain on disposal of non-banking assets - net		-	49,650
Notice pay		302	830
Scrap income		1,685	1,535
Others		201	-
		<u>82,576</u>	<u>102,627</u>



30	OPERATING EXPENSES	Note	Un-audited	
			March 31, 2022	March 31, 2021
			----- Rupees '000 -----	----- Rupees '000 -----
	<b>Total compensation expense</b>		2,282,679	1,806,439
	<b>Property expense</b>			
	Rent and taxes		92,574	104,558
	Insurance		14,093	15,917
	Utilities cost		217,547	147,934
	Security (including guards)		215,778	148,943
	Repair and maintenance (including janitorial charges)		139,327	124,395
	Depreciation on owned fixed assets		135,502	127,227
	Depreciation on non-banking assets		1,241	1,241
	Depreciation on right-of-use assets		358,242	349,572
	Others		27,357	22,662
			1,201,661	1,042,449
	<b>Information technology expenses</b>			
	Software maintenance		533,771	392,014
	Hardware maintenance		61,537	63,331
	Depreciation		89,171	84,627
	Amortisation		42,592	33,139
	Network charges		61,622	60,006
	Others		-	302
			788,693	633,419
	<b>Other operating expenses</b>			
	Directors' fees and allowances		47,680	22,860
	Legal and professional charges		46,040	19,152
	Outsourced services costs - staff		106,939	101,382
	Travelling and conveyance		40,115	17,604
	NIFT clearing charges		6,176	10,598
	Depreciation		121,271	117,293
	Training and development		11,898	1,365
	Postage and courier charges		59,700	34,826
	Communication		70,639	34,048
	Marketing, advertisement and publicity		289,903	57,175
	Donations		88,257	79,917
	Auditors remuneration		3,730	3,145
	Insurance		280,469	239,339
	Stationery and printing		82,081	79,872
	Bank fees and charges		24,842	27,617
	Brokerage and commission		13,189	25,330
	Deposit protection premium		130,059	97,664
	Credit card bonus points redemption		56,739	44,652
	Others		138,705	112,089
			1,618,432	1,125,928
			<u>5,891,465</u>	<u>4,608,235</u>
<b>31</b>	<b>OTHER CHARGES</b>			
	Penalties imposed by the State Bank of Pakistan		<u>2,386</u>	<u>5</u>
<b>32</b>	<b>PROVISIONS AND WRITE-OFFS - NET</b>			
	Reversal of provision for diminution in value of investments	12.3	(1,471)	(309,741)
	Reversal of provision against loans and advances	13.3	(30,150)	(159,289)
	Reversal of provision against other assets	16.1.1	(30,335)	-
	Bad debts written off directly		47,275	11,726
	Recoveries of written off / charged off bad debts		(126,851)	(86,169)
	(Reversal of provision) / provision against off balance sheet obligations	21.1	(5,082)	10,745
			<u>(146,614)</u>	<u>(532,728)</u>

		Un-audited	
		March 31, 2022	March 31, 2021
		----- Rupees '000 -----	----- Rupees '000 -----
<b>33</b>	<b>TAXATION</b>		
	Current	1,408,540	1,555,459
	Prior years	-	-
	Deferred	(41,616)	(145,829)
		<u>1,366,924</u>	<u>1,409,630</u>
<b>34</b>	<b>BASIC EARNINGS PER SHARE</b>		
	Profit after tax for the period	<u>2,132,984</u>	<u>2,103,240</u>
		<b>Number of shares in thousands</b>	
	Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>
		----- Rupees -----	
	Basic earnings per share	<u>1.41</u>	<u>1.39</u>
<b>34.1</b>	Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at March 31, 2022 and March 31, 2021 which would have any effect on the earnings per share if the option to convert is exercised.		
<b>35</b>	<b>FAIR VALUE MEASUREMENTS</b>		
	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.		
<b>35.1</b>	<b>Fair value of financial assets</b>		
	The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:		
	Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.		
	Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
	Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).		

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

March 31, 2022 (Un-audited)				
	Level 1	Level 2	Level 3	Total
	----- Rupees '000 -----			
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	331,737,126	-	331,737,126
Shares	8,110,984	2,132,983	-	10,243,967
Non-Government debt securities	47,414,000	2,492,517	-	49,906,517
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities (note 12.4)	-	6,770,194	-	6,770,194
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	12,004,228	12,004,228
Non-banking assets acquired in satisfaction of claims	-	-	2,255,649	2,255,649
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	88,706,128	-	88,706,128
Forward sale of foreign exchange	-	37,961,239	-	37,961,239
Derivatives sales	-	6,365,251	-	6,365,251
December 31, 2021 (Audited)				
	Level 1	Level 2	Level 3	Total
	----- Rupees '000 -----			
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	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	-	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

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

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

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

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

### Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and buildings)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2021.
Non-banking assets (NBAs) acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2021.

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

## 36 SEGMENT INFORMATION

### 36.1 Segment details with respect to business activities

	2022					Total
	Retail	CIBG	Treasury	SAM	Others	
Rupees '000						
<b>Profit and loss account for the quarter ended March 31, 2022 (Un-audited)</b>						
Net mark-up / return / profit	(4,591,806)	5,588,904	6,239,320	83,100	(137,682)	7,181,836
Inter segment revenue - net	9,668,378	(5,144,445)	(5,893,416)	59,823	1,309,660	-
Non mark-up / return / interest income	1,348,014	388,342	561,385	(24,876)	(134,003)	2,138,862
Total income	6,424,586	832,801	907,289	118,047	1,037,975	9,320,698
Segment direct expenses	3,514,649	187,328	61,405	39,311	2,164,711	5,967,404
Inter segment expense allocation	1,895,019	184,792	40,990	35,627	(2,156,428)	-
Total expenses	5,409,668	372,120	102,395	74,938	8,283	5,967,404
Provisions	(36,912)	120,520	(1,470)	(228,275)	(477)	(146,614)
Profit before tax	1,051,830	340,161	806,364	271,384	1,030,169	3,499,908
<b>Statement of financial position as at March 31, 2022 (Un-audited)</b>						
Cash and bank balances	20,644,946	-	43,056,832	-	-	63,701,778
Lendings to financial institutions	-	-	5,000,000	-	-	5,000,000
Investments	-	12,136,918	387,330,120	3,294,550	1,139,893	403,901,481
- Investment provision	-	-	(1,374,838)	(2,075,678)	-	(3,450,516)
Net inter segment lending	564,232,825	-	-	-	(564,232,825)	-
Advances - performing	45,267,222	306,650,970	-	-	48,727,358	400,645,550
Advances - non-performing	3,662,923	5,220,278	-	14,384,646	41,686	23,309,533
- Advances - provisions	(3,138,029)	(3,917,786)	-	(13,169,422)	(237,022)	(20,462,259)
Others	13,803,531	4,384,269	9,057,514	(1,886,205)	34,261,367	59,620,476
<b>Total assets</b>	<b>644,473,418</b>	<b>324,474,649</b>	<b>443,069,628</b>	<b>547,891</b>	<b>(480,299,543)</b>	<b>932,266,043</b>
Borrowings	7,374,867	76,135,641	79,961,050	-	-	163,471,558
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	608,364,411	39,868,570	-	713,540	228,912	649,175,433
Net inter segment borrowing	-	206,078,904	359,555,235	(166,720)	(565,467,419)	-
Others	28,734,140	2,391,534	1,886,557	1,071	20,064,824	53,078,126
<b>Total liabilities</b>	<b>644,473,418</b>	<b>324,474,649</b>	<b>441,402,842</b>	<b>547,891</b>	<b>(545,173,683)</b>	<b>865,725,117</b>
Equity	-	-	1,666,786	-	64,874,140	66,540,926
<b>Total equity and liabilities</b>	<b>644,473,418</b>	<b>324,474,649</b>	<b>443,069,628</b>	<b>547,891</b>	<b>(480,299,543)</b>	<b>932,266,043</b>
<b>Contingencies and commitments</b>	<b>21,455,419</b>	<b>108,958,073</b>	<b>185,752,107</b>	<b>1,758,958</b>	<b>290,449</b>	<b>318,215,006</b>

	2021					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
<b>Profit and loss account for the quarter ended March 31, 2021 (Un-audited)</b>						
Net mark-up / return / profit	(2,576,048)	4,041,732	3,943,472	59,080	(29,340)	5,438,896
Inter segment revenue - net	6,479,072	(3,438,888)	(3,929,875)	9,357	880,334	-
Non mark-up / return / interest income	1,183,281	265,225	877,088	2,947	(102,798)	2,225,743
Total income	5,086,305	868,069	890,685	71,384	748,196	7,664,639
Segment direct expenses	2,659,224	115,330	85,630	35,788	1,788,525	4,684,497
Inter segment expense allocation	1,565,739	155,472	36,803	30,511	(1,788,525)	-
Total expenses	4,224,963	270,802	122,433	66,299	-	4,684,497
Provisions	(123,998)	324,502	(306,285)	(459,556)	32,609	(532,728)
Profit before tax	985,340	272,765	1,074,537	464,641	715,587	3,512,870
<b>Statement of financial position as at December 31, 2021 (Audited)</b>						
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	544,748,188	-	-	-	(544,748,188)	-
Advances - performing	44,232,459	299,855,056	-	-	49,291,066	393,378,581
Advances - non-performing	4,468,490	5,552,943	-	13,322,251	63,212	23,406,896
- Advances - provisions	(3,305,409)	(3,915,462)	-	(13,008,111)	(261,133)	(20,490,115)
Others	14,556,574	3,271,446	6,421,470	(1,884,442)	31,446,450	53,811,498
<b>Total assets</b>	<b>630,419,875</b>	<b>316,910,517</b>	<b>385,700,944</b>	<b>(350,430)</b>	<b>(463,068,700)</b>	<b>869,612,206</b>
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
<b>Total liabilities</b>	<b>630,419,875</b>	<b>316,910,517</b>	<b>384,067,132</b>	<b>(350,430)</b>	<b>(527,258,210)</b>	<b>803,788,884</b>
Equity	-	-	1,633,812	-	64,189,510	65,823,322
<b>Total equity and liabilities</b>	<b>630,419,875</b>	<b>316,910,517</b>	<b>385,700,944</b>	<b>(350,430)</b>	<b>(463,068,700)</b>	<b>869,612,206</b>
<b>Contingencies and commitments</b>	<b>17,549,250</b>	<b>128,712,861</b>	<b>157,887,793</b>	<b>1,310,929</b>	<b>200,885</b>	<b>305,661,718</b>

### 37 RELATED PARTY TRANSACTIONS

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

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

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

	March 31, 2022 (Un-audited)						December 31, 2021 (Audited)					
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
	Rupees '000											
<b>Investments</b>												
Opening balance	-	-	-	1,139,893	893,247	3,904,683	-	-	-	1,139,893	1,161,872	3,495,158
Investment made during the period / year	-	-	-	-	-	3,050,000	-	-	-	-	200,000	15,218,625
Investment redeemed / sold during the period / year	-	-	-	-	(199,894)	(2,748,862)	-	-	-	-	(468,625)	(14,809,100)
Closing balance	-	-	-	1,139,893	693,353	4,205,821	-	-	-	1,139,893	893,247	3,904,683
 Provision for diminution in value of investments	-	-	-	-	-	2,037,338	-	-	-	-	-	2,037,337
<b>Advances</b>												
Opening balance	-	-	436,889	-	-	1,709,934	-	-	255,772	-	-	1,799,681
Addition during the period / year	-	-	30,701	-	-	-	-	-	418,843	-	-	483,407
Repaid during the period / year	-	-	(54,007)	-	-	(104,069)	-	-	(237,726)	-	-	(573,154)
Closing balance	-	-	413,583	-	-	1,605,865	-	-	436,889	-	-	1,709,934
 Provision held against advances	-	-	-	-	-	508,642	-	-	-	-	-	508,642
<b>Fixed assets - right-of-use assets</b>												
Opening balance	-	-	-	2,878	-	-	-	-	-	7,814	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the period / year	-	-	-	(1,233)	-	-	-	-	-	(4,936)	-	-
Closing balance	-	-	-	1,645	-	-	-	-	-	2,878	-	-
 Accumulated depreciation	-	-	-	13,160	-	-	-	-	-	11,927	-	-

	March 31, 2022 (Un-audited)						December 31, 2021 (Audited)					
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
----- Rupees '000 -----												
<b>Other assets</b>												
Interest / mark-up accrued	-	-	754	-	-	198,249	-	-	512	-	-	63,774
Commission income receivable	-	-	-	-	137	12,386	-	-	-	-	222	37,861
Defined benefit plan asset	-	-	-	-	-	127,785	-	-	-	-	-	127,785
Maintenance and other receivables	-	-	-	8,371	-	-	-	-	-	5,817	-	-
Rent receivable	-	-	-	6,984	-	-	-	-	-	6,984	-	-
Dividend receivable	-	-	-	-	-	2,213	-	-	-	-	-	-
Others	-	-	-	-	-	3,155,616	-	-	-	-	-	729,363
	-	-	754	15,355	137	3,496,249	-	-	512	12,801	222	958,783
<b>Deposits and other accounts</b>												
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 period / year	-	26,716	619,185	13,498,791	38,828	135,744,493	705,659	90,608	2,583,653	22,955,686	1,427,130	512,144,964
Withdrawn during the period / year	(328,215)	(20,323)	(582,959)	(13,533,324)	(47,443)	(130,395,405)	(377,444)	(83,916)	(2,545,037)	(22,904,694)	(1,424,649)	(512,856,267)
Transfer in/ (out) during the period / year	-	-	-	-	-	-	-	-	-	-	(2,041)	2,041
Closing balance	182	57,541	214,656	20,703	6,735	15,149,560	328,397	51,148	178,430	55,236	15,350	9,800,472
<b>Other liabilities</b>												
Interest / mark-up payable	-	224	102	-	47	3,316	-	207	127	-	-	48,212
Other liabilities	-	-	-	9,417	-	88,468	-	-	-	18,833	-	78,572
	-	224	102	9,417	47	91,784	-	207	127	18,833	-	126,784
<b>Contingencies and commitments</b>												
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	-	-	-	-	-	-	-	-
Trade related commitments	-	-	-	-	-	559,230	-	-	-	-	-	135,898
	-	-	-	-	-	559,230	-	-	-	-	-	135,898

\* represents outstanding guarantee

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

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

#### RELATED PARTY TRANSACTIONS

	March 31, 2022 (Un-audited)						March 31, 2021 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
<b>Income</b>												
Mark-up / return / interest earned	-	-	5,415	-	-	112,759	-	-	3,267	-	-	23,386
Fee and commission income	-	73	29	19	13	43,305	-	20	30	21	16	54,513
Dividend income	-	-	-	-	-	6,579	-	-	-	-	-	4,294
Net gain on sale of securities	-	-	228	-	106	2,306	-	-	2	17	61,520	18,859
Maintenance income	-	-	-	1,938	-	-	-	-	-	1,751	-	-
Rent income	-	-	-	7,156	-	-	-	-	-	6,467	-	-
Other income	-	-	-	-	-	-	-	-	-	129	-	-
<b>Expense</b>												
Mark-up / return / interest paid	-	720	203	304	229	334,781	-	393	686	629	232	127,899
Interest expense on lease liability	-	-	-	-	-	-	-	-	-	199	-	-
Director's fee and other expenses	-	47,680	-	-	-	-	-	22,860	-	-	-	-
Remuneration	-	-	298,056	-	-	290	-	-	234,450	-	-	370
Consultancy fee	-	-	-	-	-	1,956	-	-	-	-	-	196
Commission expense	-	-	-	9,416	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	59,190	-	-	-	-	-	52,714
Contribution to defined contribution plan	-	-	-	-	-	61,576	-	-	-	-	-	61,075
Donations made during the period	-	-	-	-	-	88,257	-	-	-	-	-	79,917
<b>Others</b>												
Shares / units purchased during the period	-	-	-	-	-	3,050,000	-	-	-	-	-	4,200,000
Shares / units sold during the period	-	-	-	-	200,000	2,751,168	-	-	-	-	200,000	4,077,844
Government securities purchased during the period	-	-	47,767	-	-	42,986	-	-	120,270	-	-	782,476
Government securities sold during the period	-	-	160,610	-	-	42,914	-	-	131,612	495,847	-	870,226
Contribution to defined benefit plan	-	-	-	-	-	59,190	-	-	-	-	-	52,714



**38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

Un-audited March 31, 2022	Audited December 31, 2021
----- Rupees '000 -----	

**Minimum capital requirement (MCR):**

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

Eligible common equity tier 1 (CET 1) capital	57,634,374	57,148,341
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	57,634,374	57,148,341
Eligible tier 2 capital	6,854,494	6,750,021
Total eligible capital (tier 1 + tier 2)	64,488,868	63,898,362

**Risk weighted assets (RWAs):**

Credit risk	287,488,393	276,029,983
Market risk	36,913,048	30,008,658
Operational risk	58,490,426	58,490,426
Total	382,891,866	364,529,067

**Common equity tier 1 capital adequacy ratio (in %)**

15.05%	15.68%
--------	--------

**Tier 1 Capital adequacy ratio (in %)**

15.05%	15.68%
--------	--------

**Total Capital adequacy ratio (in %)**

16.84%	17.53%
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**Leverage ratio (LR):**

Eligible tier-1 capital	57,634,374	57,148,341
Total exposures	1,139,744,341	1,046,913,545
Leverage ratio (in %)	5.06%	5.46%

**Liquidity coverage ratio (LCR):**

Total high quality liquid assets	360,243,458	327,727,701
Total net cash outflow	172,681,514	153,262,154
Liquidity coverage ratio (Ratio)	2.086	2.138

**Net stable funding ratio (NSFR):**

Total available stable funding	601,828,879	594,201,368
Total required stable funding	367,310,432	345,964,068
Net stable funding ratio (in %)	163.85%	171.75%

### 39 ISLAMIC BANKING BUSINESS

The Bank is operating 595 Islamic banking branches (December 31, 2021: 595) including 2 Islamic sub-branch (December 31, 2021: 2). The statement of financial position and profit and loss account of these branches for the period ended March 31, 2022 are as follows:

		Un-audited March 31, 2022	Audited December 31, 2021
	Note	----- Rupees '000 -----	
Statement of financial position			
ASSETS			
Cash and balances with treasury banks		34,026,551	34,500,786
Balances with other banks		5,724,090	2,345,633
Due from financial institutions		22,000,000	-
Investments	39.1	214,684,909	169,622,462
Islamic financing and related assets - net	39.2	363,317,657	351,466,762
Fixed assets		18,074,346	18,063,668
Intangible assets		227,820	231,682
Due from head office		-	79,488
Other assets		20,526,223	16,326,810
		678,581,596	592,637,291
LIABILITIES			
Bills payable		10,440,956	9,671,804
Due to financial institutions		102,205,146	99,267,708
Deposits and other accounts	39.3	489,890,050	428,362,073
Due to head office		6,896,156	4,666,798
Other liabilities		28,584,079	17,501,285
		638,016,387	559,469,668
NET ASSETS		40,565,209	33,167,623
REPRESENTED BY			
Islamic banking fund		27,180,000	22,180,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		1,308,822	1,132,979
Unappropriated profit	39.4	12,076,387	9,854,644
		40,565,209	33,167,623
CONTINGENCIES AND COMMITMENTS			
	39.5		
		Un-audited	
		March 31, 2022	March 31, 2021
Profit and loss account			
Profit / return earned	39.6	11,736,735	5,299,363
Profit / return expensed	39.7	5,423,673	2,289,722
Net profit / return		6,313,062	3,009,641
Other income			
Fee and commission income		691,358	369,228
Foreign exchange income		105,509	47,811
Gain on securities		-	16,372
Others		54,837	30,022
Total other income		851,704	463,433
Total income		7,164,766	3,473,074
Other expenses			
Operating expenses		3,325,346	2,197,328
Other charges		344	5
Total other expenses		3,325,690	2,197,333
Profit before provisions		3,839,076	1,275,741
Provisions and write offs - net		196,874	497,821
Profit before taxation		3,642,202	777,920
Taxation		1,420,459	303,389
Profit after taxation		2,221,743	474,531

Un-audited					Audited			
March 31, 2022					December 31, 2021			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	
----- Rupees '000 -----								
<b>39.1 INVESTMENTS BY SEGMENTS:</b>								
<b>Federal Government securities:</b>								
- Ijarah Sukuks	189,975,415	-	(643,102)	189,332,313	142,350,109	-	(1,014,416)	141,335,693
- Other Federal Government securities	989,968	-	-	989,968	925,512	-	-	925,512
	190,965,383	-	(643,102)	190,322,281	143,275,621	-	(1,014,416)	142,261,205
<b>Shares</b>								
- Listed companies	100,000	-	-	100,000	100,000	-	-	100,000
<b>Non Government Debt securities:</b>								
- Listed	15,000,000	-	386,000	15,386,000	15,000,000	-	487,500	15,487,500
- Unlisted	8,876,595	-	33	8,876,628	11,773,608	-	149	11,773,757
	23,876,595	-	386,033	24,262,628	26,773,608	-	487,649	27,261,257
<b>Total investments</b>	<b>214,941,978</b>	<b>-</b>	<b>(257,069)</b>	<b>214,684,909</b>	<b>170,149,229</b>	<b>-</b>	<b>(526,767)</b>	<b>169,622,462</b>
				<b>Un-audited</b>				<b>Audited</b>
				<b>March 31,</b>				<b>December 31,</b>
				<b>2022</b>				<b>2021</b>
----- Rupees '000 -----								

## 39.2 ISLAMIC FINANCING AND RELATED ASSETS - NET

Murabaha	13,311,403	31,630,824
Musharaka	7,164	7,164
Diminishing Musharaka	175,975,029	169,178,512
Istisna	26,218,122	29,274,907
Tawwaruq	3,551,984	2,131,046
Running Musharaka	73,252,944	73,228,956
Fixed assets Ijarah financing - net	40,958	47,914
Tijarah	1,097,738	1,091,633
Advance against Murabaha financing	2,608,185	2,440,981
Advanced against Diminishing Musharaka	32,402,679	19,610,409
Advance against Ijarah	5,312,461	1,312,461
Advance against Istisna	20,162,202	12,906,932
Advance against Islamic export refinance	6,951,305	5,225,476
Advance against Tijarah	395,162	216,504
Advance against Salam	2,300	-
Musawamah	220,365	187,825
Bai salam	880,370	433,702
Salam	1,200	13,500
Inventory related to Istisna	2,826,073	2,814,621
Inventory related to Murabaha	316,473	1,535,917
Inventory related to Salam	-	100,000
Inventory related to Tijarah	917,542	984,847
Gross Islamic financing and related assets	366,451,659	354,374,131
Less: provision against Islamic financings		
- specific	(2,899,095)	(2,666,575)
- general	(234,907)	(240,794)
	(3,134,002)	(2,907,369)
Islamic financing and related assets - net of provision	<u>363,317,657</u>	<u>351,466,762</u>

39.3 DEPOSITS	Un-audited			Audited		
	March 31, 2022			December 31, 2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000 -----					
<b>Customers</b>						
Current deposits	218,934,293	23,329,184	242,263,477	171,716,974	21,947,496	193,664,470
Savings deposits	153,538,886	16,994,843	170,533,729	168,304,245	15,291,589	183,595,834
Term deposits	44,820,925	551,041	45,371,966	30,904,502	490,615	31,395,117
	417,294,104	40,875,068	458,169,172	370,925,721	37,729,700	408,655,421
<b>Financial institutions</b>						
Current deposits	8,779,978	47,672	8,827,650	247,179	30,425	277,604
Savings deposits	21,347,678	-	21,347,678	14,963,498	-	14,963,498
Term deposits	1,545,550	-	1,545,550	4,465,550	-	4,465,550
	31,673,206	47,672	31,720,878	19,676,227	30,425	19,706,652
	<u>448,967,310</u>	<u>40,922,740</u>	<u>489,890,050</u>	<u>390,601,948</u>	<u>37,760,125</u>	<u>428,362,073</u>

	Un-audited March 31, 2022	Audited December 31, 2021
	----- Rupees '000 -----	
<b>39.4 Islamic banking business unappropriated profit</b>		
Opening balance	9,854,644	5,124,874
Add: Islamic Banking profit for the period / year	3,642,202	7,753,722
Less: taxation	(1,420,459)	(3,023,952)
Closing balance	12,076,387	9,854,644
<b>39.5 Contingencies and commitments</b>		
Guarantees	26,293,846	23,409,723
Commitments	96,678,248	109,246,212
	122,972,094	132,655,935
	Un-audited	
	March 31,	March 31,
	2022	2021
	----- Rupees '000 -----	
<b>39.6 Profit / return earned of financing, investments and placement</b>		
Profit earned on:		
Financing	7,404,850	3,681,219
Investments	4,331,885	1,618,144
	11,736,735	5,299,363
<b>39.7 Profit on deposits and other dues expensed</b>		
Deposits and other accounts	4,123,217	1,631,151
Other short term borrowings	1,033,104	442,261
Lease liability against right-of-use assets	267,352	216,310
	5,423,673	2,289,722

#### 40 GENERAL

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

#### 41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on April 27, 2022 by the Board of Directors of the Bank.

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 President & CEO

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 Chief Financial Officer

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 Chairman

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 Director

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 Director

**Faysal Bank Limited**

**Condensed Interim Consolidated Financial Statements**

**For the quarter ended March 31, 2022**

## **Faysal Bank Limited**

### **Directors' Report on the Consolidated Financial Statements**

#### **For the quarter ended March 31, 2022**

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

<b>Associates</b>	<b>% Holding</b>
Faysal Financial Sector Opportunity Fund	32.58%
Faysal Islamic Stock Fund	20.12%
Faysal Asset Allocation Fun	27.36%
Faysal Saving Growth Fund	25.57%
Faysal Special Savings Fund	100.0%
Faysal Government Securities Fund	99.96%
Faysal Pension Fund - Debt	88.60%
Faysal Pension Fund - Equity	91.23%
Faysal Pension Fund - Money Market	82.45%
Faysal Islamic Pension Fund - Debt	95.46%
Faysal Islamic Pension Fund - Equity	96.40%
Faysal Pension Fund - Money Market	93.00%

**Faysal Bank Limited****Directors' Report on the Consolidated Financial Statements****For the quarter ended March 31, 2022**

FBL Group structure is as follows:

Holding Company : Faysal Bank Limited

Subsidiary : Faysal Asset Management Limited

**Financial Highlights:**

Key Balance Sheet Numbers	March '22	December '21	Growth
	Rs. in million		%
Investment	<b>400,277</b>	357,249	12.0%
Financing	<b>403,493</b>	396,295	1.8%
Total Assets	<b>932,866</b>	869,969	7.2%
Deposits	<b>649,155</b>	644,040	0.8%

Profit & Loss Account	March '22	March '21	Growth
	Rs. in million		%
Total Revenue	<b>9,475</b>	7,674	23.5%
Non-Markup Expenses	<b>5,999</b>	4,718	27.2%
Profit before tax & provisions	<b>3,476</b>	2,956	17.6%
Net Provisions	<b>(147)</b>	(533)	27.6%
Share of profit of associates	<b>(1)</b>	52	-98.1%
Profit before tax	<b>3,622</b>	3,540	2.3%
Tax	<b>1,412</b>	1,425	0.9%
Profit after tax	<b>2,210</b>	2,115	4.5%
Earnings per share (Rupees)	<b>1.46</b>	1.39	

## **Faysal Bank Limited**

### **Directors' Report on the Consolidated Financial Statements**

#### **For the quarter ended March 31, 2022**

Faysal Bank's consolidated profit after tax for the quarter ended March 31, 2022 at PKR 2,210 million is 4.5% higher than corresponding period of previous year. FAML continued to show improvement in performance. Assets Under Management (AUMs) have grown by 5.6% over December 2021 to PKR 80.2 billion. FAML has recorded profit after tax of PKR 83.8 million during the quarter under review registering a stellar growth of 140.8% over the first quarter of the previous year. The strong financial performance of the company is even more commendable keeping in view the bearish stock market conditions prevailing during the period under review.

#### ***Credit Rating***

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

Long-Term	AA
Short-Term	A1+

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

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

#### ***Holding Company***

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain is the parent company holding directly and indirectly 66.78% (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. 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



**Faysal Bank Limited****Directors' Report on the Consolidated Financial Statements****For the quarter ended March 31, 2022**

the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and tradition.

***Subsequent Events***

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

***Acknowledgement***

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

***Approval***

*In compliance* with the requirement of the Companies Act, 2017, this directors' report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on April 27, 2022 and signed by the Chief Executive Officer and a director.

President & CEO

Karachi

Dated: April 27, 2022

Chairman

ڈائریکٹرز کا جائزہ

فیصل بینک لمیٹڈ

کنسولیڈیٹڈ مالیاتی گوشوارے برائے پہلی سہ ماہی 2022

ہم بورڈ آف ڈائریکٹرز کی طرف سے فیصل بینک لمیٹڈ ("ایف بی ایل" یا "دی بینک") کی ڈائریکٹرز رپورٹ غیر آڈٹ شدہ کنسولیڈیٹڈ مالیاتی گوشواروں کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

گروپ پروفائل

فیصل بینک لمیٹڈ (FBL) فیصل ایسیٹ مینجمنٹ لمیٹڈ (FAML) میں 99.9 فیصد حصص کا شراکت دار ہے۔ ایف اے ایم ایل ایک ان۔سٹڈ پبلک لمیٹڈ کمپنی ہے جو کہ نان۔بینکنگ فنانس کمپنی (این بی ایف سی) کے طور پر رجسٹرڈ ہے، جس کے پاس نان۔بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز، 2003 اور نان۔بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹیلیجنٹ ریگولیشنز، 2008 کے تحت اثاثہ جات کے انتظام اور سرمایہ کاری کی مشاورتی خدمات انجام دینے کا لائسنس دیا گیا ہے۔

فیصل بینک لمیٹڈ، FAML کے زیر انتظام درج ذیل اوپن اینڈڈ میوچل فنڈز میں بالواسطہ اور بلاواسطہ ہولڈنگ کی بنیاد پر بھی نمایاں اثر و رسوخ کا حامل ہے:

ایسوسی ایٹس	ہولڈنگ %
فیصل فنانشل سیکٹر اپر چوٹی فنڈ	32.58
فیصل اسلامک اسٹاک فنڈ	20.12
فیصل ایسیٹ ایلوکیشن فنڈ	27.36
فیصل سیونگز گروتھ فنڈ	25.57
فیصل اسپیشل سیونگز فنڈ	100.0
فیصل گورنمنٹ سیکورٹیز فنڈ	99.96
فیصل پینشن فنڈ، ڈی بیٹ	88.60
فیصل پینشن فنڈ، ایکویٹی	99.23
فیصل پینشن فنڈ، منی مارکیٹ	82.45
فیصل اسلامک پینشن فنڈ، ڈی بیٹ	95.46
فیصل اسلامک پینشن فنڈ، ایکویٹی	96.40
فیصل اسلامک پینشن فنڈ، منی مارکیٹ	93.00

ایف بی ایل گروپ درج ذیل پر مشتمل ہے:  
 ہولڈنگ کمپنی: فیصل بینک لمیٹڈ  
 ذیلی ادارہ: فیصل ایسیٹ مینجمنٹ لمیٹڈ

مالیاتی جھلکیاں:

(ملین روپے)

بیلنس شیٹ	مارچ 22	دسمبر 21	اضافہ
سرمایہ کاری	400,277	357,249	12%
فنانسنگ	403,493	396,295	1.8%
کل اثاثہ جات	932,866	869,969	7.2%
ڈپازٹس	649,155	644,040	0.8%
پرافٹ اور لاس اکاؤنٹ (نفع و نقصان اکاؤنٹ)	مارچ 22	مارچ 21	اضافہ
کل آمدنی	9,475	7,674	23.5%
مارک اپ کے بغیر اخراجات	5,999	4,718	27.2%
منافع قبل از محصول اور پروویژن	3,476	2,956	17.6%
خالص پروویژن	-147	-533	-27.6%
ایسوسی ایٹس کے منافع کا حصہ	-1	52	-98.1%
قبل از محصول منافع	3,622	3,540	2.3%
محصولات	1,412	1,425	0.9%
بعد از محصول منافع	2,210	2,115	4.5%
فی حصص آمدن (روپے)	1.46	1.39	

31 مارچ 2022 کو ختم شدہ سہ ماہی کے لیے فیصل بینک کا بعد از محصول مشترکہ منافع 2,210 ملین روپے ہے جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 4.5 فیصد زیادہ ہے۔ FAML نے کارکردگی میں بہتری کے رجحان کو جاری رکھا ہے۔ ایسٹس انڈر مینجمنٹ (AUMs) دسمبر 2021 سے 5.6 فیصد بڑھ کر 80.2 ارب روپے تک جانچے۔ FAML نے زیر جائزہ سہ ماہی کے دوران بعد از محصول منافع 83.8 ملین روپے رجسٹر کیا جو کہ گزشتہ سال کی پہلی سہ ماہی کے مقابلے میں 140.8 فیصد زیادہ ہے۔ زیر جائزہ مدت کے دوران کمپنی کی مالی کارکردگی مستحکم ہے اور اس میں اسٹاک مارکیٹ کی بہترین حالات کے باعث مزید استحکام کی توقع ہے۔

کریڈٹ ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے فیصل بینک کے حوالے سے درج ذیل درجہ بندی کی

توثیق کی ہے:

AA

طویل المیعاد:

A1+

قلیل المیعاد:

مذکورہ بالا دونوں کریڈٹ ریٹنگ ایجنسیز نے "مستحکم" حالت کی درجہ بندی تفویض کی ہے۔

وی آئی ایس کریڈٹ ریٹنگ کمپنی نے ایف اے ایم ایل کے لیے منجمنٹ کوالٹی ریٹنگ AM2+ تفویض کی ہے۔ ریٹنگ سے ثابت ہوتا ہے کہ منتظمین بہت اچھی کارکردگی کی خصوصیات کے حامل ہیں۔

## 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 بینک 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 انجام دیئے جائیں۔

## بعد ازاں رپورٹنگ کے واقعات

سہ ماہی کے اختتام سے لیکر اس رپورٹ کی تاریخ کے درمیان بینک کی مالی پوزیشن کو خاطر خواہ طور پر متاثر کرنے والی کوئی تبدیلی یا معاہدہ نہیں ہوا ہے۔

## توثیقی بیان

ہم بورڈ اور بینک انتظامیہ کی جانب سے حصص مالکان اور اپنے قابل قدر صارفین کا شکریہ ادا کرنا چاہتے ہیں کہ انہوں نے بینک پر اپنے اعتماد کا اظہار کیا ہے۔ تعاون اور رہنمائی کا سلسلہ جاری رکھنے پر ہم بینک دولت پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بھی شکرگزار ہیں۔ ادارے کی بھرپور ترقی یقینی بنانے کے لیے پوری لگن اور تن وہی سے کام کرنے پر ہم تمام ملازمین کے بھی بے حد مشکور اور پر خلوص رہنمائی پر شریعہ بورڈ کے بھی متمنی ہیں۔

## منظوری:

کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق، بورڈ کی آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو ڈائریکٹرز نے 27 اپریل 2022 کو منعقدہ اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط ثبت کیے ہیں۔

چیئر مین

صدر اور سی ای او

کراچی

27 اپریل 2022

**FAYSAL BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**

		Un-audited March 31, 2022	Audited December 31, 2021
	Note	----- Rupees '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	9	56,044,373	58,516,658
Balances with other banks	10	7,647,769	3,517,361
Lendings to financial institutions	11	5,000,000	-
Investments	12	400,276,556	357,249,356
Advances	13	403,492,824	396,295,362
Fixed assets	14	26,307,377	26,416,480
Intangible assets	15	2,026,431	2,098,064
Deferred tax assets	20	-	-
Other assets	16	32,070,410	25,875,215
		932,865,740	869,968,496
<b>LIABILITIES</b>			
Bills payable	17	14,444,142	14,122,901
Borrowings	18	163,471,558	111,189,829
Deposits and other accounts	19	649,154,730	644,039,999
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	20	678,208	611,506
Other liabilities	21	38,184,057	33,873,861
		865,932,695	803,838,096
<b>NET ASSETS</b>		<u>66,933,045</u>	<u>66,130,400</u>
<b>REPRESENTED BY</b>			
Share capital		15,176,965	15,176,965
Reserves		12,600,658	12,613,183
Surplus on revaluation of assets - net	22	7,158,175	7,061,583
Unappropriated profit		31,997,199	31,278,631
Total equity attributable to the equity holders of the Bank		66,932,997	66,130,362
Non-controlling interest		48	38
		<u>66,933,045</u>	<u>66,130,400</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		

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

\_\_\_\_\_  
**President & CEO**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chairman**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

**FAYSAL BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2022**

	Note	Quarter ended	
		March 31, 2022	March 31, 2021
		----- Rupees '000 -----	
Mark-up / return / interest earned	25	17,302,941	12,028,946
Mark-up / return / interest expensed	26	10,120,152	6,580,911
Net mark-up / interest income		<u>7,182,789</u>	<u>5,448,035</u>
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	27	1,638,236	1,215,510
Dividend income		119,410	82,845
Foreign exchange income		569,122	512,048
Income / (Loss) from derivatives		4,628	(31,437)
Gain on securities	28	(113,187)	350,975
Other income	29	73,484	96,161
Total non mark-up / interest income		<u>2,291,693</u>	<u>2,226,102</u>
Total income		<u>9,474,482</u>	<u>7,674,137</u>
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	30	5,922,920	4,641,980
Workers Welfare Fund		73,553	76,257
Other charges	31	2,386	5
Total non mark-up / interest expenses		<u>5,998,859</u>	<u>4,718,242</u>
Share of (loss) / profit of associates	12.5	(841)	51,715
Profit before provisions		<u>3,474,782</u>	<u>3,007,610</u>
Provisions and write-offs - net	32	(146,614)	(532,728)
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<u>3,621,396</u>	<u>3,540,338</u>
Taxation	33	1,411,741	1,425,126
<b>PROFIT AFTER TAXATION</b>		<u><u>2,209,655</u></u>	<u><u>2,115,212</u></u>
<b>Attributable to:</b>			
Equity holders of the Bank		2,209,645	2,115,207
Non-controlling interest		10	5
		<u><u>2,209,655</u></u>	<u><u>2,115,212</u></u>
----- Rupees -----			
<b>Basic / diluted earnings per share</b>	34	<u>1.46</u>	<u>1.39</u>

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

\_\_\_\_\_  
President & CEO

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**FAYSAL BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2022**

	<b>Quarter ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	<b>----- Rupees '000 -----</b>	
Profit after taxation for the period	2,209,655	2,115,212
<b>Other comprehensive income / (loss)</b>		
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>		
- Movement in surplus on revaluation of investments - net of tax	122,615	(75,116)
<b>Total comprehensive income</b>	<u><u>2,332,270</u></u>	<u><u>2,040,096</u></u>
<b>Attributable to:</b>		
Equity holders of the Bank	2,332,260	2,040,099
Non-controlling interest	<u>10</u>	<u>(3)</u>
	<u><u>2,332,270</u></u>	<u><u>2,040,096</u></u>

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

<b>President &amp; CEO</b>	<b>Chief Financial Officer</b>	<b>Chairman</b>	<b>Director</b>	<b>Director</b>
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**FAYSAL BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED MARCH 31, 2022**

	Share capital					Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total	
					Statutory reserve	Total						
		Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation			Investments	Fixed assets / non-banking assets				Total
Rupees '000												
Balance as at January 1, 2021 (Audited)	15,176,965	10,131	375,518	23,952	10,623,046	11,032,647	1,778,725	7,248,748	9,027,473	24,981,002	15	60,218,102
Profit after taxation for the quarter ended March 31, 2021	-	-	-	-	-	-	-	-	-	2,115,207	5	2,115,212
Other comprehensive loss - net of tax	-	-	-	-	-	-	(549,637)	-	(549,637)	-	-	(549,637)
Total comprehensive (loss) / income	-	-	-	-	-	-	(549,637)	-	(549,637)	2,115,207	5	1,565,575
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(28,853)	(28,853)	28,853	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	-	(12,525)
Balance as at March 31, 2021 (Un-audited)	15,176,965	10,131	362,993	23,952	10,623,046	11,020,122	1,229,088	7,219,895	8,448,983	27,125,062	20	61,771,152
Profit after taxation for the period from April 1, 2021 to December 31, 2021	-	-	-	-	-	-	-	-	-	6,237,850	18	6,237,868
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(1,117,489)	-	(1,117,489)	35,292	-	(1,082,197)
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,117,489)	-	(1,117,489)	6,273,142	18	5,155,671
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	-	-	-	-	-	-	-	(87,372)	(87,372)	87,372	-	-
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	-	-	(37,575)	-	-	(37,575)	-	-	-	-	-	(37,575)
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 (Audited)	15,176,965	10,131	325,418	23,952	12,253,682	12,613,183	111,599	6,949,984	7,061,583	31,278,631	38	66,130,400
Profit after taxation for the quarter ended March 31, 2022	-	-	-	-	-	-	-	-	-	2,209,645	10	2,209,655
Other comprehensive loss - net of tax	-	-	-	-	-	-	122,615	-	122,615	-	-	122,615
Total comprehensive (loss) / income	-	-	-	-	-	-	122,615	-	122,615	2,209,645	10	2,332,270
Final cash dividend declared at Re 1 per share						-			-	(1,517,100)		(1,517,100)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(15,875)	(15,875)	15,875	-	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(10,148)	(10,148)	10,148	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	-	(12,525)
Balance as at March 31, 2022 (Un-audited)	15,176,965	10,131	312,893	23,952	12,253,682	12,600,658	234,214	6,923,961	7,158,175	31,997,199	48	66,933,045

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

**President & CEO**

**Chief Financial Officer**

**Chairman**

**Director**

**Director**



**FAYSAL BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2022**

	March 31, 2022	March 31, 2021
	----- Rupees '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,621,396	3,540,338
Less: dividend income	(119,410)	(82,845)
Less: share of profit of associates	841	(51,715)
	<u>3,502,827</u>	<u>3,405,778</u>
<b>Adjustments:</b>		
Depreciation on owned fixed assets	347,832	329,729
Amortisation of intangible assets	42,621	33,168
Depreciation on right-of-use assets	358,242	348,338
Depreciation on non-banking assets	1,241	1,241
Workers Welfare Fund	73,553	76,257
Reversal of provision against loans and advances - net	(30,150)	(159,289)
Reversal of provision for diminution in value of investments - net	(1,471)	(309,741)
Provision against other assets - net	(30,335)	-
(Reversal of provision) / provision against off balance sheet obligations - net	(5,082)	10,745
Unrealised loss on securities - held for trading - net	46,936	3,036
Gain on sale of fixed assets - net	(25,079)	(2,210)
Gain on sale of non-banking assets - net	-	(49,650)
Charge for defined benefit plan	59,190	53,922
(Income) / loss from derivative contracts - net	(4,628)	31,437
Mark-up / return / interest expensed - leased liability against right-of-use assets	275,447	354,067
Bad debts written off directly	47,275	11,726
	<u>1,155,592</u>	<u>732,776</u>
	4,658,419	4,138,554
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(5,000,000)	(6,249,030)
Held-for-trading securities	(23,113,873)	(38,380,671)
Advances	(7,214,587)	(3,916,292)
Others assets (excluding advance taxation)	(6,042,329)	(146,285)
	(41,370,789)	(48,692,278)
<b>Increase / (decrease) in operating liabilities</b>		
Bills Payable	321,241	(819,680)
Borrowings from financial institutions	50,500,788	34,086,781
Deposits	5,114,731	8,757,158
Other liabilities (excluding current taxation)	2,720,087	(2,275,343)
	58,656,847	39,748,916
Income tax paid	(1,584,839)	(1,616,286)
Contribution to gratuity fund	(61,576)	(53,117)
<b>Net cash generated / (used in) operating activities</b>	<u>20,298,062</u>	<u>(6,474,211)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (investment) / divestment in available for sale securities	(19,839,108)	2,117,384
Net Investment in associates	74,850	(1,339,196)
Net divestment in held to maturity securities	-	116,440
Dividends received	106,455	69,673
Investment in operating fixed assets	(422,795)	(467,382)
Investment in intangible assets	8,480	(75,084)
Proceeds from sale of fixed assets	25,705	2,836
Proceeds from sale of non-banking assets	-	435,000
<b>Net cash (used in) / generated from investing activities</b>	<u>(20,046,413)</u>	<u>859,671</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(367,223)	(382,056)
Dividend paid	(7,244)	(9)
<b>Net cash used in financing activities</b>	<u>(374,467)</u>	<u>(382,065)</u>
<b>Decrease in cash and cash equivalents during the period</b>	<u>(122,818)</u>	<u>(5,996,605)</u>
Cash and cash equivalents at the beginning of the period	59,488,821	61,126,589
<b>Cash and cash equivalents at the end of the period</b>	<u>59,366,003</u>	<u>55,129,984</u>

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

President & CEO

Chief Financial Officer

Chairman

Director

Director

**FAYSAL BANK LIMITED****NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 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 Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 606 branches (December 31, 2021: 606 branches) including 2 sub-branches (December 31, 2021: 2). Out of these, 595 (December 31, 2021: 595) are Islamic banking branches and 11 (December 31, 2021: 11) are conventional.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 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 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 26, 2021 and June 30, 2021 respectively.

**1.1.2 Subsidiary Company - Faysal Asset Management Limited**

	<b>Percentage of holding</b>	
	<b>March 31, 2022</b>	<b>December 31, 2020</b>
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

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

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

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

**2 BASIS OF PRESENTATION**

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.
- 2.2** The financial results of the Islamic banking branches have been consolidated in these condensed interim consolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all Islamic banking branches are disclosed in note 39 to these condensed interim consolidated financial statements.

**3 BASIS OF CONSOLIDATION**

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

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

Material intra-group balances and transactions are eliminated.

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

### **3 STATEMENT OF COMPLIANCE**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as 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 period ended March 31, 2022, the Holding Company has adjusted amortisation of intangible assets net of tax amounting to Rs. 12.525 million (period ended March 31, 2021: Rs. 12.525 million) from the NCR.

**3.3** These condensed interim consolidated financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2021.

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

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

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

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

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2022*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 3 - 'Business combinations' (amendments)	January 1, 2022
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023

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

\* The SBP vide its BPRD Circular Letter No. 24 of 2021 dated July 05, 2021 has notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2022. Awaiting detailed application guidelines, the Bank has not adopted IFRS 9 in these condensed interim consolidated financial statements.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are the same as applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2021.

#### 5 BASIS OF MEASUREMENT

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

#### 6 FUNCTIONAL AND PRESENTATION CURRENCY

- 6.1 Items included in these condensed interim consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These condensed interim consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.
- 6.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

#### 7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is the same as that applied in the preparation of the consolidated financial statements of the Holding Company for the year ended December 31, 2021.

#### 8 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2021.

#### 9 CASH AND BALANCES WITH TREASURY BANKS

In hand

- local currency
- foreign currencies

With State Bank of Pakistan in

- local currency current accounts
- foreign currency current accounts
- foreign currency deposit accounts

With National Bank of Pakistan in

- local currency current accounts

Prize bonds

Un-audited March 31, 2022	Audited December 31, 2021
----- Rupees '000 -----	
8,042,130	13,697,324
6,771,693	1,506,351
14,813,823	15,203,675
29,922,499	28,507,227
2,398,060	2,303,501
5,316,625	4,256,376
37,637,184	35,067,104
3,548,334	8,139,477
45,032	106,402
56,044,373	58,516,658

	Un-audited March 31, 2022	Audited December 31, 2021
	----- Rupees '000 -----	
<b>10 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
- in current accounts	1,870,333	2,037,115
- in saving accounts	68	68
	1,870,401	2,037,183
Outside Pakistan		
- in current account	5,621,412	1,321,316
- in deposit account	155,956	158,862
	5,777,368	1,480,178
	<u>7,647,769</u>	<u>3,517,361</u>

# 11 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	5,000,000	-
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## 11.1 Securities held as collateral against lendings to financial institutions

	Un-audited March 31, 2022			Audited December 31, 2021		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	----- Rupees '000 -----					
Market Treasury Bills	3,034,030	-	3,034,030	-	-	-
Pakistan Investment Bonds	-	-	-	-	-	-
	<u>3,034,030</u>	<u>-</u>	<u>3,034,030</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Note	Un-audited March 31, 2022				Audited December 31, 2021			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus	Carrying value
		----- Rupees '000 -----							
<b>12 INVESTMENTS</b>									
<b>12.1 Investments by type:</b>									
Held-for-trading securities									
Federal Government securities		34,945,363	-	(54,740)	34,890,623	11,649,925	-	2,128	11,652,053
Shares		669,784	-	(10,463)	659,321	851,349	-	(14,762)	836,587
		35,615,147	-	(65,203)	35,549,944	12,501,274	-	(12,634)	12,488,640
Available-for-sale securities									
Federal Government securities	12.2	297,805,376	-	(965,661)	296,839,715	276,556,257	-	(1,425,857)	275,130,400
Shares		12,184,997	1,374,838	(1,064,415)	9,745,744	10,697,994	1,376,309	(903,843)	8,417,842
Non Government debt securities		48,050,000	557,516	2,414,033	49,906,517	50,947,014	557,516	2,512,649	52,902,147
		358,040,373	1,932,354	383,957	356,491,976	338,201,265	1,933,825	182,949	336,450,389
Held-to-maturity securities									
Non Government debt securities	12.4	8,248,271	1,518,162	-	6,730,109	8,248,271	1,518,162	-	6,730,109
Associates *	12.5	1,504,527	-	-	1,504,527	1,580,218	-	-	1,580,218
<b>Total Investments</b>		<u>403,408,318</u>	<u>3,450,516</u>	<u>318,754</u>	<u>400,276,556</u>	<u>360,531,028</u>	<u>3,451,987</u>	<u>170,315</u>	<u>357,249,356</u>

	Un-audited March 31, 2022	Audited December 31, 2021
	----- Rupees '000 -----	
<b>12.2 Investments given as collateral</b>		
- Market treasury bills	55,242,984	19,760,221

	Un-audited March 31, 2022	Audited December 31, 2021
	----- Rupees '000 -----	
<b>12.3 Provision for diminution in value of investments</b>		
<b>12.3.1 Opening balance</b>	3,451,987	3,777,288
(Reversals) / charge		
Reversals for the period / year	-	(12,724)
Reversals on disposals for the period / year	(1,471)	(312,577)
	(1,471)	(325,301)
Closing Balance	3,450,516	3,451,987

	Un-audited March 31, 2022		Audited December 31, 2021	
<b>12.3.3 Particulars of provision against debt securities</b>	<b>Non-performing investments</b>	<b>Provision</b>	<b>Non-performing investments</b>	<b>Provision</b>
	----- Rupees '000 -----			
<b>Category of classification</b>				
<b>Domestic</b>				
- Loss	2,075,678	2,075,678	2,075,678	2,075,678

**12.4** The market value of securities classified as held-to-maturity as at March 31, 2022 amounted to Rs. 6,770 million (December 31, 2021: Rs. 6,755 million).

**12.5 Movement of investment in associates**

		March 31, 2022						
	Country of incorporation	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit / (loss)	Dividend received	Investment at the end of the year	
----- Rupees '000 -----								
<b>Associates</b>								
	Faysal Financial Sector Opportunity Fund	Pakistan	32.58	-	215,941	905	-	216,846
	Faysal Islamic Stock Fund	Pakistan	20.12	-	127,777	(13,905)	-	113,872
	Faysal Asset Allocation Fund	Pakistan	27.36	72,442	(2,131)	(276)	-	70,035
	Faysal Savings Growth Fund	Pakistan	25.57	1,076,852	(383,592)	13,814	-	707,074
	Faysal Special Savings Fund - FSSP-I	Pakistan	100.00	106,209	1,373	598	-	108,180
	Faysal Government Securities Fund	Pakistan	99.96	143,163	(35,770)	(2,067)	-	105,326
	Faysal Pension Fund - Debt	Pakistan	88.60	30,120	120	218	-	30,458
	Faysal Pension Fund - Equity	Pakistan	91.23	30,168	168	(675)	-	29,661
	Faysal Pension Fund - Money Market	Pakistan	82.45	30,320	320	199	-	30,839
	Faysal Islamic Pension Fund - Debt	Pakistan	95.46	30,367	367	100	-	30,834
	Faysal Islamic Pension Fund - Equity	Pakistan	96.40	30,226	226	202	-	30,654
	Faysal Islamic Pension Fund - Money Market	Pakistan	93.00	30,351	351	46	-	30,748
			1,580,218	(74,850)	(841)	-	-	1,504,527

		December 31, 2021					
	Country of incorporation	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit	Dividend received	Investment at the end of the year
----- Rupees '000 -----							
<b>Associates</b>							
	Faysal Income & Growth Fund	Pakistan	-	267,056	(267,056)	-	-
	Faysal Islamic Stock Fund	Pakistan	-	236,820	(236,820)	-	-
	Faysal Asset Allocation Fund	Pakistan	22.51	51,158	18,377	2,907	-
	Faysal Savings Growth Fund	Pakistan	34.57	686,509	383,203	48,087	(40,947)
	Faysal Special Savings Fund - FSSP-I	Pakistan	100.00	-	104,836	1,843	(470)
	Faysal Government Securities Fund	Pakistan	99.52	-	139,321	3,842	-
	Faysal Pension Fund - Debt	Pakistan	97.77	-	30,000	120	-
	Faysal Pension Fund - Equity	Pakistan	99.14	-	30,000	168	-
	Faysal Pension Fund - Money Market	Pakistan	93.03	-	30,000	320	-
	Faysal Islamic Pension Fund - Debt	Pakistan	99.80	-	30,000	367	-
	Faysal Islamic Pension Fund - Equity	Pakistan	99.82	-	30,000	226	-
	Faysal Islamic Pension Fund - Money Market	Pakistan	96.08	-	30,000	351	-
				1,241,543	321,861	58,231	(41,417)
							1,580,218

**13 ADVANCES**

	Performing		Non performing		Total	
	Un-audited March 31, 2022	Audited December 31, 2021	Un-audited March 31, 2022	Audited December 31, 2021	Un-audited March 31, 2022	Audited December 31, 2021
----- Rupees '000 -----						
Loans, cash credits, running finances, etc	37,258,535	42,476,315	18,885,132	19,036,593	56,143,667	61,512,908
Islamic financing and related assets	362,499,086	350,461,085	3,952,573	3,913,046	366,451,659	354,374,131
Bills discounted and purchased	887,929	441,181	471,828	457,257	1,359,757	898,438
Advances - gross	400,645,550	393,378,581	23,309,533	23,406,896	423,955,083	416,785,477
Provision against advances						
- specific	-	-	(19,508,806)	(19,544,542)	(19,508,806)	(19,544,542)
- general	(953,453)	(945,573)	-	-	(953,453)	(945,573)
	(953,453)	(945,573)	(19,508,806)	(19,544,542)	(20,462,259)	(20,490,115)
Advances - net of provision	399,692,097	392,433,008	3,800,727	3,862,354	403,492,824	396,295,362

**13.1 Particulars of advances (gross)**

	Un-audited March 31, 2022	Audited December 31, 2021
----- Rupees '000 -----		
- in local currency	423,529,358	414,316,390
- in foreign currencies	425,725	2,469,087
	423,955,083	416,785,477

**13.2** Advances include Rs. 23,310 million (December 31, 2021: Rs. 23,407 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited March 31, 2022		Audited December 31, 2021	
	Non-performing loans	Provision	Non-performing loans	Provision
----- Rupees '000 -----				
<b>Domestic</b>				
- other assets especially mentioned	241,015	43	263,776	64
- substandard	1,051,534	101,104	1,366,413	117,909
- doubtful	595,071	220,281	595,141	215,372
- loss	21,421,913	19,187,378	21,181,566	19,211,197
Total	23,309,533	19,508,806	23,406,896	19,544,542

### 13.3 Particulars of provision against advances

	Un-audited			Audited		
	March 31, 2022			December 31, 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	27,810	-	27,810	48,119	-	48,119
Charge for the period / year	378,832	7,880	386,712	2,464,778	29,797	2,494,575
Reversals during the period / year	(416,862)	-	(416,862)	(1,690,139)	-	(1,690,139)
	(38,030)	7,880	(30,150)	774,639	29,797	804,436
Amounts written off	(25,516)	-	(25,516)	(1,927,848)	-	(1,927,848)
Closing balance	19,508,806	953,453	20,462,259	19,544,542	945,573	20,490,115

- 13.3.1** 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.

In addition to the requirements of the Prudential Regulations, the management has exercised prudence and maintained a general provision upto 1% of performing consumer portfolio as at March 31, 2022 amounting to Rs. 250 million.

- 13.3.2** As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,123 million (December 31, 2021: Rs 1,976 million) relating to advances while determining the provisioning requirement against non-performing financing as at March 31, 2022. The additional profit arising from availing the FSV benefit (net of tax) as at March 31, 2022 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,295 million (December 31, 2021: Rs 1,205 million).

- 13.3.3** As per the Prudential Regulations, the SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

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

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

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

		Un-audited	Audited
		March 31,	December 31,
		2022	2021
		----- Rupees '000 -----	
14	FIXED ASSETS	Note	
	Capital work-in-progress	14.1	1,798,596
	Property and equipment		1,640,844
			24,508,781
			24,775,636
			26,307,377
			26,416,480
14.1	Capital work-in-progress		
	Civil works		402,697
	Equipment		287,365
	Furniture and fixture		874,421
	Vehicles		880,538
	Land and building		166,699
			124,286
			36,113
			33,289
			318,666
			315,366
			1,798,596
			1,640,844



		Un-audited	
		March 31, 2022	March 31, 2021
		----- Rupees '000 -----	
<b>14.2</b>	<b>Additions to fixed assets</b>		
The following additions have been made to fixed assets during the period:			
	<b>Capital work-in-progress</b>	417,384	464,521
	<b>Property and equipment</b>		
	Furniture and fixture	6,093	1,254
	Electrical, office and computer equipment	206,911	242,698
	Right-of-use assets	177,111	325,407
	Building	5,332	-
	Land	2,568	-
	Others	44,139	26,271
		442,154	595,630
	<b>Total</b>	<b>859,538</b>	<b>1,060,151</b>
<b>14.3</b>	<b>Disposal of fixed assets</b>		
The net book value of fixed assets disposed off during the period is as follows:			
	Furniture and fixture	66	17
	Electrical, office and computer equipment	780	600
	Vehicles	957	9
		1,131	-
	<b>Total</b>	<b>2,934</b>	<b>626</b>
		<b>Un-audited</b>	<b>Audited</b>
		<b>March 31,</b>	<b>December 31,</b>
		<b>2022</b>	<b>2021</b>
		----- Rupees '000 -----	
<b>15</b>	<b>INTANGIBLE ASSETS</b>		
	Capital work-in-progress	573,136	598,179
	Computer softwares	587,267	613,325
	Customer relationship	512,944	533,476
	Management rights	114,600	114,600
	Goodwill	238,484	238,484
		1,453,295	1,499,885
	<b>Total</b>	<b>2,026,431</b>	<b>2,098,064</b>
<b>15.1</b>	<b>Capital work-in-progress</b>		
	Computer software	573,136	598,179
<b>15.2</b>	<b>Additions to intangible assets</b>		
The following additions have been made to intangible assets during the period:			
	Computer software - directly purchased	16,563	117,976

	Note	Un-audited March 31, 2022	Audited December 31, 2021
		----- Rupees '000 -----	
<b>16 OTHER ASSETS</b>			
Income / mark-up accrued in local currency - net of provision		15,421,334	10,666,314
Income / mark-up accrued in foreign currencies - net of provision		10,007	4,524
Advances, deposits, advance rent and other prepayments		1,248,544	905,190
Advance taxation (payments less provisions)		98,863	3,004
Non-banking assets acquired in satisfaction of claims		984,403	985,645
Mark to market gain on forward foreign exchange contracts		1,938,251	1,869,513
Fair value of derivative contracts		2,164	2,080
Acceptances	21	6,909,166	8,343,820
Credit cards and other products fee receivable		429,059	488,906
Receivable from brokers against sale of shares		143,118	370,970
Dividend receivable		88,303	75,348
Receivable from 1Link (Private) Limited		3,155,616	729,363
Rent and amenities receivable		12,085	22,006
Rebate receivable - net		18,991	22,668
Defined benefit plan asset		117,981	117,981
Others		547,916	353,609
		<u>31,125,801</u>	<u>24,960,941</u>
Less: provision held against other assets	16.1	<u>(326,638)</u>	<u>(356,973)</u>
Other assets - net of provision		<u>30,799,163</u>	<u>24,603,968</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>1,271,247</u>	<u>1,271,247</u>
Other assets - total		<u><u>32,070,410</u></u>	<u><u>25,875,215</u></u>
<b>16.1 Provision held against other assets</b>			
Dividend receivable		75,348	75,348
SBP penalties		50,473	51,050
Security deposits		22,994	22,994
Others		177,823	207,581
		<u><u>326,638</u></u>	<u><u>356,973</u></u>
<b>16.1.1 Movement in provision held against other assets</b>			
Opening balance		356,973	329,878
Charge for the period / year		-	29,758
Reversals during the period / year		<u>(30,335)</u>	<u>(2,663)</u>
		<u>(30,335)</u>	<u>27,095</u>
Closing balance		<u><u>326,638</u></u>	<u><u>356,973</u></u>
<b>17 BILLS PAYABLE</b>			
In Pakistan		<u><u>14,444,142</u></u>	<u><u>14,122,901</u></u>
<b>18 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the State Bank of Pakistan (SBP)			
- under export refinance scheme - part I and II		278,152	614,152
- under long term financing facility		837,419	919,241
- under long term financing facility for renewable power energy (RPE)		716,714	717,788
- under scheme of financing facility for storage of agricultural produce		22,683	28,783
- under Islamic export refinance scheme - part I and II		32,331,650	30,993,655
- under refinance scheme for payment of wages and salaries		5,614,101	7,280,953
- under Islamic financing for renewable energy		5,965,065	5,973,187
- under Islamic long term financing facility		10,301,668	7,733,936
- under Islamic temporary economic refinance scheme		26,898,181	21,721,871
- under Islamic refinance facility for combating COVID-19		293,900	314,644
- under Islamic refinance facility for storage of agricultural produce		214,545	145,956
		<u>83,474,078</u>	<u>76,444,166</u>
Repurchase agreement borrowings		61,995,948	19,730,756
Borrowing from other financial institutions		458,440	467,156
<b>Total secured</b>		<u><u>145,928,466</u></u>	<u><u>96,642,078</u></u>
<b>Unsecured</b>			
Call borrowings		2,300,000	
Overdrawn nostro accounts		4,326,139	2,545,198
Musharaka acceptances		-	1,500,000
Other borrowings		10,916,953	10,502,553
<b>Total unsecured</b>		<u><u>17,543,092</u></u>	<u><u>14,547,751</u></u>
		<u><u>163,471,558</u></u>	<u><u>111,189,829</u></u>

## 19 DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	March 31, 2022			December 31, 2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
<b>Customers</b>						
Current deposits	233,420,603	25,674,413	259,095,016	184,248,112	24,957,795	209,205,907
Savings deposits	185,915,527	20,586,115	206,501,642	206,181,337	19,665,122	225,846,459
Term deposits	128,432,877	1,390,801	129,823,678	144,979,759	1,950,361	146,930,120
Margin deposits	2,539,370	486,429	3,025,799	3,603,873	7,416	3,611,289
	550,308,377	48,137,758	598,446,135	539,013,081	46,580,694	585,593,775
<b>Financial institutions</b>						
Current deposits	8,795,248	47,672	8,842,920	1,739,920	30,445	1,770,365
Savings deposits	39,820,125	-	39,820,125	45,310,309	-	45,310,309
Term deposits	2,045,550	-	2,045,550	11,365,550	-	11,365,550
	50,660,923	47,672	50,708,595	58,415,779	30,445	58,446,224
	600,969,300	48,185,430	649,154,730	597,428,860	46,611,139	644,039,999
				<b>Note</b>	<b>Un-audited March 31, 2022</b>	<b>Audited December 31, 2021</b>
----- Rupees '000 -----						

## 20 DEFERRED TAX (LIABILITIES) / ASSETS

<b>Taxable temporary differences on;</b>		
- surplus on revaluation of fixed assets	1,519,558	1,528,114
- surplus on revaluation of non-banking assets	14,113	14,113
- surplus on revaluation of investments	149,749	71,350
- fair value adjustment relating to net assets acquired upon amalgamation	200,048	208,056
- fair value adjustment relating to net assets acquired upon business combination	52,496	52,496
- accelerated tax depreciation	(22,174)	1,462
- fair valuation of previously held equity interest in the Subsidiary Company	13,118	13,118
	1,926,908	1,888,709
<b>Deductible temporary differences on;</b>		
- provision for diminution in the value of investments	(50,641)	(32,236)
- provision against advances, off balance sheet etc.	(1,059,541)	(1,059,541)
- provision against other assets	(128,237)	(140,068)
- Alternate Corporate Tax (ACT)	(6,424)	(39,039)
- defined benefit obligation	-	(2,843)
- unused tax losses	-	(1,705)
- others	(3,857)	(1,771)
	(1,248,700)	(1,277,203)
	678,208	611,506

## 21 OTHER LIABILITIES

Mark-up / return / interest payable in local currency	3,455,971	2,567,306
Mark-up / return / interest payable in foreign currencies	8,984	3,109
Unearned commission and income on bills discounted	983,802	852,715
Accrued expenses	2,570,825	2,496,960
Acceptances	16	6,909,166
Dividend payable including unclaimed dividends	1,562,280	52,424
Mark to market loss on forward foreign exchange contracts	1,109,355	989,223
Current taxation (provision less payments)	968,675	745,295
Charity fund balance	1,207	1,273
Provision against off-balance sheet obligations	21.1	99,812
Security deposits against leases	147,760	189,725
Withholding tax payable	251,597	108,603
Federal excise duty payable	77,925	61,446
Payable to brokers against purchase of shares	683,434	522,535
Fair value of derivative contracts	1,062,455	966,691
Payable related to credit cards and other products	15,066	276,092
Lease liability against right-of-use assets	9,802,651	9,717,316
Advance against disposal of assets	7,990	4,366
Funds held as security	275,055	270,227
Payable to 1Link (Private) Limited	88,468	78,572
Insurance payable	75,418	92,807
Clearing and settlement accounts	7,587,198	5,107,985
Others	438,963	320,477
	38,184,057	33,873,861

	Un-audited March 31, 2022	Audited December 31, 2021
	----- Rupees '000 -----	
<b>21.1 Provision against off-balance sheet obligations</b>		
Opening balance	104,894	127,569
Charge for the period / year	893	2,075
Reversals during the period / year	(5,975)	(24,750)
	(5,082)	(22,675)
Closing balance	99,812	104,894
<b>22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
Surplus on revaluation of		
- available for sale securities	383,957	182,949
- fixed assets	7,178,127	7,220,789
- non-banking assets acquired in satisfaction of claims	1,271,247	1,271,247
	8,833,331	8,674,985
Deferred tax on surplus on revaluation of:		
- available for sale securities	(149,743)	(71,350)
- fixed assets	(1,511,300)	(1,527,939)
- non-banking assets acquired in satisfaction of claims	(14,113)	(14,113)
	(1,675,156)	(1,613,402)
	7,158,175	7,061,583
<b>23 CONTINGENCIES AND COMMITMENTS</b>		
Guarantees	23.1 36,886,203	34,644,920
Commitments	23.2 277,206,559	266,894,554
Other contingent liabilities	23.3 4,122,244	4,122,244
	318,215,006	305,661,718
<b>23.1 Guarantees:</b>		
Financial guarantees	6,935,213	6,686,179
Performance guarantees	10,991,779	9,614,460
Other guarantees	18,959,211	18,344,281
	36,886,203	34,644,920
<b>23.2 Commitments:</b>		
Documentary credits and short-term trade-related transactions		
- letters of credit	75,775,305	77,150,641
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 123,621,183	131,320,853
- forward government securities transactions	23.2.2 55,765,673	19,884,976
- derivatives - cross currency and interest rate swaps (notional principal)	23.2.3 6,365,251	6,681,964
- extending credit (irrevocable)	23.4 15,388,698	31,655,235
Commitments for acquisition of:		
- operating fixed assets	120,124	115,530
- intangible assets	170,325	85,355
	277,206,559	266,894,554

	Note	Un-audited March 31, 2022	Audited December 31, 2021
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>		<b>----- Rupees '000 -----</b>	
Purchase		86,768,588	90,624,579
Sale		36,852,595	40,696,274
		<u>123,621,183</u>	<u>131,320,853</u>

**23.2.2 Commitments in respect of forward government securities transactions**

Purchase	<u>55,765,673</u>	<u>19,884,976</u>
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**23.2.3 Commitments in respect of derivatives**

Sale	<u>6,365,251</u>	<u>6,681,964</u>
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**23.3 Other contingent liabilities**

**23.3.1 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 Indemnity issued favouring the Honorable High Court in one of the cases Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan

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

- (i) Income tax assessments of the Holding Company have been finalised upto the tax year 2019 (accounting year 2018). Income tax return for TY 2020 (accounting year 2019) has been filed within stipulated timeline.

The department and the Holding Company has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2021: Rs. 1,154.701 million). The Commissioner Inland Revenue (Appeals) [CIR(A)] has deleted the said additional tax liability, however the income tax department has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). Recently, ATIR has passed an order and maintain the decision of CIR(A) in favor of Holding Company, confirming that gain on bargain purchase is not taxable. Accordingly, no provision has been recorded in these condensed interim consolidated financial statements in respect of this matter.

- (ii) There are certain claims against the Bank not acknowledged as debt amounting to Rs 30,799 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 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 Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

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

**23.3.2 Subsidiary Company:**

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

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

Tax years	Order / show cause references	Status	WWF Demand
			Rupees '000
2008	Order u/s 221 dated June 30, 2014	Appeal pending before the Commissioner Appeals	315
2013	Show cause u/s 221 dated May 7, 2014	Showcause notice has been responded to	503
			<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 condensed interim consolidated financial statements in respect of this liability.

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

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

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

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

#### 23.4 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. 15,389 million (December 2021: Rs. 31,655 million) which are irrevocable in nature.

	Un-audited March 31, 2022	Audited December 31, 2021
	----- Rupees '000 -----	
24 DERIVATIVE INSTRUMENTS		
Cross currency swaps (notional principal)	6,090,034	6,417,194
Interest rate swap (notional principal)	275,217	264,770

#### 24.1 Product analysis

Counterparties	March 31, 2022 (Un-audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
<b>With banks for</b>				
Hedging	-	-	-	-
Market making	2,540,740	(129,858)	275,217	2,164
<b>With other entities for</b>				
Hedging	-	-	-	-
Market making	3,549,294	(932,623)	-	-
<b>Total</b>				
Hedging	-	-	-	-
Market making	6,090,034	(1,062,481)	275,217	2,164
Counterparties	December 31, 2021 (Audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / loss	Notional principal	Mark to market gain
<b>With banks for</b>				
Hedging	-	-	-	-
Market making	2,682,872	(104,219)	264,770	2,080
<b>With other entities for</b>				
Hedging	-	-	-	-
Market making	3,734,322	(862,472)	-	-
<b>Total</b>				
Hedging	-	-	-	-
Market making	6,417,194	(966,691)	264,770	2,080

	Note	Un-audited	
		March 31, 2022	March 31, 2021
		----- Rupees '000 -----	
<b>25 MARK-UP / RETURN / INTEREST EARNED</b>			
On:			
Loans and advances		8,949,349	6,539,312
Investments		7,959,597	5,087,086
Lendings to financial institutions		271,102	372,018
Balances with banks		147	110
Securities purchased under resale agreements		122,746	30,420
		<u>17,302,941</u>	<u>12,028,946</u>
<b>26 MARK-UP / RETURN / INTEREST EXPENSED</b>			
On:			
Deposits		7,657,466	4,754,578
Securities sold under repurchase agreements		836,537	208,165
Other short term borrowings		34,042	15,441
SBP borrowings		381,933	216,539
Musharaka acceptances		42,378	382,432
Lease liability against right-of-use assets		275,447	354,067
Cost of foreign currency swaps against foreign currency deposits / borrowings		892,349	649,689
		<u>10,120,152</u>	<u>6,580,911</u>
<b>27 FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		227,202	190,780
Consumer finance related fees		137,300	132,936
Card related fees (debit and credit cards)		676,447	456,525
Credit related fees		3,759	8,435
Investment banking fees		79,006	23,096
Commission on trade		96,274	93,729
Commission on guarantees		37,198	32,791
Commission on cash management		21,860	18,195
Commission on remittances including home remittances		89,592	60,186
Commission on bancassurance		64,529	68,406
Commission on sale of funds unit		40,446	52,825
Management fee		105,183	64,127
Advisory fee		1,943	1,012
Sales load		46,868	9,060
Others		10,629	3,407
		<u>1,638,236</u>	<u>1,215,510</u>
<b>28 (LOSS) / GAIN ON SECURITIES</b>			
Realised - net	28.1	(66,251)	354,011
Unrealised - held for trading - net		(46,936)	(3,036)
		<u>(113,187)</u>	<u>350,975</u>
<b>28.1 Realised gain on:</b>			
Federal Government securities		56,950	195,229
Shares		(125,614)	78,403
Open end mutual funds		2,413	80,379
		<u>(66,251)</u>	<u>354,011</u>
<b>29 OTHER INCOME</b>			
Rent on property		46,217	41,936
Gain on sale of fixed assets - net		25,079	2,210
Gain on sale of non-banking assets - net		-	49,650
Notice pay		302	830
Scrap income		1,685	1,535
Others		201	-
		<u>73,484</u>	<u>96,161</u>



30	OPERATING EXPENSES	Note	Un-audited	
			March 31,	March 31,
			2022	2021
			----- Rupees '000 -----	
	<b>Total compensation expense</b>		2,291,482	1,821,098
	<b>Property expense</b>			
	Rent and taxes		93,181	105,084
	Insurance		14,214	15,974
	Utilities cost		217,863	148,330
	Security (including guards)		215,778	148,943
	Repair and maintenance (including janitorial charges)		141,746	126,660
	Depreciation on owned fixed assets		136,073	127,329
	Depreciation on non-banking assets		1,241	1,241
	Depreciation on right-of-use assets		358,242	348,338
	Others		27,395	22,852
			1,205,733	1,044,751
	<b>Information technology expenses</b>			
	Software maintenance		535,521	392,487
	Hardware maintenance		62,121	63,529
	Depreciation		90,353	84,976
	Amortisation		42,621	33,168
	Network charges		61,622	60,006
	Others		-	302
			792,238	634,468
	<b>Other operating expenses</b>			
	Directors' fees and allowances		49,380	24,635
	Legal and professional charges		48,775	28,644
	Outsourced services costs - staff		117,937	101,385
	Travelling and conveyance		40,287	17,843
	NIFT clearing charges		6,176	10,598
	Depreciation		121,406	117,424
	Training and development		12,313	1,361
	Postage and courier charges		59,711	34,901
	Communication		71,003	34,573
	Marketing, advertisement and publicity		289,904	57,175
	Donations		88,257	79,917
	Auditors remuneration		3,970	4,128
	Insurance		283,438	240,128
	Stationery and printing		82,146	79,872
	Bank fees and charges		24,996	28,266
	Brokerage and commission		4,856	25,330
	Deposit protection premium		130,059	97,664
	Credit card bonus points redemption		56,739	44,652
	Others		142,114	113,167
			1,633,467	1,141,663
			5,922,920	4,641,980
<b>31</b>	<b>OTHER CHARGES</b>			
	Penalties imposed by the State Bank of Pakistan		2,386	5
<b>32</b>	<b>PROVISIONS AND WRITE-OFFS - NET</b>			
	Reversal of provision for diminution in value of investments	12.3	(1,471)	(309,741)
	Reversal of provision against loans and advances	13.3	(30,150)	(159,289)
	Reversal of provision against other assets	16.1.1	(30,335)	-
	Bad debts written off directly		47,275	11,726
	Recoveries of written off / charged off bad debts		(126,851)	(86,169)
	(Reversal of provision) / provision against off balance sheet obligations	21.1	(5,082)	10,745
			(146,614)	(532,728)

		Un-audited	
		March 31, 2022	March 31, 2021
		----- Rupees '000 -----	
<b>33</b>	<b>TAXATION</b>		
	Current	1,415,427	1,565,330
	Prior years	-	-
	Deferred	(3,686)	(140,204)
		<u>1,411,741</u>	<u>1,425,126</u>
<b>34</b>	<b>BASIC EARNINGS PER SHARE</b>		
	Profit after tax for the period	<u>2,209,655</u>	<u>2,115,212</u>
		<b>Number of shares in thousands</b>	
	Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>
		----- Rupees -----	
	Basic earnings per share	<u>1.46</u>	<u>1.39</u>

- 34.1** Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue at March 31, 2022 and March 31, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

### **35 FAIR VALUE MEASUREMENTS**

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

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

#### **Fair value of financial assets**

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

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

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

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

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

March 31, 2022 (Un-audited)				
	Level 1	Level 2	Level 3	Total
	----- Rupees '000 -----			
<b>On-balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	-	331,730,338	-	331,730,338
Shares	8,272,082	2,132,983	-	10,405,065
Non-Government debt securities	47,414,000	2,492,517	-	49,906,517
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Non-Government debt securities (note 12.4)	-	6,770,194	-	6,770,194
<b>Non-financial assets - measured at fair value</b>				
Fixed assets (land and buildings)	-	-	12,065,975	12,065,975
Non-banking assets acquired in satisfaction of claims	-	-	2,255,650	2,255,650
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	88,706,128	-	88,706,128
Forward sale of foreign exchange	-	37,961,239	-	37,961,239
Derivatives sales	-	6,365,251	-	6,365,251
<b>December 31, 2021 (Audited)</b>				
	Level 1	Level 2	Level 3	Total
	----- Rupees '000 -----			
<b>On-balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	-	286,782,453	-	286,782,453
Shares	7,188,900	2,065,529	-	9,254,429
Non-Government debt securities	47,512,500	5,389,647	-	52,902,147
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Non-Government debt securities	-	6,754,838	-	6,754,838
<b>Non-financial assets - measured at fair value</b>				
Fixed assets (land and buildings)	-	-	12,058,074	12,058,074
Non-banking assets acquired in satisfaction of claims	-	-	2,509,571	2,509,571
<b>Off-balance sheet financial instruments - measured at fair value</b>				
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 Bank to exercise such transfers.

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

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

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

### Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Holding Company for the year ended December 31 2021.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Holding Company for the year ended December 31 2021.

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

## 36 SEGMENT INFORMATION

### 36.1 Segment details with respect to business activities

	2022					
	Retail	CIBG	Treasury	SAM	Others	Total
<b>Profit and loss for the quarter ended March 31, 2022 (Un-audited)</b>	<b>Rupees '000</b>					
Net mark-up / return / profit	(4,591,806)	5,588,904	6,239,320	83,100	(137,570)	7,181,948
Inter segment revenue - net	9,668,378	(5,144,445)	(5,893,416)	59,823	1,309,660	-
Non mark-up / return / interest income	1,348,014	388,342	561,385	(24,876)	18,828	2,291,693
<b>Total Income</b>	<b>6,424,586</b>	<b>832,801</b>	<b>907,289</b>	<b>118,047</b>	<b>1,190,918</b>	<b>9,473,641</b>
Segment direct expenses	3,514,649	187,328	61,405	39,311	2,196,166	5,998,859
Inter segment expense allocation	1,895,019	184,792	40,990	35,627	(2,156,428)	-
<b>Total expenses</b>	<b>5,409,668</b>	<b>372,120</b>	<b>102,395</b>	<b>74,938</b>	<b>39,738</b>	<b>5,998,859</b>
Provisions	(36,912)	120,520	(1,470)	(228,275)	(477)	(146,614)
<b>Profit before tax</b>	<b>1,051,830</b>	<b>340,161</b>	<b>806,364</b>	<b>271,384</b>	<b>1,151,657</b>	<b>3,621,396</b>
<b>Statement of financial position as at March 31, 2022 (Un-audited)</b>						
Cash and bank balances	20,635,310	-	43,056,832	-	-	63,692,142
Lendings to financial institutions	-	-	5,000,000	-	-	5,000,000
Investments	-	12,136,918	387,330,120	3,294,550	965,484	403,727,072
- Investment provision	-	-	(1,374,838)	(2,075,678)	-	(3,450,516)
Net inter segment lending	564,232,825	-	-	-	(564,232,825)	-
Advances - performing	45,267,222	306,650,970	-	-	48,727,358	400,645,550
Advances - non-performing	3,662,923	5,220,278	-	14,384,646	41,686	23,309,533
- Advances - provisions	(3,138,029)	(3,917,786)	-	(13,169,422)	(237,022)	(20,462,259)
Others	13,813,167	4,384,269	9,057,514	(1,886,205)	35,035,473	60,404,218
<b>Total assets</b>	<b>644,473,418</b>	<b>324,474,649</b>	<b>443,069,628</b>	<b>547,891</b>	<b>(479,699,846)</b>	<b>932,865,740</b>
Borrowings	7,374,867	76,135,641	79,961,050	-	-	163,471,558
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	608,364,411	39,868,570	-	713,540	208,209	649,154,730
Net inter segment borrowing	-	206,078,904	359,555,235	(166,720)	(565,467,419)	-
Others	28,734,140	2,391,534	1,886,557	1,071	20,293,105	53,306,407
<b>Total liabilities</b>	<b>644,473,418</b>	<b>324,474,649</b>	<b>441,402,842</b>	<b>547,891</b>	<b>(544,966,105)</b>	<b>865,932,695</b>
Equity	-	-	1,666,786	-	65,266,259	66,933,045
<b>Total equity and liabilities</b>	<b>644,473,418</b>	<b>324,474,649</b>	<b>443,069,628</b>	<b>547,891</b>	<b>(479,699,846)</b>	<b>932,865,740</b>
<b>Contingencies and commitments</b>	<b>21,455,419</b>	<b>108,958,073</b>	<b>185,752,107</b>	<b>1,758,958</b>	<b>290,449</b>	<b>318,215,006</b>

	2021				
	Retail	CIBG	Treasury	SAM	Others
	Total				
Profit and loss for the quarter ended March 31, 2021 (Un-audited)	Rupees *'000				
Net mark-up / return / profit	(2,576,048)	4,041,732	3,943,472	59,080	31,514
Inter segment revenue - net	6,479,072	(3,438,888)	(3,929,875)	9,357	880,334
Non mark-up / return / interest income	1,183,281	265,225	877,088	2,947	(102,439)
Total Income	5,086,305	868,069	890,685	71,384	809,409
Segment direct expenses	2,659,224	115,330	85,630	69,533	1,788,525
Inter segment expense allocation	1,565,739	155,472	36,803	30,511	(1,788,525)
Total expenses	4,224,963	270,802	122,433	100,044	-
Provisions	(123,998)	324,502	(306,285)	(459,556)	32,609
Profit before tax	985,340	272,765	1,074,537	430,896	776,800
<b>Statement of financial position as at December 31, 2021 (Audited)</b>					
Cash and bank balances	25,719,683	-	36,314,336	-	-
Lendings to financial institutions	-	-	-	-	-
Investments	-	12,146,534	344,341,447	3,295,550	917,812
- Investment provision	-	-	(1,376,309)	(2,075,678)	-
Net inter segment lending	544,748,188	-	-	-	(544,748,188)
Advances - performing	44,232,459	299,855,056	-	-	49,291,066
Advances - non-performing	4,468,490	5,552,943	-	13,322,251	63,212
- Advances - provisions	(3,305,409)	(3,915,462)	-	(13,008,111)	(261,133)
Others	14,556,465	3,271,446	6,421,470	(1,884,442)	32,024,820
<b>Total assets</b>	<b>630,419,876</b>	<b>316,910,517</b>	<b>385,700,944</b>	<b>(350,430)</b>	<b>(462,712,411)</b>
Borrowings	8,613,513	67,596,975	34,979,341	-	-
Subordinated debt	-	-	-	-	-
Deposits and other accounts	597,346,400	46,115,178	-	293,151	285,270
Net inter segment borrowing	-	201,826,122	347,495,914	(642,968)	(548,679,068)
Others	24,459,963	1,372,242	1,591,877	(613)	21,184,799
<b>Total liabilities</b>	<b>630,419,876</b>	<b>316,910,517</b>	<b>384,067,132</b>	<b>(350,430)</b>	<b>(527,208,999)</b>
Equity	-	-	1,633,812	-	64,496,588
<b>Total equity and liabilities</b>	<b>630,419,876</b>	<b>316,910,517</b>	<b>385,700,944</b>	<b>(350,430)</b>	<b>(462,712,411)</b>
<b>Contingencies and commitments</b>	<b>17,549,250</b>	<b>128,712,861</b>	<b>157,887,793</b>	<b>1,310,929</b>	<b>200,885</b>

### 37 RELATED PARTY TRANSACTIONS

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

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

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

	March 31, 2022 (Un-audited)					December 31, 2021 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	----- Rupees '000 -----									
<b>Investments</b>										
Opening balance	-	-	-	1,580,218	4,081,802	-	-	-	1,241,543	4,056,857
Investment made during the period / year	-	-	-	199,439	3,765,440	-	-	-	1,624,707	21,145,830
Investment redeemed / sold during the period / year	-	-	-	(425,954)	(3,409,940)	-	-	-	(1,302,846)	(21,120,885)
Equity method adjustment	-	-	-	(814)	-	-	-	-	16,814	-
Closing balance	-	-	-	1,352,889	4,437,302	-	-	-	1,580,218	4,081,802
Provision for diminution in value of investments	-	-	-	-	2,037,338	-	-	-	-	2,037,337
<b>Advances</b>										
Opening balance	-	-	531,323	-	1,709,934	-	-	258,224	-	1,799,681
Addition during the period / year	-	82,497	36,536	-	-	-	-	540,268	-	483,407
Repaid during the period / year	-	(530)	(139,679)	-	(104,069)	-	-	(267,169)	-	(573,154)
Written off during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	81,967	428,180	-	1,605,865	-	-	531,323	-	1,709,934
Provision held against advances	-	-	-	-	508,642	-	-	-	-	508,642

	March 31, 2022 (Un-audited)					December 31, 2021 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees '000										
<b>Other assets</b>										
Interest / mark-up accrued	-	892	827	-	198,249	-	-	847	-	63,774
Commission income receivable	-	-	-	137	12,386	-	-	-	222	37,861
Defined benefit plan asset	-	-	-	-	117,981	-	-	-	-	117,981
Remuneration receivable	-	-	-	4,824	29,879	-	-	-	3,815	24,704
Receivable against reimbursement of expenses	-	-	-	4,825	129,249	-	-	-	3,465	59,325
Receivable from defined contribution plan	-	-	-	-	803	-	-	-	-	803
Front end load receivable	-	-	-	3	4,087	-	-	-	64	3,386
Preliminary expenses and floatation costs receivable	-	-	-	1,930	2,760	-	-	-	1,114	3,174
Dividend receivable	-	-	-	-	2,213	-	-	-	-	-
Others	-	-	-	-	3,155,616	-	-	-	-	729,363
	-	892	827	11,719	3,653,223	-	-	847	8,680	1,040,371
<b>Deposits and other accounts</b>										
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 period / year	-	204,702	718,895	38,828	135,744,492	705,659	90,608	2,749,082	1,427,130	512,144,964
Withdrawn during the period / year	(328,215)	(197,189)	(684,971)	(47,443)	(130,395,405)	(377,444)	(83,916)	(2,657,619)	(1,424,649)	(512,856,267)
Transfer in / (out) during the period / year	-	-	-	-	-	-	-	-	(2,041)	2,041
Closing balance	182	58,661	265,201	6,735	15,149,559	328,397	51,148	231,277	15,350	9,800,472
<b>Other liabilities</b>										
Interest / mark-up payable	-	224	102	47	3,316	-	207	277	-	48,212
Payable against reimbursement of expenses	-	-	-	-	-	-	-	-	-	124
Other liabilities	-	-	-	-	88,468	-	-	-	-	78,572
	-	224	102	47	91,784	-	207	277	-	126,908
<b>Contingencies and commitments</b>										
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	-	-	-	-	-	-
Trade related commitments	-	-	-	-	559,230	-	-	-	-	135,898
	-	-	-	-	559,230	-	-	-	-	135,898

\* represents outstanding guarantee

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

**RELATED PARTY TRANSACTIONS**

	March 31, 2022 (Un-audited)					March 31, 2021 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
----- Rupees '000 -----										
<b>Income</b>										
Mark-up / return / interest earned	-	1,996	5,628	-	112,759	-	-	3,289	-	23,386
Fee and commission income	-	73	29	14,391	161,211	-	20	30	11,043	107,278
Dividend income	-	-	-	-	7,528	-	-	-	2,315	5,056
Net gain on sale of securities	-	-	228	106	2,306	-	-	2	61,520	18,859
<b>Expense</b>										
Mark-up / return / interest paid	-	1,186	231	229	334,781	-	393	686	570	127,561
Reimbursement of expenses	-	-	-	3,597	73,351	-	-	-	7,890	3,881
Director's fee and other expenses	-	49,380	-	-	-	-	24,635	-	-	-
Remuneration	-	-	326,259	-	290	-	-	277,007	-	370
Consultancy Fee	-	-	-	-	1,956	-	-	-	-	196
Charge for defined benefit plan	-	-	-	-	61,950	-	-	-	-	53,922
Contribution to defined contribution plan	-	-	-	-	64,262	-	-	-	-	62,917
Donations made during the period	-	-	-	-	88,257	-	-	-	-	79,917
<b>Others</b>										
Shares / units purchased during the period	-	-	-	199,439	3,765,440	-	-	-	2,429,555	5,620,648
Shares / units sold during the period	-	-	-	425,954	3,412,246	-	-	-	1,081,000	6,069,855
Government securities purchased during the period	-	-	47,767	-	42,986	-	-	120,270	-	782,476
Government securities sold during the period	-	-	160,610	-	42,914	-	-	131,612	-	870,226
Contribution to defined benefit plan	-	-	-	-	61,950	-	-	-	-	53,117



**38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

Un-audited March 31, 2022	Audited December 31, 2021
----- Rupees '000 -----	

**Minimum capital requirement (MCR):**

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

Eligible common equity tier 1 (CET 1) capital	57,502,638	56,923,128
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	57,502,638	56,923,128
Eligible tier 2 capital	6,854,494	6,750,022
Total eligible capital (tier 1 + tier 2)	64,357,132	63,673,150

**Risk weighted assets (RWAs):**

Credit risk	285,076,366	273,538,696
Market risk	37,339,308	30,736,393
Operational risk	58,977,507	58,977,507
Total	381,393,181	363,252,596

**Common equity tier 1 capital adequacy ratio**

15.08%	15.67%
--------	--------

**Tier 1 Capital adequacy ratio**

15.08%	15.67%
--------	--------

**Total Capital adequacy ratio**

16.87%	17.53%
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**Leverage ratio (LR):**

Eligible tier-1 capital	57,502,638	56,923,128
Total exposures	1,139,814,878	1,046,737,575
Leverage ratio (in %)	5.04%	5.44%

**Liquidity coverage ratio (LCR):**

Total high quality liquid assets	360,243,505	327,723,433
Total net cash outflow	172,707,358	155,715,157
Liquidity coverage ratio (Ratio)	2.086	2.105

**Net stable funding ratio (NSFR):**

Total available stable funding	602,248,985	594,478,277
Total required stable funding	367,901,208	346,320,285
Net stable funding ratio (in %)	163.70%	171.66%

### 39 ISLAMIC BANKING BUSINESS

The Holding Company is operating 595 Islamic banking branches (December 31, 2021: 595) including 2 Islamic sub-branch (December 31, 2021: 2). The statement of financial position and profit and loss account of these branches for the period ended March 31, 2022 are as follows:

		Un-audited March 31, 2022	Audited December 31, 2021
	Note	----- Rupees '000 -----	
<b>Statement of financial position</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		34,026,551	34,500,786
Balances with other banks		5,724,090	2,345,633
Due from financial institutions		22,000,000	-
Investments	39.1	214,684,909	169,622,462
Islamic financing and related assets - net	39.2	363,317,657	351,466,762
Fixed assets		18,074,346	18,063,668
Intangible assets		227,820	231,682
Due from head office		-	79,488
Other assets		20,526,223	16,326,810
		678,581,596	592,637,291
<b>LIABILITIES</b>			
Bills payable		10,440,956	9,671,804
Due to financial institutions		102,205,146	99,267,708
Deposits and other accounts	39.3	489,890,050	428,362,073
Due to head office		6,896,156	4,666,798
Other liabilities		28,584,079	17,501,285
		638,016,387	559,469,668
<b>NET ASSETS</b>		<b>40,565,209</b>	<b>33,167,623</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		27,180,000	22,180,000
Surplus on revaluation of assets - net of tax		1,308,822	1,132,979
Unappropriated profit	39.4	12,076,387	9,854,644
		<b>40,565,209</b>	<b>33,167,623</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	39.5		
		<b>Un-audited</b>	
		<b>March 31, 2022</b>	<b>March 31, 2021</b>
		----- Rupees '000 -----	
<b>Profit and loss account</b>			
Profit / return earned	39.6	11,736,735	5,299,363
Profit / return expensed	39.7	5,423,673	2,289,722
<b>Net profit / return</b>		<b>6,313,062</b>	<b>3,009,641</b>
<b>Other income</b>			
Fee and commission income		691,358	369,228
Foreign exchange income		105,509	47,811
Gain on securities		-	16,372
Other income		54,837	30,022
Total other income		851,704	463,433
<b>Total income</b>		<b>7,164,766</b>	<b>3,473,074</b>
<b>Other expenses</b>			
Operating expenses		3,325,346	2,197,328
Other charges		344	5
Total other expenses		3,325,690	2,197,333
Profit before provisions		3,839,076	1,275,741
Provisions and write offs - net		196,874	497,821
<b>Profit before taxation</b>		<b>3,642,202</b>	<b>777,920</b>
Taxation		1,420,459	303,389
<b>Profit after taxation</b>		<b>2,221,743</b>	<b>474,531</b>

Un-audited				Audited				
March 31, 2022				December 31, 2021				
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	
----- Rupees '000 -----								
<b>Federal Government securities:</b>								
- Ijarah Sukuks	189,975,415	-	(643,102)	189,332,313	142,350,109	-	(1,014,416)	141,335,693
- Bai Muajjal								
- Other Federal Government securities	989,968	-	-	989,968	925,512	-	-	925,512
	190,965,383	-	(643,102)	190,322,281	143,275,621	-	(1,014,416)	142,261,205
<b>Shares</b>								
- Listed companies	100,000	-	-	100,000	100,000	-	-	100,000
<b>Non Government Debt securities:</b>								
- Listed	15,000,000	-	386,000	15,386,000	15,000,000	-	487,500	15,487,500
- Unlisted	8,876,595	-	33	8,876,628	11,773,608	-	149	11,773,757
	23,876,595	-	386,033	24,262,628	26,773,608	-	487,649	27,261,257
<b>Total investments</b>	<u>214,941,978</u>	<u>-</u>	<u>(257,069)</u>	<u>214,684,909</u>	<u>170,149,229</u>	<u>-</u>	<u>(526,767)</u>	<u>169,622,462</u>
				<b>Un-audited</b>				<b>Audited</b>
				<b>March 31</b>				<b>December 31</b>
				<b>2022</b>				<b>2021</b>
				----- Rupees '000 -----				

## 39.2 Islamic financing and related assets

Murabaha	13,311,403	31,630,824
Musharaka	7,164	7,164
Diminishing Musharaka	175,975,029	169,178,512
Istisna	26,218,122	29,274,907
Tawwaruq	3,551,984	2,131,046
Running Musharaka	73,252,944	73,228,956
Fixed assets Ijarah financing - net	40,958	47,914
Tijarah	1,097,738	1,091,633
Advance against Murabaha financing	2,608,185	2,440,981
Advanced against Diminishing Musharaka	32,402,679	19,610,409
Advance against Ijarah	5,312,461	1,312,461
Advance against Istisna	20,162,202	12,906,932
Advance against Islamic export refinance	6,951,305	5,225,476
Advance against Tijarah	395,162	216,504
Advance against Salam	2,300	-
Musawamah	220,365	187,825
Bai salam	880,370	433,702
Salam	1,200	13,500
Inventory related to Istisna	2,826,073	2,814,621
Inventory related to Murabaha	316,473	1,535,917
Inventory related to Salam	-	100,000
Inventory related to Tijarah	917,542	984,847
Gross Islamic financing and related assets	366,451,659	354,374,131
Less: provision against Islamic financings		
- specific	(2,899,095)	(2,666,575)
- general	(234,907)	(240,794)
	(3,134,002)	(2,907,369)
Islamic financing and related assets - net of provision	<u>363,317,657</u>	<u>351,466,762</u>

## 39.3 Deposits

	Un-audited			Audited		
	March 31, 2022			December 31, 2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
<b>Customers</b>						
Current deposits	218,934,293	23,329,184	242,263,477	171,716,974	21,947,496	193,664,470
Savings deposits	153,538,886	16,994,843	170,533,729	168,304,245	15,291,589	183,595,834
Term deposits	44,820,925	551,041	45,371,966	30,904,502	490,615	31,395,117
	417,294,104	40,875,068	458,169,172	370,925,721	37,729,700	408,655,421
<b>Financial institutions</b>						
Current deposits	8,779,978	47,672	8,827,650	247,179	30,425	277,604
Savings deposits	21,347,678	-	21,347,678	14,963,498	-	14,963,498
Term deposits	1,545,550	-	1,545,550	4,465,550	-	4,465,550
	31,673,206	47,672	31,720,878	19,676,227	30,425	19,706,652
	<u>448,967,310</u>	<u>40,922,740</u>	<u>489,890,050</u>	<u>390,601,948</u>	<u>37,760,125</u>	<u>428,362,073</u>

	Un-audited March 31 2022 ----- Rupees '000 -----	Audited December 31 2021 Restated
<b>39.4 Islamic Banking Business Unappropriated Profit</b>		
Opening balance	9,854,644	5,124,874
Add: Islamic Banking profit for the period / year	3,642,202	7,753,722
Less: taxation	(1,420,459)	(3,023,952)
Closing balance	<u>12,076,387</u>	<u>9,854,644</u>
<b>39.5 CONTINGENCIES AND COMMITMENTS</b>		
Guarantees	26,293,846	23,409,723
Commitments	96,678,248	109,246,212
	<u>122,972,094</u>	<u>132,655,935</u>
	<b>Un-audited</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	----- Rupees '000 -----	
<b>39.6 Profit / return earned of financing, investments and placement</b>		
Profit earned on:		
Financing	7,404,850	3,681,219
Investments	4,331,885	1,618,144
	<u>11,736,735</u>	<u>5,299,363</u>
<b>39.7 Profit on deposits and other dues expensed</b>		
Deposits and other accounts	4,123,217	1,631,151
Other short term borrowings	1,033,104	442,261
Lease liability against right-of-use assets	267,352	216,310
	<u>5,423,673</u>	<u>2,289,722</u>

#### 40 GENERAL

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

#### 41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 27, 2022 by the Board of Directors of the Holding Company.

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**President & CEO**


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**Chief Financial Officer**


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**Chairman**


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**Director**


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**Director**