

أنت أمكن

FIRST QUARTER
ENDED MARCH 31, 2024
UNAUDITED FINANCIAL STATEMENTS

faysalbank 

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Corporate Information

Board of Directors

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

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Recruitment Nomination and Remuneration Committee

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

Board Strategy Committee

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

Corporate Information

Board IT Committee

Ms. Sadia Khan	Chairperson
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member
Mr. Abdulla Abdulaziz Ali Taleb	Member
Mr. Yousaf Hussain	Member

Shariah Board

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

Syed Majid Ali

Chief Financial Officer

Mr. Aurangzeb Amin

Company Secretary & Head of Legal

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

Auditors

M/s. Mohsin Tayebaly & Co, Advocate

Legal Advisors

Registered Office

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

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

Share Registrar

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

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

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

Directors' Review

Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Review along with unaudited condensed interim financial statements of Faysal Bank Limited ("FBL" or "the Bank") for the quarter ended March 31, 2024.

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 Islamic banking services to all customer segments, i.e., Retail, Small & Medium Sized Enterprises, Commercial, Agri-based, and Corporate.

The bank surrendered its conventional banking license on 31 December 2022 and effective 01 January 2023 started operations under an Islamic Banking License issued by the State Bank of Pakistan. Its footprint spreads over 280 cities across the country with 722 branches offering only sharia-compliant banking services.

Holding Company

Ithmaar Bank B.S.C. (closed), a banking entity regulated by the Central Bank of Bahrain, is the parent company holding directly and indirectly 66.78% (2023: 66.78%) of the Bank's shares. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. Dar Al-Maal Al-Islami Trust (DMIT) is the holding entity of Ithmaar Holding B.S.C. and the ultimate parent Company of the Bank. DMIT was formed by an indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles, and traditions.

Economic Update

As we navigate through the fiscal year 2024, the 3QFY24 has shown a resilient economic recovery marked by positive developments in economic and financial conditions. Despite a tough fiscal year, each passing month has shown signs of improving overall economic confidence.

The Consumer Price Index (CPI) for March clocked in at 20.68%, finally entering the positive real interest rate territory both currently and on forward-looking basis. Despite the impact of increased global oil prices leading to a rise in domestic fuel prices and frequent adjustments in gas and power tariffs in line with IMF directives, inflation remains subdued. This reduction in inflation is partly attributable to the high base effect from the previous year.

The State Bank of Pakistan (SBP) opted to maintain the policy rate at 22% during its latest Monetary Policy Committee (MPC) meeting on March 18, 2024, adopting a cautious stance in response to uncertainty regarding the inflation outlook.

Government's fiscal performance has managed to surpass targets with a 33% year-on-year increase in its tax collection up to Rs. 879 billion in March 2024. In the 9 months of FY24, FBR has managed to collect PKR 6.7 trillion, a 30% increase compared to the previous year. However, the fiscal deficit during Jul-Jan FY2024, increased to 2.6% of GDP, up from 2.3% recorded last year. The government remains committed to prudent fiscal management by

curbing expenditure. It is pertinent to note that the primary surplus improved to Rs. 1,812 billion (1.7% of GDP) during Jul-Dec FY2024.

The stock market has demonstrated remarkable performance, with sustained growth in the index during the past five months. In March 2024, the Pakistan Stock Market (KSE100) reached an all-time high of 67,307.63. Looking ahead, the investor sentiments maybe influenced by upcoming events such as the announcement of new IMF program, forthcoming corporate results, and the upcoming Monetary Policy on April 29, 2024.

Externally, the Current Account recorded a deficit of \$1.0 billion for Jul-Feb FY2024, a significant improvement from the \$3.9 billion deficit reported last year, reflecting a positive shift in the trade balance. In February 2024, the current account posted a surplus of \$128 million compared to a deficit of \$50 million during the same period last year. Exports increased by 16.2% year-on-year to \$2.6 billion in February 2024 as compared to \$2.2 billion in February 2023 owing to ease in imports restriction and exchange rate stability which resulted in smooth supply of raw material making room for economic activity in export-oriented industries. The YoY imports also increased by 10.2% to \$4.3 billion in February 2024 as compared to \$3.9 billion in the same month last year.

As we approach the final quarter of the fiscal year, maintaining the momentum of policy reforms undertaken by the government is crucial for sustaining economic stability. Securing the new IMF Extended Fund Facility (EFF) is essential to meet the increasing financing needs of the economy and ensuring a stable trajectory forward.

Bank's Performance

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

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

A detailed review of the Bank's performance is given in the following paragraphs:

Financial Performance

Key Balance Sheet Numbers	Rs. in million		
	March '24	December '23	Growth %
Investment	646,604	589,545	9.7
Financing	576,313	580,711	(0.8)
Total Assets	1,474,484	1,370,074	7.6
Deposits	1,049,641	1,018,276	3.1

Profit & Loss Account	Rs. in million		
	March '24	March '23	Growth %
Total Revenue	23,349	15,556	50.1
Operating and other Expenses	10,839	7,954	36.3
Profit before tax and provisions	12,510	7,602	64.6
Net provisions	32	1,364	(97.7)
Profit before tax	12,478	6,238	100.0
Tax	5,965	3,027	97.1
Profit after tax	6,513	3,211	102.8
Earnings per share (Rupees)	4.29	2.12	102.8

In Q1'24, FBL continued its trajectory of success and has achieved remarkable financial performance and recorded unprecedented growth despite challenges posed by the prevailing economic conditions. On a standalone basis, Profit Before Tax (PBT) increased by 100.0% to PKR 12.5 billion. FBL has achieved a Profit After Tax (PAT) of PKR 6.5 billion, double than PKR 3.2 billion in the corresponding quarter last year, with Earnings Per Share increasing from PKR 2.12 to PKR 4.29.

The Bank with continuing its growth trajectory, has increased total revenue by 50.1% over Q1'23 to PKR 23.3 billion. This growth was driven by balance sheet expansion (Q1'24 vs Q1'23) and an uptick in spreads, resulting in a 43.3% YoY increase in net spread earned taking it to PKR 18.7 billion in Q1'24. Healthy growth in current deposits of PKR 55 billion (18.1%) YoY and increase in the average benchmark rate helped improve the overall spreads. Non-fund income grew by 85.4% over the corresponding quarter last year and is at PKR 4.7 billion in Q1'24. Fee income also experienced uptick of 32.9%, reaching PKR 2.6 billion, with significant contributions from trade and remittance business solidifying the Bank's foothold in these key businesses. Compared with the corresponding quarter of last year trade volumes registered an exponential 155% increased while remittance volumes increased by 67%.

Due to double digit inflation, a volatile PKR relative to the USD, and an expanding branch network, the bank's total expenses have risen by 36.3% over Q1'23. However, the cost to income ratio has improved from 51.1% in Q1'23 to 46.42% in Q1'24. The net provision for Q1'24 was PKR 32 million, compared to a charge of PKR 1.4 billion in Q1'23. The NPL ratio is at 3.8% with total coverage at 114.3%.

FBL's total assets continued to grow, reaching PKR 1.5 trillion, driven by strong deposit mobilization and increase due to borrowings from financial institutions. The upward trend in Current Accounts seen over past few years continued taking them to PKR 360 billion i.e., 10.3% growth over December 2023. Total deposits also increased by 3.1% over December 2023 and is at PKR 1 trillion. The deposits market share is maintained at 3.7% in March 2024. Current Account (CA) mix improved to 34.3% from 32.1% in December 2023 and CASA mix improved to 78.4% from 75.0% in December 2023.

FBL's net financing marginally reduced due to the impact of IFRS9 implementation and stands at PKR 576 billion. However, gross financing increased by PKR 2 billion. Advance Deposit Ratio (ADR) slightly reduced from 57.0% in December 2023 to 54.9% in March 2024. The liquidity generated was placed in investments. Investments increased by 9.7% and reached PKR 647 billion.

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

Outlook

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

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

Credit Rating

VIS Credit Rating Company Limited (VIS) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings in 2023:

Long-Term	AA
Short-Term	A1+

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

Dividend

The Board of Directors, in their meeting held on April 25, 2024 declared an interim cash dividend of Rs. 1 per share (10%) for the quarter ended March 31, 2024.

Heartfelt Thanks: Acknowledging Our Pillars of Strength

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

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

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Review with the recommendations of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on April 25, 2024 and signed by the Chief Executive Officer and a director.

President & CEO

Karachi

Dated: April 25, 2024

Chairman

بورڈ نے 25 اپریل 2024 کو منعقدہ اپنے اجلاس میں 31 مارچ 2024 کو ختم شدہ سہ ماہی کے لیے فی حصص 1 روپے بحساب (10%) کے عبوری کیش ڈیویڈنڈ کی سفارش کی ہے۔

طاقت کے ستونوں کا تہہ دل سے شکریہ

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

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

منظوری

کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق، بورڈ کی آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ ڈائریکٹرز کی اس رپورٹ کو ڈائریکٹرز نے 25 اپریل 2024 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ڈائریکٹرز نے دستخط ثبت کئے ہیں۔

چیئرمین

صدر اور سی ای او

کراچی

تاریخ: 25 اپریل 2024

بینک غیر معمولی نتائج کی فراہمی اور اسٹیک ہولڈرز کے لیے پائیدار منافع کمانے کے لیے پر عزم ہے۔ مضبوط بنیاد اور ترقی کے لیے کاروباری توجہ کے ساتھ، ہمیں انشاء اللہ مستقبل میں نئی بلندیوں کو حاصل کرنے کی اپنی صلاحیت پر یقین ہے۔

مستقبل پر نظر

مستقبل کے پیش نظر، فیصل بینک لمیٹڈ 2024 میں اچھی رفتار کے ساتھ بہتر پوزیشن میں ہے۔ ہم اپنے آپریشنز اور اپنے صارفین دونوں پر موجودہ معاشی حالات اور مہنگائی کے ممکنہ اثرات کو بھی تسلیم کرتے ہیں اور پر امید بھی ہیں۔ ہماری کاروباری سوچ کے ایک حصے کے طور پر، بینک ڈپازٹ کی ترقی کو تیز کرنے کے لیے اپنے برانچ نیٹ ورک کو بڑھانے کے لیے پر عزم ہے۔ ہم اپنے کسٹمر سروس کے تجربے کو بڑھانے کے لیے بھرپور اقدامات کر رہے ہیں۔ مزید برآں، ہم ٹیکنالوجی جیکل برتری میں سب سے آگے رہنے، اپنی ڈیجیٹل آفرز کو بہتر کرنے اور کسٹمر کے مجموعی تجربے کو بہتر بنانے کے لیے جدید ترین ڈیجیٹل سلوشنز میں سرمایہ کاری کرنے کے لیے بھی پر عزم ہیں۔

برتری کے اپنے عزم کے مطابق، ہم اپنی افرادی قوت میں سرمایہ کاری جاری رکھیں گے، ایک ایسے ماحول کو فروغ دیں گے جو یقین، دیانت، ٹیم ورک، جدت اور ہم آہنگی کی ہماری بنیادی اقدار کو برقرار رکھے۔ ان اصولوں کو ترجیح دیتے ہوئے، ہمارا مقصد مارکیٹ میں اپنی پوزیشن کو مضبوط بنانا اور آنے والے سالوں میں اپنے صارفین کی بڑھتی ہوئی ضروریات کو بہتر طریقے سے پورا کرنا ہے۔

کریڈٹ ریٹنگ:

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

طویل المدتی AA

قلیل المدتی A+1

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

سال 2024 کی Q1 میں، FBL نے اپنی کامیابی کی رفتار کو جاری رکھا اور موجودہ معاشی حالات سے درپیش مسائل کے باوجود نمایاں مالیاتی کارکردگی حاصل کی اور بے مثال ترقی دکھائی۔ بینک نے 6.5 بلین روپے کا بعد از ٹیکس منافع (PAT) حاصل کیا، جو گزشتہ سال کی اسی سہ ماہی میں 3.2 بلین روپے سے تقریباً دو گنا ہے، فی شیئر آمدنی 2.12 روپے سے 4.29 روپے تک بڑھ گئی ہے۔

بینک اپنی ترقی کی رفتار کو جاری رکھتے ہوئے، 2023 کی پہلی سہ ماہی کے مقابلے میں کل آمدنی میں 50.1% اضافہ کر کے 23.3 بلین روپے تک پہنچا۔ یہ ترقی بیلنس شیٹ کی توسیع (Q1'24 بمقابلہ Q1'23) اور اسپریڈز میں اضافے کے نتیجے میں ہوئی، نتیجتاً خالص اسپریڈ میں سالانہ 43.3 فیصد اضافہ ہوا جو Q1'24 میں 18.7 بلین تک بڑھ گیا۔ کرنٹ ڈپازٹس میں زبردست ترقی 55 بلین (18.1%) سال کے اعتبار سے اور اوسط لینچ مارک کی شرح میں اضافے کی بدولت مجموعی اسپریڈ کو بہتر بنانے میں مدد کی۔ نان فنڈ آمدنی میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 85.4% اضافہ ہوا اور Q1'24 میں 4.7 بلین روپے رہی۔ فیس کی آمدنی میں بھی 32.9% کا اضافہ ہوا، جو کہ 2.6 بلین روپے تک پہنچ گئی، ٹریڈ اور ری میٹنس کے کاروبار سے نمایاں حصہ ملنے سے ان اہم بزنسز میں بینک کی گرفت مضبوط ہوئی ہے۔ گزشتہ سال کی اسی سہ ماہی کے مقابلے تجارتی حجم میں 155% اضافہ ہوا جبکہ ری میٹنس کے حجم میں 67% اضافہ ہوا۔

ڈبل ڈیجٹ مہنگائی، ڈالر کے مقابلے میں غیر مستحکم روپے، اور برانچ کے بڑھتے ہوئے نیٹ ورک کی وجہ سے، Q1'23 کے مقابلے میں بینک کے کل اخراجات میں 36.3% اضافہ ہوا ہے۔ تاہم، لاگت سے آمدنی کا تناسب Q1'23 میں 51.1% سے Q1'24 میں 46.42% تک بہتر ہو گیا ہے۔ Q1'24 کے لیے خالص پروویژن 32 ملین روپے رہا، جو Q1'23 میں 1.4 بلین روپے تھا۔ NPL کا تناسب 3.8% پر ہے اور کل کوریج 114.3% ہے۔

FBL کے کل اثاثہ جات مضبوط ڈپازٹ موڈلزیشن اور مالیاتی اداروں میں اضافہ کی بدولت مسلسل بڑھتے رہے، اور 1.5 ٹریلین روپے تک پہنچ گئے۔ کرنٹ اکاؤنٹس میں پچھلے کچھ سالوں میں تیزی کی کارجمان دیکھا گیا اور یہ 360 بلین روپے تک پہنچ گئے یعنی دسمبر 2023 کے مقابلے میں 10.3% اضافہ ہوا۔ ٹوٹل ڈپازٹس میں بھی دسمبر 2023 کے مقابلے میں 3.1% کا اضافہ ہو کر 1 ٹریلین روپے تک پہنچ گئے جو مارچ 2024 میں 3.7% تک پہنچ گیا ہے۔ کرنٹ اکاؤنٹ (CA) مکس دسمبر 2023 میں 32.1% سے بہتر ہو کر 34.3% ہو گیا اور CASA مکس دسمبر 2023 میں 75.0% سے 78.4% ہو گیا۔

IFRS9 کے نفاذ کے نتیجے میں FBL کی نیٹ فنانسنگ میں معمولی کمی واقع ہوئی ہے اور 576 بلین روپے تک محدود رہی۔ تاہم، مجموعی فنانسنگ میں 2 بلین روپے کا اضافہ ہوا۔ ADR دسمبر 2023 میں 57.0% سے تھوڑا سا کم ہو کر مارچ 2024 میں 54.9% ہو گیا۔ حاصل ہونے والی لیکویڈٹی کو سرمایہ کاری میں لگایا گیا۔ سرمایہ کاری 9.7 فیصد بڑھ گئی اور 647 بلین روپے تک پہنچ گئی۔

بینک کی کارکردگی

2023 میں، بورڈ نے فیصل اسلامی کرنسی ایکسیجنگ کمپنی (پرائیویٹ) لمیٹڈ کے قیام کی منظوری دی، جو کہ FBL کا مکمل ملکیتی ذیلی ادارہ ہے۔ بینک نے سال کے دوران 1 بلین روپے کا ابتدائی ادا شدہ سرمایہ (پیڈ اپ کیپٹل) لگایا۔ کمپنی نے 16 جنوری 2024 کو SECP سے اپنا ”سرٹیفکیٹ آف کارپوریشن“ حاصل کیا اور 26 مارچ 2024 کو اسٹیٹ بینک آف پاکستان سے آپریشنل لائسنس حاصل کر چکی ہے۔

مزید برآں، بینک نے یکم جنوری 2024 سے IFRS 9 ”فنانشل انسٹرومنٹس“ کو اپنایا، اس کے اثر کی تفصیل مالیاتی گوشواروں کے نوٹ 4.1 میں ہے۔

بینک کی کارکردگی کا تفصیلی جائزہ مندرجہ ذیل ٹیبل میں درج ہے:

مالیاتی جھلکیاں:

بیلنس شیٹ

		(ملین روپے)		
نمو %	دسمبر ۲۰۲۳ء	مارچ ۲۰۲۴ء		
9.7	589,545	646,604		سرمایہ کاری
(0.8)	580,711	576,313		فنانسنگ
7.6	1,370,074	1,474,484		کل اثاثہ جات
3.1	1,018,276	1,049,641		ڈپازٹس

(ملین روپے)

		مارچ ۲۰۲۴ء		نفع اور نقصان اکاؤنٹ	
نمو %	مارچ ۲۰۲۳ء	مارچ ۲۰۲۴ء			
50.1	15,556	23,349			مجموعی آمدنی
36.3	7,954	10,839			آپریٹنگ اور دیگر اخراجات
64.6	7,602	12,510			منافع قبل از ٹیکس اور پروویژن
(97.7)	1,364	32			نیٹ پروویژن
100	6,238	12,478			منافع قبل از ٹیکس
97.1	3,027	5,965			ٹیکسز
102.8	3,211	6,513			منافع بعد از ٹیکس
102.8	2.12	4.29			فی حصص آمدن (روپے)

مارچ کے لیے کنزیومر پرائس انڈیکس (CPI) 20.68% تک پہنچ گیا، آخر کار موجودہ اور مستقبل کی بنیاد پر پاز بیٹورینس انڈیکس ریٹ کے مقابل پہنچ گیا۔ تیل کی بڑھتی ہوئی عالمی قیمتوں کے اثرات کے باوجود مقامی تیل کی قیمتوں میں اضافہ اور IMF کی ہدایات کے مطابق گیس اور بجلی کے نرخوں میں بار بار ایڈجسٹمنٹ کے باوجود، مہنگائی کے اثرات کچھ کم ہیں۔ مہنگائی میں یہ کمی جزوی طور پر پچھلے سال کے مقابلے میں ہائی بیس انڈیکس سے منسوب ہے۔

اسٹیٹ بینک آف پاکستان (SBP) نے 18 مارچ 2024 کو اپنی تازہ ترین مانیٹری پالیسی کمیٹی (MPC) کے دوران پالیسی ریٹ کو 22% پر برقرار رکھتے ہوئے مہنگائی کے پیش نظر غیر یقینی صورتحال کے جواب میں محتاط موقف اپنایا۔

حکومت کی مالی کارکردگی کے نتیجے میں ٹیکس وصولی میں سالانہ 33% اضافہ توقعات سے بڑھ کر مارچ 2024 میں 879 بلین روپے تک پہنچ گیا۔ FY24 کے 9 مہینوں میں، FBR نے 6.7 ٹریلین جمع کرنے میں کامیابی حاصل کی ہے، جو پچھلے سال کے مقابلے میں 30% زیادہ ہے۔ تاہم، مالی سال 2024 میں جولائی تا جنوری کے دوران مالیاتی خسارہ بڑھ کر جی ڈی پی کا 2.6% ہو گیا، جو پچھلے سال کے 2.3% سے زیادہ ہے۔ حکومت اخراجات کو کم کرتے ہوئے محتاط مالی مینجمنٹ کے لیے پرعزم ہے۔ غور طلب بات یہ ہے کہ مالی سال 2024 میں جولائی تا دسمبر کے دوران پرانہ سرپلس بڑھ کر 1,812 بلین روپے (GDP کا 1.7%) ہو گیا۔

اسٹاک مارکیٹ نے گزشتہ پانچ مہینوں کے دوران انڈیکس میں مسلسل ترقی کے ساتھ شاندار کارکردگی کا مظاہرہ کیا ہے۔ مارچ 2024 میں، پاکستان اسٹاک مارکیٹ (KSE100) کی بلند ترین سطح پر پہنچ گئی۔ مستقبل میں، نئے IMF پروگرام کے اعلان، آنے والے کارپوریٹ زلزلے اور 29 اپریل 2024 کو آئسندہ مانیٹری پالیسی سے سرمایہ کاروں کی سوچ متاثر ہو سکتی ہے۔

بیرونی طور پر، کرنٹ اکاؤنٹ میں مالی سال 2024 میں جولائی تا فروری کے لیے 1.0 بلین ڈالر کا خسارہ ریکارڈ کیا، جو کہ پچھلے سال کے 3.9 بلین ڈالر خسارے سے بہت بہتر ہے، جو تجارتی توازن میں مثبت تبدیلی کی عکاسی کرتا ہے۔ فروری 2024 میں، کرنٹ اکاؤنٹ نے پچھلے سال کی اسی مدت کے دوران 50 بلین ڈالر کے خسارے کے مقابلے میں 128 بلین ڈالر کا سرپلس حاصل کیا۔ برآمدات سال بہ سال 16.2 فیصد بڑھ کر فروری 2024 میں 2.6 بلین ڈالر ہو گئیں جو کہ فروری 2023 میں 2.2 بلین ڈالر تھیں، کیونکہ درآمدات کی پابندیوں میں نرمی اور شرح مبادلہ کے استحکام کی وجہ سے برآمدات پر مبنی صنعتوں میں خام مال کی ہموار فراہمی کے نتیجے میں معاشی بہتری ہوئی، سال کے اعتبار سے درآمدات فروری 2024 میں 10.2 فیصد بڑھ کر 4.3 بلین ڈالر ہو گئیں جو پچھلے سال کے اسی ماہ 3.9 بلین ڈالر تھیں۔

جیسا کہ ہم مالی سال کی آخری سہ ماہی کے قریب ہیں، حکومت کی طرف سے شروع کی گئی پالیسی اصلاحات کی رفتار کو برقرار رکھنا معاشی استحکام کو برقرار رکھنے کے لیے بہت ضروری ہے۔ معیشت کی بڑھتی ہوئی ضروریات کو پورا کرنے اور مستحکم رفتار کو یقینی بنانے کے لیے نئی IMF توسیعی فنڈ سہولت (EFF) کو یقینی بنانا ضروری ہے۔

ڈائریکٹرز کا جائزہ

انکنسولٹیڈ ایڈ مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2024 کو ختم شدہ سہ ماہی کے لیے فیصل بینک لمیٹڈ ("FBL" یا "بینک") کے غیر آڈٹ شدہ عبوری مالیاتی گوشواروں کا جائزہ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی پر وفاق

FBL کا قیام پاکستان میں 3 اکتوبر 1994 کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا اور اس کے حصص پاکستان اسٹاک ایکسچینج میں مندرج ہیں۔ FBL صارفین کے تمام طبقات جیسے ریٹیل، چھوٹے اور متوسط درجے کے کاروباری ادارے، کمرشل، ایگری بیسڈ اور کارپوریٹ کو بینکنگ خدمات کی ایک وسیع رینج پیش کرتا ہے۔

بینک نے اپنا کنونشنل بینکنگ لائسنس 31 دسمبر 2022 کو سرنڈر کیا اور یکم جنوری 2023 سے اسٹیٹ بینک آف پاکستان کے جاری کردہ اسلامی بینکنگ لائسنس کے تحت کام شروع کیا۔ بینک کی ملک بھر میں 280 شہروں میں 722 شاخیں ہیں جو خالصتاً شرعی اصولوں کے عین مطابق بینکاری خدمات فراہم کر رہی ہیں۔

ہولڈنگ کمپنی

اتما بینک بی ایس سی (کلوزڈ)، ایک بینکنگ ادارہ ہے جو مرکزی بینک آف بحریں کے ذریعے ریگولیٹ کیا جاتا ہے، یہ مرکزی کمپنی ہے، جو فیصل بینک لمیٹڈ میں بالواسطہ یا بلاواسطہ %66.78 (2023:66.78%) حصص کی حامل ہے۔ اتما بینک بی ایس سی (کلوزڈ) اتما ہولڈنگز بی ایس سی کا ملکیتی ذیلی ادارہ ہے اور دارالامال الاسلامی ٹرسٹ (ڈی ایم آئی ٹی) اتما ہولڈنگز بی ایس سی کی ہولڈنگ کمپنی ہے اور بنیادی طور پر بینک کی سرپرست ہے۔ ڈی ایم آئی ٹی کو معاہدے کے ذریعے دولت مشترکہ بہاماس کے قوانین کے تحت اسلامی قانون، اصولوں اور روایت کے مطابق کاروباری امور کو سرانجام دینے کے مقصد سے تشکیل دیا گیا تھا۔

تازہ ترین اقتصادی صورت حال

جیسا کہ ہم مالی سال 2024 کی طرف بڑھ رہے ہیں، 3QFY24 کی تیسری سہ ماہی نے معاشی اور مالیاتی حالات میں مثبت پیش رفت کی وجہ سے ایک پائیدار معاشی بحالی کا مظاہرہ کیا ہے۔ ایک مشکل مالی سال کے باوجود، ہرگز رتا مہینہ مجموعی اقتصادی اعتماد کو بہتر بنانے کی عکاسی کرتا ہے۔

Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2024

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
ASSETS			
Cash and balances with treasury banks	9	94,746,190	84,036,558
Balances with other banks	10	3,394,625	1,812,399
Due from financial institutions	11	10,999,999	-
Investments	12	646,603,882	589,544,591
Islamic financing and related assets	13	576,313,299	580,711,316
Property and equipment	14	32,496,784	29,555,304
Right-of-use assets	15	10,500,360	10,713,046
Intangible assets	16	2,379,407	2,331,775
Deferred tax assets		-	-
Other assets	17	97,049,244	71,368,561
		1,474,483,790	1,370,073,550
LIABILITIES			
Bills payable	18	12,374,874	16,550,469
Due to financial institutions	19	245,132,701	166,886,803
Deposits and other accounts	20	1,049,640,530	1,018,275,737
Lease liabilities	21	12,825,722	12,868,103
Subordinated sukuk		-	-
Deferred tax liabilities	22	639,799	4,907,208
Other liabilities	23	63,674,616	60,386,869
		1,384,288,242	1,279,875,189
NET ASSETS		90,195,548	90,198,361
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		16,257,001	15,616,188
Surplus on revaluation of assets - net	24	13,464,649	15,151,071
Unappropriated profit		45,296,933	44,254,137
		90,195,548	90,198,361
CONTINGENCIES AND COMMITMENTS	25		

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2024

	Note	Quarter ended	
		March 31, 2024	March 31, 2023
		----- Rupees '000 -----	
Profit / return earned	27	59,453,346	34,837,351
Profit / return expensed	28	40,768,053	21,797,317
Net profit / return		18,685,293	13,040,034
OTHER INCOME			
Fee and commission income	29	2,574,520	1,937,259
Dividend income		70,572	58,784
Foreign exchange income		1,600,558	1,252,670
(Loss) / Income from derivatives		(17,955)	93,098
Gain / (loss) on securities	30	335,103	(892,283)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Other income	31	100,657	66,575
Total other income		4,663,455	2,516,103
Total income		23,348,748	15,556,137
OTHER EXPENSES			
Operating expenses	32	10,576,500	7,795,703
Workers welfare fund		258,167	157,628
Other charges	33	4,455	317
Total other expenses		10,839,122	7,953,648
Profit before credit loss allowance		12,509,626	7,602,489
Credit loss allowance and write offs - net	34	32,108	1,364,901
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		12,477,518	6,237,588
Taxation	35	5,964,677	3,026,436
PROFIT AFTER TAXATION		6,512,841	3,211,152
		----- Rupees -----	
Basic / diluted earnings per share	36	4.29	2.12

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2024

	Quarter ended	
	March 31, 2024	March 31, 2023
	----- Rupees '000 -----	
Profit after taxation for the period	6,512,841	3,211,152
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	(712,720)	-
- Movement in (deficit) / surplus on revaluation of investments - net of tax	-	(1,412,997)
	(712,720)	(1,412,997)
Items that will not be reclassified to the profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of equity investments - net of tax	225,247	-
Total comprehensive income	6,025,368	1,798,155

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

Condensed Interim Unconsolidated Statement of Changes In Equity

For the quarter ended March 31, 2024

	Reserves						Surplus / (deficit) on revaluation of			Unappropriated profit	Total
	Share capital	Capital reserves			Statutory reserve	Total	Investments	Property and equipment / non-banking assets	Total		
		Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation							
Rupees '000											
Balance as at January 1, 2023 (Audited)	15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,845,612)	12,494,426	10,648,814	32,581,664	70,083,411
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	-	-	-	-	3,211,152	3,211,152
Other comprehensive income - net of tax											
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	-	-	-	-	-	(1,412,997)	-	(1,412,997)	-	(1,412,997)
Total other comprehensive income - net of tax	-	-	-	-	-	-	(1,412,997)	-	(1,412,997)	-	(1,412,997)
Transfer to statutory reserve	-	-	-	-	642,231	642,231	-	-	-	(642,231)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	(40,127)	(40,127)	40,127	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(11,704)	-	-	(11,704)	-	-	-	-	(11,704)
Transaction with owners, recorded directly in equity											
Final cash dividend declared on February 23, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)
Balance as at March 31, 2023 (Un-audited)	15,176,965	10,131	245,565	23,952	12,026,847	12,306,495	(3,258,609)	12,454,299	9,195,690	33,673,015	70,352,165
Profit after taxation for the period from April 1, 2023 to December 31, 2023	-	-	-	-	-	-	-	-	-	16,834,787	16,834,787
Other comprehensive income - net of tax											
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	-	-	-	-	-	6,607,638	-	6,607,638	-	6,607,638
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	45,183	45,183
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	(157,112)	(157,112)	-	(157,112)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(391,642)	(391,642)	-	(391,642)
Total other comprehensive income - net of tax	-	-	-	-	-	-	6,607,638	(548,754)	6,058,884	45,183	6,104,067
Transfer to statutory reserve	-	-	-	-	3,366,957	3,366,957	-	-	-	(3,366,957)	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	(103,503)	(103,503)	103,503	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(57,264)	-	-	(57,264)	-	-	-	-	(57,264)
Transaction with owners, recorded directly in equity											
1st Interim cash dividend declared on August 24, 2023 at Rs 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)
2nd Interim cash dividend declared on October 26, 2023 at Rs 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)
Balance as at December 31, 2023 (Audited)	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	3,349,029	11,802,042	15,151,071	44,254,137	90,198,361
Impact of adopting IFRS 9 as at January 1, 2024 - net of tax	-	-	-	-	-	-	(961,742)	-	(961,742)	(2,020,573)	(2,982,315)
Restated balance as at January 1, 2024	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	2,387,287	11,802,042	14,189,329	42,233,564	87,216,046
Profit after taxation for the quarter ended March 31, 2024	-	-	-	-	-	-	-	-	-	6,512,841	6,512,841
Other comprehensive income - net of tax											
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI - net of tax	-	-	-	-	-	-	225,247	-	225,247	-	225,247
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	-	-	(712,720)	-	(712,720)	-	(712,720)
Total other comprehensive income - net of tax	-	-	-	-	-	-	(487,473)	-	(487,473)	-	(487,473)
Gain on sale of equity instruments classified as FVOCI - net of tax	-	-	-	-	-	-	(201,273)	-	(201,273)	201,273	-
Transfer to statutory reserve	-	-	-	-	651,285	651,285	-	-	-	(651,285)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(35,934)	(35,934)	35,934	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(10,472)	-	-	(10,472)	-	-	-	-	(10,472)
Transaction with owners, recorded directly in equity											
Final cash dividend declared on February 7, 2024 at Rs 2 per share	-	-	-	-	-	-	-	-	-	(3,035,394)	(3,035,394)
Balance as at March 31, 2024 (Un-audited)	15,176,965	10,131	177,829	23,952	16,045,089	16,257,001	1,696,541	11,766,108	13,464,849	45,296,933	90,195,546

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2024

	Note	March 31, 2024	March 31, 2023
----- Rupees '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,477,518	6,237,588
Less: dividend income		(70,572)	(58,784)
		<u>12,406,946</u>	<u>6,178,804</u>
Adjustments:			
Net profit / return income		(18,685,293)	(13,040,034)
Depreciation on owned property and equipment	32	634,698	443,998
Depreciation on right-of-use assets	32	485,781	444,049
Amortisation of intangible assets	32	95,521	70,111
Depreciation on non-banking assets	32	786	1,686
Workers welfare fund		258,167	157,628
Credit loss allowance against due from financial institutions	34	1	-
Credit loss allowance against financing - net	34	108,906	59,480
Credit loss allowance for diminution in value of investments - net	34	(109,713)	1,382,930
Credit loss allowance against other assets - net	34	650	-
Credit loss allowance against off balance sheet obligations - net	34	101,647	650
Unrealised gain - FVTPL - net	30	(206,884)	-
Gain on sale of Property and equipment - net	31	(24)	(8,190)
Gain on termination of leases (IFRS 16) - net	31	(19,563)	-
Charge for defined benefit plan		88,347	66,225
(Income) / loss from derivative contracts - net		17,955	(93,098)
Bad debts written off directly	34	4,503	5,328
		<u>(17,224,515)</u>	<u>(10,509,237)</u>
		<u>(4,817,569)</u>	<u>(4,330,433)</u>
(Increase) / decrease in operating assets			
Due from financial institutions		(10,999,999)	8,315,098
Securities classified as FVTPL		(2,642,290)	-
Financing		4,284,608	(34,501,617)
Others assets (excluding advance taxation)		(2,006,697)	(12,073,640)
		<u>(11,364,378)</u>	<u>(38,260,159)</u>
Increase / (decrease) in operating liabilities			
Bills Payable		(4,175,595)	(7,553,024)
Due to financial institutions		79,089,834	40,275,668
Deposits		31,364,793	18,210,004
Other liabilities (excluding current taxation)		(864,972)	6,549,743
		<u>105,414,060</u>	<u>57,482,391</u>
Income tax paid		(8,701,874)	(3,249,448)
Net profit / return received		36,347,789	22,105,354
Net profit / return paid		(37,693,536)	(21,103,099)
Contribution to gratuity fund		(88,347)	(53,986)
Net cash generated from operating activities		<u>79,096,145</u>	<u>12,590,620</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net divestment in amortized cost securities		1,921	(889,711)
Net investment in securities classified as FVOCI		(54,537,133)	(2,129,150)
Net investment in subsidiary		(1,000,000)	-
Net investment in associates		-	1,654,885
Dividends received		56,110	52,664
Investment in property and equipment		(3,576,179)	(1,277,965)
Investment in intangible assets		(163,685)	(61,336)
Disposal of property and equipment		42	8,853
Net cash used in generated from investing activities		<u>(59,218,924)</u>	<u>(2,641,760)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease obligations against right-of-use assets		(627,441)	(548,246)
Dividend paid		(6,113,986)	(3,696)
Net cash used in financing activities		<u>(6,741,427)</u>	<u>(551,942)</u>
Increase in cash and cash equivalents during the period			
Cash and cash equivalents at the beginning of the period		13,135,794	9,396,918
Cash and cash equivalents at the end of the period		<u>83,720,548</u>	<u>57,253,408</u>
		<u>96,856,342</u>	<u>66,650,326</u>

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2024

1 STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is engaged in Shariah compliant modern Corporate, Commercial and Consumer banking activities. The Bank is operating through 722 branches (December 31, 2023: 722 branches) including 2 sub-branches (December 31, 2023: 2 sub-branches).

The Registered Office of the Bank is located at Faysal House, ST-02, 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, 2023: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

- 1.2** During the year, the Bank established a wholly owned subsidiary, Faysal Islami Currency Exchange Company (Private) Limited (FICEC). FICEC is a private limited company, incorporated in Pakistan with the objective of dealing in foreign exchange and facilitating remittances. The registered office of FICEC is at ST-02, Faysal House, Sharah-e-Faisal, Karachi.
- 1.3** The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2023: 'AA') and the short term rating as 'A1+' (December 31, 2023: 'A1+') on June 23, 2023 and June 27, 2023 respectively.

2 BASIS OF PRESENTATION

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

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

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

3 STATEMENT OF COMPLIANCE

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

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

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

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

For the quarter ended March 31, 2024

- 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, 2024, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 10.471 million (period ended March 31, 2023: Rs. 11.704 million) from the NCR.
- 3.3** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 2 of 2023 dated February 9, 2023 and IAS 34 and should be read in conjunction with the annual unconsolidated financial statements for the financial year ended December 31, 2023.
- 3.4 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current period**
- 3.4.1** There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2024 but are considered not to be relevant or do not have any significant effect on the Bank's operations to be updated except for the implementation of IFRS 9: 'Financial Instruments' as detailed in note 4.1.
- 3.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective**
- 3.5.1** The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

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

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

- 3.5.2** As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at March 31, 2024 are as follows:

Assets	Note	--- Rupees '000 ---
Investments		3,002,468
Financing - net		822,930
Liabilities		
Due to financial institutions		442
Deposits and other accounts		3,484,624
Other Liabilities	26.1	1,394,420

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

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

For the quarter ended March 31, 2024

4.1 IFRS 9 - Financial Instruments

During the period, as directed by the SBP vide its BPRD Circular No. 07 of 2023 dated April 13, 2023, IFRS 9: 'Financial Instruments' became applicable to the Bank. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period, as permitted under the specific transitional provisions in the standard.

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities:

Classification and measurement

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

Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value. Financial liabilities classified at amortised cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

Equity Securities

Quoted equity shares amounting to Rs. 3,049,251 million have been classified as FVTPL. Gains and losses on disposal of securities classified as FVTPL will be recycled through the profit and loss account.

The Bank has elected to designate equity shares of Rs. 3,929,093 million as fair value through other comprehensive income (FVOCI) as permitted under IFRS 9. These securities were previously classified as available-for-sale (AFS). The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed off.

Unquoted equity shares are also required to be measured at fair value under IFRS 9. The fair value of these securities are determined as per adjusted net asset method valuation as these securities are neither listed nor market prices are available. Fair value gains or losses has been recognized directly in equity through OCI.

Debt securities and Islamic financing and related assets

Debt securities currently classified as AFS and passing the SPPI test are measured at FVOCI under IFRS 9 as the Bank's business model is to hold these assets to collect contractual cash flows and sell the investments.

Debt securities currently classified as held-to-maturity (HTM) and passing the SPPI test are measured at amortized cost under IFRS 9 as the Bank's business model is to hold these assets to collect contractual cash flows.

Debt securities that do not pass the SPPI test measured at FVTPL.

Impairment

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

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

For the quarter ended March 31, 2024

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

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

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

Significant increase in credit risk (SICR)

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

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

Impact on the condensed interim unconsolidated statement of financial position:

	March 31, 2024	January 1, 2024
	----- Rupees '000 -----	
- Decrease in due from financial institutions	(1)	-
- Increase in investments	107,792	607,934
- Decrease in islamic financing and related assets	(251,005)	(6,398,593)
- Decrease in other assets	(3,283)	(3,657)
Decrease in total assets - net	<u>(146,497)</u>	<u>(5,794,316)</u>
- Decrease in deferred tax liabilities	(95,253)	(2,865,357)
- Increase in other liabilities	47,897	53,356
Decrease in total liabilities - net	<u>(47,356)</u>	<u>(2,812,001)</u>
Decrease in net assets	<u><u>(99,141)</u></u>	<u><u>(2,982,315)</u></u>

Impact on the condensed interim unconsolidated statement of changes in equity:

Decrease in surplus on revaluation of assets - net of tax	-	(961,742)
Increase / (decrease) in unappropriated profit - net of tax	201,273	(2,020,573)

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

For the quarter ended March 31, 2024

	For the three months ended March 31, 2024
Impact on condensed interim unconsolidated profit and loss account:	--- Rupees '000 ---
Decrease in gain on securities	(394,654)
Increase in credit loss allowance and write offs - net	(194,394)
Decrease in profit before taxation	(589,048)
Decrease in taxation	288,634
Decrease in profit after taxation	(300,414)
	----- Rupee -----
Decrease in EPS	(0.20)

4.2 Revised format of condensed interim financial statements

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

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

- Right-of-use-assets (note 15) amounting to Rs 10,500.360 million (December 31, 2023: Rs 10,713.046 million) which were previously shown as part of fixed assets are now shown separately on the unconsolidated statement of financial position.
- Lease liabilities (note 21) amounting to Rs 12,825.722 million (December 31, 2023: Rs 12,868.103 million) which were previously shown as part of other liabilities (note 23) are now shown separately on the unconsolidated statement of financial position.

5 BASIS OF MEASUREMENT

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

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements is the same as that applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for measurement of the expected credit loss allowance and fair value of unlisted equity securities.

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

For the quarter ended March 31, 2024

8 FINANCIAL RISK MANAGEMENT

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

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
9 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		20,423,987	18,287,506
- foreign currencies		1,747,887	1,716,544
		22,171,874	20,004,050
With State Bank of Pakistan in			
- local currency current accounts		61,610,876	47,120,181
- foreign currency current accounts		2,647,447	2,684,723
- foreign currency deposit accounts		4,132,144	4,323,955
		68,390,467	54,128,859
With National Bank of Pakistan in			
- local currency current accounts		4,182,319	9,902,199
Prize bonds	9.1	1,530	1,450
Less: Credit loss allowance		-	-
Cash and balances with treasury banks - net of credit loss allowance		94,746,190	84,036,558

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

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
10 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		165,843	10,239
Outside Pakistan			
- in current accounts		3,228,782	1,802,160
- in deposit accounts		-	-
Less: Credit loss allowance		-	-
Balances with other banks - net of credit loss allowance		3,394,625	1,812,399

11 DUE FROM FINANCIAL INSTITUTIONS

Musharka Placements		11,000,000	-
Less: Credit loss allowance	11.1	(1)	-
Due from financial institutions - net of credit loss allowance		10,999,999	-

11.1 Due from financial institutions - Particulars of credit loss allowance

		Un-audited		Audited	
		March 31, 2024	Credit loss allowance held	December 31, 2023	Credit loss allowance held
----- Rupees '000 -----					
Domestic					
Performing	Stage 1	11,000,000	1	-	-

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

For the quarter ended March 31, 2024

12 INVESTMENTS

12.1 Investments by type:

Note	Un-audited March 31, 2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	----- Rupees '000 -----			
FVTPL				
Shares	3,054,584	-	206,884	3,261,468
	3,054,584	-	206,884	3,261,468
FVOCI				
Federal Government securities	579,813,898	(254,948)	541,509	580,100,459
Shares	2,779,894	-	406,353	3,186,247
Non Government debt securities	47,570,934	(672,951)	2,382,609	49,280,592
	630,164,726	(927,899)	3,330,471	632,567,298
Amortised Cost				
Non Government debt securities	8,173,043	(1,407,480)	-	6,765,563
	8,173,043	(1,407,480)	-	6,765,563
Associates *				
Faysal Islamic Savings Growth Fund	205,151	-	-	205,151
Faysal Islamic Stock Fund	114,509	-	-	114,509
Faysal Halal Amdani Fund	1,550,000	-	-	1,550,000
	1,869,660	-	-	1,869,660
Subsidiary *				
Faysal Asset Management Limited	1,139,893	-	-	1,139,893
Faysal Islami Currency Exchange Company (Private) Limited	1,000,000	-	-	1,000,000
	2,139,893	-	-	2,139,893
Total Investments	<u>645,401,906</u>	<u>(2,335,379)</u>	<u>3,537,355</u>	<u>646,603,882</u>

* related parties

Note	Audited December 31, 2023			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	----- Rupees '000 -----			
Available-for-sale securities				
Federal Government securities	522,195,325	-	1,949,879	524,145,204
Shares	5,514,441	(1,905,557)	2,245,115	5,853,999
Non Government debt securities	47,917,827	(519,291)	2,371,729	49,770,265
	575,627,593	(2,424,848)	6,566,723	579,769,468
Held-to-maturity securities				
Non Government debt securities	8,174,964	(1,409,394)	-	6,765,570
	8,174,964	(1,409,394)	-	6,765,570
Associates *				
Faysal Islamic Savings Growth Fund	205,151	-	-	205,151
Faysal Islamic Stock Fund	114,509	-	-	114,509
Faysal Halal Amdani Fund	1,550,000	-	-	1,550,000
	1,869,660	-	-	1,869,660
Subsidiary *				
Faysal Asset Management Limited	1,139,893	-	-	1,139,893
Total Investments	<u>586,812,110</u>	<u>(3,834,242)</u>	<u>6,566,723</u>	<u>589,544,591</u>

* related parties

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----		
12.2 Investments given as collateral - at market value		
Federal Government Securities		
- Ijarah Sukuk	147,967,500	73,587,500
12.3 Credit loss allowance for diminution in value of investments		
Opening balance	3,834,242	3,284,350
Impact of adopting IFRS 9 as at January 1, 2024	(1,389,150)	-
Restated balance as at January 1, 2024	2,445,092	3,284,350
Charge / reversals		
Charge for the period / year	-	1,811,871
Reversals for the period / year	(109,713)	(58,113)
Reversal on disposals	-	(1,203,866)
	(109,713)	549,892
Transfers - net	-	-
Amounts written off	-	-
Closing balance	2,335,379	3,834,242

12.4 Particulars of credit loss allowance against debt securities

		Un-audited		Audited	
		March 31, 2024		December 31, 2023	
		Outstanding amount	Credit loss allowance	Non-performing investments	Provision
----- Rupees '000 -----					
Domestic					
Performing	Stage 1	628,704,126	1,346	-	-
Underperforming	Stage 2	4,926,985	407,269	-	-
Non-performing	Stage 3				
- Substandard		-	-	-	-
- Doubtful		-	-	-	-
- Loss		1,926,764	1,926,764	1,928,685	1,928,685
		1,926,764	1,926,764	1,928,685	1,928,685
Total		635,557,875	2,335,379	1,928,685	1,928,685

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

For the quarter ended March 31, 2024

12.5 Investment in subsidiary and associates

Note	As at March 31, 2024 (Un-audited)				For the period ended March 31, 2024 (Un-audited)				
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit after tax	Total comprehensive income		
Rupees '000									
Associate									
	Faysal Islamic Savings Growth Fund	Pakistan	8.07	2,907,333	19,540	121,707	107,444	107,444	
	Faysal Islamic Stock Fund	Pakistan	44.73	312,262	25,614	23,119	19,506	19,506	
	Faysal Halal Amdani Fund	Pakistan	2.53	62,014,342	204,394	2,502,821	2,340,714	2,340,714	
Subsidiary									
	Faysal Asset Management Limited	12.5.1	Pakistan	99.99	2,484,971	536,842	507,265	167,530	167,530
	Faysal Islami Currency Exchange Company (Private) Limited	12.5.2	Pakistan	100.00	1,021,012	20,271	23,898	741	741

	As at December 31, 2023 (Audited)				For the period ended March 31, 2023 (Un-audited)				
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income		
Rupees '000									
Associate									
	Faysal Islamic Savings Growth Fund	Pakistan	9.1	2,468,411	19,922	72,365	64,920	64,920	
	Faysal Islamic Stock Fund	Pakistan	28.6	494,748	57,173	(7,586)	(13,045)	(13,045)	
	Faysal Halal Amdani Fund	Pakistan	3.7	42,865,974	215,288	1,476,619	1,403,901	1,403,901	
Subsidiary									
	Faysal Asset Management Limited		Pakistan	99.99	2,308,798	528,198	214,351	94,692	94,692

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.

12.5.2 Faysal Islami Currency Exchange Company (Private) Limited was incorporated in Pakistan on January 16, 2024 under the Companies Act, 2017 ('the Act'). The registered office of the Company is situated at ST-02, Faysal House, Sharah-e-Faisal, Karachi. The principal activities of the Company are to deal in foreign exchange and facilitate remittances. The Company has received operational license from State Bank of Pakistan on March 26, 2024. As at March 31, 2024, the Company had 10 branches all over Pakistan.

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

For the quarter ended March 31, 2024

13 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non-performing		Total	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Rupees '000						
Murabaha financing and related assets						
	48,907,384	38,284,881	81,445	166,424	48,988,829	38,451,305
13.1 Murabaha financing						
Advance against Murabaha financing	1,419,597	3,219,979	5,000	5,000	1,424,597	3,224,979
Inventory related to Murabaha	1,122,167	2,174,051	-	-	1,122,167	2,174,051
	51,449,148	43,678,911	86,445	171,424	51,535,593	43,850,335
Running Musharaka financing						
	188,143,003	195,753,370	-	545,166	188,143,003	196,298,536
Running Musharaka	188,143,003	195,753,370	-	545,166	188,143,003	196,298,536
Istisna financing and related assets						
	36,770,561	36,501,975	1,173,240	551,792	37,943,801	37,053,767
Istisna	36,770,561	36,501,975	1,173,240	551,792	37,943,801	37,053,767
Advance against Istisna	29,296,297	30,317,852	316,180	172,166	29,612,477	30,490,018
Inventory related to Istisna	14,757,659	7,382,419	55,871	-	14,813,530	7,382,419
	80,824,517	74,202,246	1,545,291	723,958	82,369,808	74,926,204
Tijarah financing and related assets						
	2,499,423	2,455,035	320,222	316,722	2,819,645	2,771,757
Tijarah	2,499,423	2,455,035	320,222	316,722	2,819,645	2,771,757
Advance against Tijarah	604,807	766,202	-	-	604,807	766,202
Inventory related to Tijarah	2,015,660	4,136,549	-	3,500	2,015,660	4,140,049
	5,119,890	7,357,786	320,222	320,222	5,440,112	7,678,008
Musawamah financing and related assets						
	3,063,083	2,788,837	1,114,233	100,516	3,174,506	2,889,353
Musawamah	3,063,083	2,788,837	1,114,233	100,516	3,174,506	2,889,353
Advance against Musawamah	441	4,190	-	-	441	4,190
Inventory related to Musawamah	3,705	7,408	-	-	3,705	7,408
	3,067,229	2,800,435	1,114,233	100,516	3,178,652	2,900,951
Salam financing and related assets						
	9,061,572	100,000	1,200	1,200	9,062,772	101,200
Salam	9,061,572	100,000	1,200	1,200	9,062,772	101,200
Advance against Salam	100,000	9,850,771	-	-	100,000	9,850,771
Inventory related to Salam	638,428	-	-	-	638,428	-
	9,800,000	9,950,771	1,200	1,200	9,801,200	9,951,971
Diminishing Musharaka financing and related assets						
	211,401,846	210,560,169	6,660,771	5,624,139	218,062,617	216,184,308
Diminishing Musharaka	211,401,846	210,560,169	6,660,771	5,624,139	218,062,617	216,184,308
Advanced against Diminishing Musharaka	8,719,968	10,225,549	35,000	97,500	8,754,968	10,323,049
	220,121,814	220,785,718	6,695,771	5,721,639	226,817,585	226,507,357
Wakala Istithmar financing and related assets						
	6,302,669	6,302,669	-	-	6,302,669	6,302,669
Wakala Istithmar	6,302,669	6,302,669	-	-	6,302,669	6,302,669
Tawaruq						
	14,294,791	13,673,003	67,663	98,423	14,362,454	13,771,426
Tawaruq	14,294,791	13,673,003	67,663	98,423	14,362,454	13,771,426
Advance against Islamic export refinance	-	2,414,376	-	-	-	2,414,376
Musharaka	10,975	27,534	1,028	722	12,003	28,256
Bai salam	48,387	277,076	-	-	48,387	277,076
Islamic financing and related assets - Gross						
	579,182,423	577,223,895	8,829,043	7,683,270	588,011,466	584,907,165
Islamic financing and related assets - Gross	579,182,423	577,223,895	8,829,043	7,683,270	588,011,466	584,907,165
Other financing	436,237	478,042	14,359,676	15,376,371	14,795,913	15,854,413
Gross Financing	579,618,660	577,701,937	23,188,719	23,059,641	602,807,379	600,761,578
Credit loss allowance against financing						
13.4	(1,955,485)	-	-	-	(1,955,485)	-
- Stage 1	(1,955,485)	-	-	-	(1,955,485)	-
- Stage 2	(5,571,783)	-	-	-	(5,571,783)	-
- Stage 3	-	-	(18,966,812)	-	(18,966,812)	-
- Specific provision	-	-	-	(19,172,592)	-	(19,172,592)
- General provision	-	(877,670)	-	-	-	(877,670)
	(7,527,268)	(877,670)	(18,966,812)	(19,172,592)	(26,494,080)	(20,050,262)
Financing - net of credit loss allowance	572,091,392	576,824,267	4,221,907	3,887,049	576,313,299	580,711,316

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

For the quarter ended March 31, 2024

	Note	Un-audited	Audited	
		March 31, 2024	December 31, 2023	
----- Rupees '000 -----				
13.1	Murabaha receivable - gross	13.1.2	51,207,952	39,623,889
	Less: Deferred murabaha income	13.1.3	(226,112)	(29,223)
	Profit receivable shown in other assets		(1,993,011)	(1,143,361)
	Murabaha financings	13.1.1	48,988,829	38,451,305
13.1.1	The movement in Murabaha financing during the period / year is as follows:			
	Opening balance		38,451,305	10,837,970
	Sales during the period / year		49,621,823	218,668,554
	Adjusted during the period / year		(39,084,299)	(191,055,219)
	Closing balance		48,988,829	38,451,305
13.1.2	Murabaha sale price		51,207,952	39,623,889
	Murabaha purchase price		(48,988,829)	(38,451,305)
			2,219,123	1,172,584
13.1.3	Deferred murabaha income			
	Opening balance		29,223	350,063
	Arising during the period / year		2,004,899	4,874,300
	Less: recognised during the period / year		(1,808,010)	(5,195,140)
	Closing balance		226,112	29,223
13.2	Particulars of Islamic financing and related assets			
	- in local currency		601,186,584	599,815,539
	- in foreign currencies		1,620,795	946,039
			602,807,379	600,761,578

13.3 Islamic financing and related assets include Rs. 23,188.719 million (December 31, 2023: Rs. 23,059.641 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification	Un-audited		Audited	
	March 31, 2024		December 31, 2023	
	Non-performing financing	Credit loss allowance	Non-performing financing	Provision
----- Rupees'000 -----				
Domestic				
- other assets especially mentioned	16,581	143	204,748	448
- substandard	1,220,323	160,729	883,657	104,142
- doubtful	1,188,045	431,259	670,909	170,824
- loss	20,763,770	18,374,681	21,300,327	18,897,178
Total	23,188,719	18,966,812	23,059,641	19,172,592

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

For the quarter ended March 31, 2024

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

	Un-audited					Audited		
	March 31, 2024					December 31, 2023		
	Stage 3	Stage 2	Stage 1	General Provision	Total	Specific Provision	General Provision	Total
	Rupees '000							
Opening balance	19,172,592	-	-	877,670	20,050,262	18,557,417	771,609	19,329,026
Impact of adopting IFRS 9 as of January 1, 2024	-	5,313,762	1,962,501	(877,670)	6,398,593	-	-	-
Restated balance as at January 1, 2024	19,172,592	5,313,762	1,962,501	-	26,448,855	18,557,417	771,609	19,329,026
Exchange adjustment	(10,063)	-	-	-	(10,063)	132,838	-	132,838
Charge for the period / year	512,797	258,021	-	-	770,818	1,960,357	106,061	2,066,418
Reversals during the period / year	(654,896)	-	(7,016)	-	(661,912)	(1,338,179)	-	(1,338,179)
	(142,099)	258,021	(7,016)	-	108,906	622,178	106,061	728,239
Amounts written off	(53,618)	-	-	-	(53,618)	(139,841)	-	(139,841)
Closing balance	18,966,812	5,571,783	1,955,485	-	26,494,080	19,172,592	877,670	20,050,262

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

13.4.2 As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,470.489 million (December 31, 2023: Rs 2,457.777 million) relating to financing while determining the provisioning requirement against non-performing financing as at March 31, 2024. The additional profit arising from availing the FSV benefit (net of tax) as at March 31, 2024 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,259.949 million (December 31, 2023: Rs 1,253.466 million).

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

	Un-audited		
	March 31, 2024		
	Stage 1	Stage 2	Stage 3
	Rupees '000		
Opening balance	-	-	19,172,592
Impact of adopting IFRS 9 as at January 1, 2024	1,962,501	5,313,762	-
Restated balance as at January 1, 2024	1,962,501	5,313,762	19,172,592
New Financing / Increase	470,353	829,023	113,448
Financing derecognised or repaid	(327,848)	(321,174)	(654,896)
Transfer to stage 1	-	-	-
Transfer to stage 2	(113,321)	113,321	-
Transfer to stage 3	(36,200)	(363,149)	399,349
	(7,016)	258,021	(142,099)
Amounts written off / charged off	-	-	(53,618)
Exchange adjustment	-	-	(10,063)
Closing balance	1,955,485	5,571,783	18,966,812

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

For the quarter ended March 31, 2024

13.6 Islamic financing and related assets - Category of classification

		Un-audited		Audited	
		March 31, 2024		December 31, 2023	
		Outstanding amount	Credit loss allowance	Outstanding amount	Provision
Rupees '000					
Domestic					
Performing	Stage 1	501,048,892	1,955,485	577,701,937	877,670
Underperforming	Stage 2	78,569,768	5,571,783	-	-
Non-Performing					
Other assets especially mentioned		16,581	143	204,748	448
Substandard		1,220,323	160,729	883,657	104,142
Doubtful	Stage 3	1,188,045	431,259	670,909	170,824
Loss		20,763,770	18,374,681	21,300,327	18,897,178
Total		602,807,379	26,494,080	600,761,578	20,050,262

Note	Un-audited March 31, 2024	Audited December 31, 2023
Rupees '000		
14 PROPERTY AND EQUIPMENT		
Capital work-in-progress	14.1	4,115,708
Property and equipment		25,439,596
		29,555,304

14.1 Capital work-in-progress

Civil works	522,286	266,236
Equipment	3,563,960	2,968,971
Furniture and fixture	428,652	299,479
Vehicles	42,524	16,824
Land and building	716,973	564,198
	5,274,395	4,115,708

Un-audited Quarter ended		
	March 31, 2024	March 31, 2023
Rupees '000		
14.2 Additions to property and equipment		

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

Capital work-in-progress - net	1,158,687	542,516
Property and equipment		
Furniture and fixture	92,805	38,633
Electrical, office and computer equipment	1,485,599	189,726
Vehicles	3,880	31,082
Building on leasehold land	126,376	5,485
Leasehold land	438,807	-
Leasehold improvements	270,025	470,523
	2,417,492	735,449
Total	3,576,179	1,277,965

14.3 Disposal of property and equipment

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

Furniture and fixture	-	11
Electrical, office and computer equipment	18	560
Others	-	208
Total	18	779

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

For the quarter ended March 31, 2024

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
15 RIGHT-OF-USE ASSETS		Buildings	Buildings
Opening balance			
Cost		18,669,210	16,341,616
Accumulated Depreciation		7,956,164	6,032,837
Net carrying amount		<u>10,713,046</u>	<u>10,308,779</u>
Additions during the period / year		408,699	2,435,802
Modifications during the period / year		-	21,292
Deletions during the period / year		(135,604)	(129,500)
Depreciation charge for the period / year		(485,781)	(1,923,327)
Net carrying amount		<u>10,500,360</u>	<u>10,713,046</u>
16 INTANGIBLE ASSETS			
Capital work-in-progress	16.1	806,979	798,462
Computer software		<u>1,223,745</u>	<u>1,164,099</u>
Customer relationship		<u>348,683</u>	<u>369,214</u>
		<u>1,572,428</u>	<u>1,533,313</u>
Total		<u>2,379,407</u>	<u>2,331,775</u>
16.1 Capital work-in-progress			
Computer software		<u>806,979</u>	<u>798,462</u>
Un-audited			
Quarter ended			
		March 31, 2024	March 31, 2023
----- Rupees '000 -----			
16.2 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Computer software - directly purchased		<u>155,168</u>	<u>163,137</u>
17 OTHER ASSETS			
Profit / return accrued in local currency		67,181,120	44,142,282
Profit / return accrued in foreign currencies		148,997	82,278
Advances, deposits, advance rent and other prepayments		2,032,307	1,650,813
Non-banking assets acquired in satisfaction of claims		893,115	929,659
Mark to market gain on forward foreign exchange contracts		174,771	550,232
Acceptances	23	10,402,914	13,152,356
Credit cards and other products fee receivable		1,447,190	1,235,999
Receivable from brokers against sale of shares		-	89,252
Dividend receivable		89,810	75,348
Receivable from 1Link (Private) Limited		8,357,097	4,407,978
Rebate receivable - net		480,127	280,127
Receivable from defined benefit plan		247	90,806
Remittances receivable from Western Union		1,846,661	1,307,125
Others		2,592,671	1,966,714
		<u>95,647,027</u>	<u>69,960,969</u>
Less: credit loss allowance held against other assets	17.1	<u>(331,887)</u>	<u>(327,580)</u>
Other assets - net of credit loss allowance		<u>95,315,140</u>	<u>69,633,389</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,734,104	1,735,172
Other assets - total		<u>97,049,244</u>	<u>71,368,561</u>

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

For the quarter ended March 31, 2024

	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----		
17.1 Credit loss allowance held against other assets		
Dividend receivable	74,342	75,348
Receivable from customers	51,172	52,799
Security deposits	22,994	22,994
Acceptances	6,940	-
Others	176,439	176,439
	<u>331,887</u>	<u>327,580</u>
17.1.1 Movement in Credit loss allowance held against other assets		
Opening balance	327,580	325,254
Impact of adopting IFRS 9 as at January 1, 2024	3,657	-
Restated balance as at January 1, 2024	<u>331,237</u>	<u>325,254</u>
Charge for the period / year	3,283	2,731
Reversals during the period / year	(2,633)	(405)
	650	2,326
Closing balance	<u>331,887</u>	<u>327,580</u>
18 BILLS PAYABLE		
In Pakistan	<u>12,374,874</u>	<u>16,550,469</u>
19 DUE TO FINANCIAL INSTITUTIONS		
Secured		
To the State Bank of Pakistan (SBP) under:		
Long term financing facility	327	-
Long term financing facility for renewable power energy (RPE)	115	230
Islamic export refinance scheme - part I and II	28,780,171	30,665,904
Islamic financing for renewable energy	6,680,046	6,641,671
Islamic long term financing facility	10,728,663	11,126,779
Islamic temporary economic refinance scheme	30,186,069	31,034,309
Islamic refinance facility for combating COVID-19	149,444	166,111
Islamic refinance facility for storage of agricultural produce	485,005	513,439
Scheme of Islamic Rupee-based discounting facility under EFS/IFRS	683,569	708,777
	77,693,409	80,857,220
Due to SBP under Open Market Operations (OMO)	146,437,529	73,594,497
Due to other financial institutions	3,392,290	3,402,344
Total secured	<u>227,523,228</u>	<u>157,854,061</u>
Unsecured		
Overdrawn nostro accounts	1,284,473	2,128,409
Musharaka acceptances	16,325,000	6,904,333
Total unsecured	<u>17,609,473</u>	<u>9,032,742</u>
	<u>245,132,701</u>	<u>166,886,803</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

20 DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	March 31, 2024			December 31, 2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	295,029,550	31,800,936	326,830,486	271,673,365	30,468,754	302,142,119
Savings deposits	274,142,563	22,649,123	296,791,686	246,343,937	21,489,149	267,833,086
Term deposits	217,859,132	1,689,061	219,548,193	244,250,942	1,484,842	245,735,784
Margin deposits	13,607,292	83,773	13,691,065	12,175,267	48,071	12,223,338
	800,638,537	56,222,893	856,861,430	774,443,511	53,490,816	827,934,327
Financial institutions						
Current deposits	19,040,272	295,774	19,336,046	11,726,778	275,306	12,002,084
Savings deposits	166,353,054	-	166,353,054	169,738,779	-	169,738,779
Term deposits	7,090,000	-	7,090,000	8,600,547	-	8,600,547
	192,483,326	295,774	192,779,100	190,066,104	275,306	190,341,410
	993,121,863	56,518,667	1,049,640,530	964,509,615	53,766,122	1,018,275,737

21 LEASE LIABILITIES

	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----		
Outstanding amount at the start of the period / year	12,868,103	11,827,762
Additions during the period / year	346,814	1,232,013
Lease payments including profit	(627,441)	(1,672,349)
Profit expense for the period / year	393,974	1,528,718
Termination / deletion during the period / year	(155,728)	(48,041)
Outstanding amount at the end of the period / year	12,825,722	12,868,103

21.1 Liabilities Outstanding

Not later than one year	58,134	218,318
Later than one year and upto five years	3,024,949	2,896,857
Over five years	9,742,639	9,752,928
Total at the period / year end	12,825,722	12,868,103

21.2 This carries effective charge rate of 12.4% per annum (December 31, 2023: 12.7%).

22 DEFERRED TAX LIABILITIES

Taxable temporary differences on

- surplus on revaluation of property and equipment	2,059,906	2,093,908
- surplus on revaluation of non-banking assets	15,678	16,201
- surplus on revaluation of investments	1,631,931	3,217,694
- fair value adjustment relating to net assets acquired upon amalgamation	170,855	180,916
- accelerated tax depreciation	452,614	350,473
	4,330,984	5,859,192

Deductible temporary differences on

- credit loss allowance investments	(112,717)	(847,159)
- credit loss allowance against financing, off balance sheet etc.	(3,449,771)	20,472
- credit loss allowance against other assets	(128,697)	(125,297)
	(3,691,185)	(951,984)
	639,799	4,907,208

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
23	OTHER LIABILITIES		
		16,301,953	13,233,050
		15,342	9,728
		1,538,585	1,496,869
		5,881,391	6,392,588
	17	10,402,914	13,152,356
		4,000,087	7,078,679
		959,277	664,315
		929,677	3,219,685
	23.1	246,300	91,297
		-	93,385
		916,614	261,322
		167,619	159,996
		9,467	91,311
		1,394,420	1,657,226
		89,999	540,153
		330,047	321,357
		799,394	595,002
		58,028	59,974
		18,878,769	10,836,330
		754,733	432,246
		<u>63,674,616</u>	<u>60,386,869</u>
23.1	Credit loss allowance against off-balance sheet obligations		
		91,297	87,700
		53,356	-
		144,653	87,700
		101,647	3,597
		-	-
		101,647	3,597
		246,300	91,297
24	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
	Surplus on revaluation of:		
	- Securities measured at FVOCI-Debt	2,924,118	4,321,608
	- Securities measured at FVOCI-Equity	406,353	2,245,115
	- Property and equipment	12,107,588	12,176,979
	- Non-banking assets acquired in satisfaction of claims	1,734,104	1,735,172
		17,172,163	20,478,874
	Deferred tax on surplus on revaluation of:		
	- Securities measured at FVOCI-Debt	(1,432,818)	(2,117,588)
	- Securities measured at FVOCI-Equity	(199,112)	(1,100,106)
	- Property and equipment	(2,059,906)	(2,093,908)
	- Non-banking assets acquired in satisfaction of claims	(15,678)	(16,201)
		(3,707,514)	(5,327,803)
		<u>13,464,649</u>	<u>15,151,071</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
25 CONTINGENCIES AND COMMITMENTS			
Guarantees	25.1	42,324,365	39,050,948
Commitments	25.2	293,462,225	225,759,797
Other contingent liabilities	25.3	4,122,244	4,122,244
		<u>339,908,834</u>	<u>268,932,989</u>
25.1 Guarantees			
Financial guarantees		6,165,760	4,523,565
Performance guarantees		9,655,989	9,201,571
Other guarantees		26,502,616	25,325,812
		<u>42,324,365</u>	<u>39,050,948</u>
25.2 Commitments			
Documentary credits and short-term trade-related transactions - letters of credit		78,127,865	80,258,955
Commitments in respect of:			
- forward foreign exchange contracts	25.2.1	61,308,394	65,125,446
- forward government securities transactions	25.2.2	147,958,500	73,777,500
- derivatives - cross currency (notional principal)	25.2.3	1,395,192	1,678,515
- extending credit (irrevocable)	25.5	4,008,151	3,429,739
Commitments for acquisition of:			
- property and equipment		409,604	1,180,860
- intangible assets		254,519	308,782
		<u>293,462,225</u>	<u>225,759,797</u>
25.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		54,109,979	55,514,935
Sale		7,198,415	9,610,511
		<u>61,308,394</u>	<u>65,125,446</u>
25.2.2 Commitments in respect of forward government securities transactions			
Purchase		147,958,500	73,777,500
25.2.3 Commitments in respect of derivatives			
Cross currency swaps			
Sale	26.1	1,395,192	1,678,515

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

For the quarter ended March 31, 2024

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

25.3 Other contingent liabilities

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

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
25.3.1	1,154,701	1,154,701
	<u>4,122,244</u>	<u>4,122,244</u>

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

The department and the Bank has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154,701 million (December 31, 2023: Rs. 1,154,701 million). The Commissioner Inland Revenue (Appeals) [CIR(A)] had deleted the said additional tax liability, however the income tax department had filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). During the current period, the ATIR passed an order and maintained the decision of the CIR(A) in favour of the Bank that gain on bargain purchase is not taxable. Subsequently, the department has challenged the order in Honorable High Court of Sindh. However, the management of the Bank is confident that the matter will be decided in the Bank's favour and accordingly, no provision has been recorded in these condensed interim unconsolidated financial statements in respect of this matter.

25.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 33,605.629 million (December 31, 2023: Rs 29,647.217 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299.030 million (December 31, 2023: 25,299.030 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

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

25.5 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. 4,008.151 million (December 2023: Rs. 3,429.739 million) which are irrevocable in nature.

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

26 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

1,395,192	1,678,515
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Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

26.1 Product analysis

Counterparties	March 31, 2024 (Un-audited)	
	Cross currency swaps	
	Notional principal	Mark to market loss
	----- Rupees '000 -----	
With banks for		
Hedging	-	-
Market making	134,605	(151,157)
With other entities for		
Hedging	-	-
Market making	1,260,587	(1,243,263)
Total		
Hedging	-	-
Market making	1,395,192	(1,394,420)

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

	Un-audited Quarter ended	
	March 31, 2024	March 31, 2023
		----- Rupees '000 -----
27 PROFIT / RETURN EARNED		
On:		
Financing	27,125,728	17,351,875
Investments	32,118,655	17,334,253
Due from financial institutions	208,225	149,441
Balances with banks	738	1,782
	<u>59,453,346</u>	<u>34,837,351</u>
27.1 Profit / return recognised on:		
Financial assets measured at amortised cost	27,722,381	
Financial assets measured at fair value through OCI	31,730,965	
	<u>59,453,346</u>	
28 PROFIT / RETURN EXPENSED		
On:		
Deposits	29,674,012	13,747,594
Due to financial institutions	9,085,773	7,026,366
Lease liability against right-of-use assets	393,974	353,064
Cost of foreign currency swaps against foreign currency deposits / Due to FIs	1,614,294	670,293
	<u>40,768,053</u>	<u>21,797,317</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

Note	Un-audited Quarter ended		
	March 31, 2024	March 31, 2023	
	----- Rupees '000 -----		
28.1	Profit / return expense calculated using effective profit rate method	39,153,759	
	Other financial liabilities	1,614,294	
		<u>40,768,053</u>	
29	FEE AND COMMISSION INCOME		
	Branch banking customer fees	321,227	264,206
	Consumer finance related fees	151,166	153,937
	Card related fees	1,139,153	975,968
	Credit related fees	13,057	5,561
	Investment banking fees	98,952	93,307
	Commission on trade	327,484	151,103
	Commission on guarantees	36,648	54,800
	Commission on cash management	40,706	28,401
	Commission on remittances including home remittances	269,492	96,965
	Commission on bancatakaful	22,786	32,207
	Commission on sale of funds units	137,370	57,771
	Others	16,479	23,033
		<u>2,574,520</u>	<u>1,937,259</u>
30	GAIN / (LOSS) ON SECURITIES		
	Realised	128,219	(892,283)
	Unrealised - Measured at FVTPL	206,884	-
		<u>335,103</u>	<u>(892,283)</u>
30.1	Realised Gain / (loss) on:		
	Federal Government securities	34,433	(145,884)
	Shares	89,246	(761,015)
	Associates	4,540	-
	Open end mutual funds	-	14,616
		<u>128,219</u>	<u>(892,283)</u>
30.2	Net gain / (loss) on financial assets / liabilities		
	Net gain / (loss) on financial assets / liabilities measured at FVTPL:		
	Designated upon initial recognition	286,045	
	Mandatorily measured at FVTPL	-	
		<u>286,045</u>	
	Net gain / (loss) on financial assets / liabilities measured at amortised cost	-	
	Net gain / (loss) on financial assets measured at FVOCI	44,518	
	Net gain / (loss) on investments in equity instruments designated at FVOCI	-	
		<u>44,518</u>	
	Net gain / (loss) on investments in associates	4,540	
		<u>335,103</u>	
31	OTHER INCOME		
	Rent on property	70,921	55,882
	Gain on disposal of property and equipment- net	24	8,190
	Gain on termination of leases (IFRS 16)	19,563	-
	Notice pay recovered	2,769	2,368
	Scrap income	6,552	19
	Others	828	116
		<u>100,657</u>	<u>66,575</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

Note	Un-audited Quarter ended		
	March 31, 2024	March 31, 2023	
	----- Rupees '000 -----		
32 OPERATING EXPENSES			
Total compensation expense	4,170,010	2,956,139	
Property expense			
Rent and taxes	60,355	66,751	
Takaful	38,363	27,964	
Utilities cost	297,038	281,393	
Security (including guards)	443,907	338,215	
Repair and maintenance (including janitorial charges)	259,382	216,757	
Depreciation on owned property and equipment	229,475	198,099	
Depreciation on non-banking assets	786	1,686	
Depreciation on right-of-use assets	485,781	444,049	
Others	55,926	54,741	
	1,871,013	1,629,655	
Information technology expenses			
Software maintenance	1,201,189	786,906	
Hardware maintenance	110,073	84,570	
Depreciation	193,284	94,207	
Amortisation	95,521	70,111	
Network charges	99,848	87,431	
	1,699,915	1,123,225	
Other operating expenses			
Directors' fees and allowances	43,040	40,640	
Legal and professional charges	34,083	32,688	
Outsourced services costs - staff	222,587	159,647	
Travelling and conveyance	89,890	55,737	
NIFT clearing charges	46,095	20,274	
Depreciation	211,939	151,692	
Training and development	13,789	15,943	
Postage and courier charges	59,863	68,040	
Communication	308,963	178,956	
Marketing, advertisement and publicity	485,847	488,332	
Auditors' remuneration	15,112	6,646	
Takaful	189,512	211,716	
Stationery and printing	280,943	116,081	
Bank fees and charges	80,195	27,717	
Brokerage and commission	12,053	8,625	
Deposit protection premium	212,780	149,786	
Credit card bonus points redemption	78,700	96,292	
Others	450,171	257,872	
	2,835,562	2,086,684	
	10,576,500	7,795,703	
33 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan	4,455	317	
34 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance against due from financial institutions	11.1	1	-
Credit loss allowance against investments	12.3	(109,713)	1,382,930
Credit loss allowance against Islamic financing and related assets	13.4	108,906	59,480
Credit loss allowance against other assets	17.1.1	650	-
Credit loss allowance against off balance sheet obligations	23.1	101,647	650
Bad debts written off directly		4,503	5,328
Recoveries of written off / charged off bad debts		(73,886)	(83,487)
		32,108	1,364,901

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

For the quarter ended March 31, 2024

	Un-audited	
	Quarter ended	
	March 31, 2024	March 31, 2023
	----- Rupees '000 -----	
35 TAXATION		
Current	6,343,699	3,627,960
Prior years	(190,000)	55,000
Deferred	(189,022)	(656,524)
	<u>5,964,677</u>	<u>3,026,436</u>
36 BASIC EARNINGS PER SHARE		
Profit after tax for the period	<u>6,512,841</u>	<u>3,211,152</u>
	Number of shares in thousands	
Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>
	----- Rupees -----	
Basic earnings per share	<u>4.29</u>	<u>2.12</u>

36.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at March 31, 2024 and March 31, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

37 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under held to collect model, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortized cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of adjusted net asset method as per their latest available financial statements.

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

37.1 Fair value of financial assets

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

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

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

For the quarter ended March 31, 2024

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

	March 31, 2024 (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	-	580,100,459	-	580,100,459
Shares	5,215,831	1,231,884	-	6,447,715
Non-Government debt securities	-	49,280,592	-	49,280,592
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	6,780,900	-	6,780,900
Non-financial assets - measured at fair value				
Property and equipment (land and buildings)	-	-	18,330,124	18,330,124
Non-banking assets acquired in satisfaction of claims	-	-	2,627,219	2,627,219
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	54,109,979	-	54,109,979
Forward sale of foreign exchange	-	7,198,415	-	7,198,415
Derivatives sales	-	1,395,192	-	1,395,192
December 31, 2023 (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	-	524,145,204	-	524,145,204
Shares	5,746,460	107,539	-	5,853,999
Non-Government debt securities	-	49,770,265	-	49,770,265
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	6,779,489	-	6,779,489
Non-financial assets - measured at fair value				
Property and equipment (land and buildings)	-	-	17,855,189	17,855,189
Non-banking assets acquired in satisfaction of claims	-	-	2,667,419	2,667,419
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	55,514,935	-	55,514,935
Forward sale of foreign exchange	-	9,610,511	-	9,610,511
Derivatives sales	-	1,678,515	-	1,678,515

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

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited) For the quarter ended March 31, 2024

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Ijara Sukuk	Fair values of GoP Ijara Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from different pre-defined / approved dealers / brokers.
Unlisted ordinary shares	The fair value of unquoted equity securities is determined on the basis of adjusted net asset method as per their latest available financial statements.
Sukuk Certificates	Fair values of Sukuk certificates are determined using the MUFAP or PSX rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivative instruments	The Bank enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.
Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).

Valuation techniques used in determination of fair valuation of financial instruments within level 3

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

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

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

For the quarter ended March 31, 2024

38 SEGMENT INFORMATION

38.1 Segment details with respect to business activities

	2024					
	Retail	CIBG	Treasury	SAM	Others	Total
Rupees '000						
Profit and loss account for the quarter ended March 31, 2024 (Un-audited)						
External funded revenue	(22,444,721)	18,712,188	23,007,506	51,087	(640,767)	18,685,293
Inter segment revenue - net	40,967,661	(18,514,073)	(24,025,601)	226,578	1,345,435	-
External non-funded revenue	2,423,299	935,232	2,382,224	1,381	(1,078,681)	4,663,455
Total income	20,946,239	1,133,347	1,364,129	279,046	(374,013)	23,348,748
Segment direct expenses	6,462,445	343,483	133,146	80,069	3,819,979	10,839,122
Inter segment expense allocation	3,289,934	381,847	77,767	70,431	(3,819,979)	-
Total expenses	9,752,379	725,330	210,913	150,500	-	10,839,122
Credit loss allowance	42,189	257,245	(317,741)	(419,510)	469,925	32,108
Profit before tax	11,151,671	150,772	1,470,957	548,056	(843,938)	12,477,518
Statement of financial position as at March 31, 2024 (Un-audited)						
Cash and bank balances	26,927,677	-	71,213,138	-	-	98,140,815
Due from financial institutions	-	-	10,999,999	-	-	10,999,999
Investments - net	150,000	8,819,245	635,914,676	1,915,447	2,139,893	648,939,261
Investment - credit loss allowance	-	-	(419,932)	(1,915,447)	-	(2,335,379)
Net inter segment lending	879,166,978	-	-	-	(879,166,978)	-
Financing - performing	115,055,922	452,459,394	-	-	12,103,344	579,618,660
Financing - non-performing	4,530,586	4,817,582	-	13,668,895	171,656	19,188,719
Financing - credit loss allowance	(3,601,097)	(9,045,812)	-	(13,590,844)	(256,327)	(26,494,080)
Others	28,168,470	12,009,942	42,586,138	249,111	59,412,134	142,425,795
Total assets	1,050,398,536	469,060,351	760,294,019	327,162	(805,596,278)	1,474,483,790
Due to financial institutions	10,802,084	70,370,220	163,960,397	-	-	245,132,701
Subordinated sukuk	-	-	-	-	-	-
Deposits and other accounts	985,725,201	63,461,060	-	454,269	-	1,049,640,530
Net inter segment borrowing	-	334,145,449	591,723,514	(127,977)	(925,740,986)	-
Others	53,871,251	1,083,622	2,148,795	870	32,410,473	89,515,011
Total liabilities	1,050,398,536	469,060,351	757,832,706	327,162	(893,330,513)	1,384,288,242
Equity	-	-	2,461,313	-	87,734,235	90,195,548
Total equity and liabilities	1,050,398,536	469,060,351	760,294,019	327,162	(805,596,278)	1,474,483,790
Contingencies and commitments	45,167,548	80,481,050	210,662,086	1,828,926	1,769,224	339,908,834
Rupees '000						
Profit and loss account for the quarter ended March 31, 2023 (Un-audited)						
External funded revenue	(9,203,756)	11,806,382	10,507,065	53,820	(123,477)	13,040,034
Inter segment revenue - net	19,743,442	(11,573,757)	(10,390,020)	(52,082)	2,272,417	-
External non-funded revenue	1,690,863	398,819	1,206,465	(220,867)	(559,177)	2,516,103
Total income	12,230,549	631,444	1,323,510	(219,129)	1,589,763	15,566,137
Segment direct expenses	5,176,989	243,165	49,684	29,931	2,453,879	7,953,648
Inter segment expense allocation	2,207,967	166,432	54,096	25,384	(2,453,879)	-
Total expenses	7,384,956	409,597	103,780	55,315	-	7,953,648
Credit loss allowance	(66,269)	(19,913)	1,385,343	69,315	(3,575)	1,364,901
Profit before tax	4,911,862	241,760	(165,613)	(343,759)	1,593,338	6,237,588
Statement of financial position as at December 31, 2023 (Audited)						
Cash and bank balances	30,486,904	-	55,362,053	-	-	85,848,957
Due from financial institutions	-	-	-	-	-	-
Investments	150,000	9,166,074	580,117,122	2,805,744	1,139,893	593,378,833
Investment provision	-	-	(1,028,498)	(2,805,744)	-	(3,834,242)
Net inter segment lending	846,815,880	-	-	-	(846,815,880)	-
Financing - performing	126,927,551	442,189,965	-	-	-	577,701,937
Financing - non-performing	5,137,297	6,013,184	-	11,721,277	167,983	23,059,641
Financing - provisions	(3,554,912)	(4,720,383)	-	(11,644,505)	(150,462)	(30,050,262)
Others	21,892,608	12,862,529	35,499,058	227,367	43,487,125	113,968,686
Total assets	1,027,855,328	465,511,368	669,949,735	304,139	(793,547,020)	1,370,073,550
Due to financial institutions	11,110,677	75,277,296	80,498,830	-	-	166,886,803
Subordinated sukuk	-	-	-	-	-	-
Deposits and other accounts	947,772,275	70,100,426	-	403,036	-	1,018,275,737
Net inter segment borrowing	-	319,258,252	584,231,018	(99,779)	(903,389,491)	-
Others	68,972,376	875,394	1,870,858	882	22,993,139	94,712,649
Total liabilities	1,027,855,328	465,511,368	666,600,706	304,139	(880,396,352)	1,279,875,189
Equity	-	-	3,349,029	-	86,849,332	90,198,361
Total equity and liabilities	1,027,855,328	465,511,368	669,949,735	304,139	(793,547,020)	1,370,073,550
Contingencies and commitments	45,666,205	78,801,025	140,581,461	1,797,031	2,087,267	268,932,989

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

For the quarter ended March 31, 2024

39 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 period, other than those which have been disclosed elsewhere in these condensed interim unconsolidated financial statements, are as follows:

	March 31, 2024 (Un-audited)					December 31, 2023 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Investments												
Opening balance	-	-	-	1,139,893	1,869,660	2,009,039	-	-	-	1,139,893	1,751,322	3,265,466
Investment made during the year	-	-	-	1,000,000	4,200,000	-	-	-	-	-	18,601,771	-
Investment redeemed / sold during the year	-	-	-	-	(4,200,000)	-	-	-	-	-	(18,483,433)	(1,259,427)
Closing balance	-	-	-	2,139,893	1,869,660	2,009,039	-	-	-	1,139,893	1,869,660	2,009,039
Credit loss allowance for diminution in value of investments	-	-	-	-	-	1,396,155	-	-	-	-	-	1,951,094
Islamic financing and related assets - net												
Opening balance	-	54	652,579	-	-	6,684,998	-	7	523,065	-	-	1,992,371
Addition during the period / year	-	288	26,928	-	-	1,881,716	-	49	602,609	-	-	16,958,966
Repaid during the period / year	-	-	(32,924)	-	-	(407,760)	-	(2)	(473,095)	-	-	(11,666,339)
Closing balance	-	342	646,583	-	-	8,158,954	-	54	652,579	-	-	6,684,998
Credit loss allowance held against Islamic financing and related assets	-	-	-	-	-	407,688	-	-	-	-	-	407,688
Right-of-use assets												
Opening balance	-	-	-	-	-	-	-	-	-	16,138	-	-
Additions during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the period / year	-	-	-	-	-	-	-	-	-	(13,015)	-	-
Closing balance	-	-	-	-	-	-	-	-	-	(3,123)	-	-

Amounts are in Rupees '000

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

For the quarter ended March 31, 2024

	March 31, 2024 (Un-audited)				December 31, 2023 (Audited)							
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Other assets												
Profit / return accrued	-	-	13,851	-	-	99,634	-	-	9,829	-	-	152,624
Commission income receivable	-	-	-	80,623	-	-	-	-	-	-	-	-
Receivable from defined benefit plan	-	-	-	247	-	-	-	-	-	-	-	90,806
Maintenance and other receivables	-	-	-	8,536	-	6,217	-	-	-	11,773	-	-
Acceptances - net	-	-	-	-	-	-	-	-	-	-	-	-
Rent receivable	-	-	-	10,352	-	2,743,837	-	-	-	-	-	2,320,075
Receivable from 1Link (Private) Limited	-	-	13,851	99,511	-	2,849,935	-	-	9,829	11,773	-	2,563,505
Deposits and other accounts												
Opening balance	182	103,947	78,116	11,203	38,354,155	2,344,926	182	58,656	105,177	20,087	57,393	26,038,101
Received during the period / year	-	66,177	723,666	7,898,565	439,286,688	21,974,915	-	232,883	1,623,827	27,819,887	983,701,499	49,904,615
Withdrawn during the period / year	-	(75,241)	(709,827)	(6,920,363)	(416,346,140)	(23,466,965)	-	(187,602)	(1,650,888)	(27,828,771)	(945,404,737)	(73,597,790)
Closing balance	182	94,883	91,955	989,405	61,274,713	832,876	182	103,947	78,116	11,203	38,354,155	2,344,926
Other liabilities												
Profit / return payable	-	1,066	656	15,109	505,531	13,045	-	931	326	109	664,274	24,689
Dividend payable	2,625,723	-	-	-	-	965,960	4,923,232	-	-	-	-	1,811,176
Payable to 1Link (Private) Limited	-	-	-	-	-	799,394	-	-	-	-	-	595,002
Other payable	-	-	-	28,250	-	-	-	-	-	-	-	-
	2,625,723	1,066	656	43,359	505,531	1,778,399	4,923,232	931	326	109	664,274	2,430,847
Contingencies and commitments												
Trade related commitments	-	-	-	-	-	380,963	-	-	-	-	-	330,829
	-	-	-	-	-	380,963	-	-	-	-	-	330,829

Rupees '000

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

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----		
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum capital requirement (MCR):		
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital adequacy ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	77,777,921	72,868,421
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	77,777,921	72,868,421
Eligible tier 2 capital	13,339,581	14,309,769
Total eligible capital (tier 1 + tier 2)	91,117,502	87,178,190
Risk weighted assets (RWAs):		
Credit risk	342,050,625	338,652,592
Market risk	42,991,453	55,101,145
Operational risk	105,584,800	105,584,800
Total	490,626,878	499,338,537
Common equity tier 1 capital adequacy ratio (in %)	15.85%	14.59%
Tier 1 Capital adequacy ratio (in %)	15.85%	14.59%
Total Capital adequacy ratio (in %)	18.57%	17.46%
<p>The Bank has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then CAR would have been lower by 12 bps from 18.57% to 18.45%.</p>		
Leverage ratio (LR):		
Eligible tier-1 capital	77,777,921	72,868,421
Total exposures	1,725,251,744	1,593,114,720
Leverage ratio (in %)	4.51%	4.57%
<p>The Bank has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then Leverage Ratio would have been lower by 20 bps from 4.51% to 4.31%.</p>		
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	650,055,839	517,873,833
Total net cash outflow	397,192,440	339,165,609
Liquidity coverage ratio (Ratio)	1.637	1.527
Net stable funding ratio (NSFR):		
Total available stable funding	862,790,463	837,268,976
Total required stable funding	492,357,178	481,779,578
Net stable funding ratio (in %)	175.24%	173.79%

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

For the quarter ended March 31, 2024

41 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.

42 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 25, 2024 has proposed an interim cash dividend of Rs.1 per share (March 31, 2023: Nil). These interim condensed unconsolidated financial statements for the quarter ended March 31, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the quarter end.

43 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on April 25, 2024 by the Board of Directors of the Bank.

Directors' Review

Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Review of Faysal Bank Limited Group, along with unaudited condensed interim consolidated financial statements for the quarter ended March 31, 2024.

Group Profile

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

Faysal Islami Currency Exchange Company (Private) Limited (FICECL) operates as a wholly owned subsidiary of FBL. It was incorporated in Pakistan on Jan 16, 2024 under the Companies Act, 2017. The registered office is situated at ST-02, Faysal House, Sharah-e-Faisal, Karachi. The company received its "Certificate of Incorporation" from SECP on January 16, 2024 and obtained an operational license from SBP on March 26, 2024. The principal activities of the Company are dealing in foreign exchange and facilitating remittances.

FBL Group structure is as follows:

Holding Company : Faysal Bank Limited

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

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

Associates

Faysal Islamic Pension Fund - Debt
Faysal Islamic Pension Fund - Equity
Faysal Halal Amdani Fund
Faysal Islamic Sovereign Fund - FISP-I
Faysal Islamic Pension Fund - Money Market
Faysal Islamic Savings Growth Fund
Faysal Islamic Special Income Fund - FISIP-I
Faysal Islamic Stock Fund
Faysal Pension Fund - Debt
Faysal Pension Fund - Equity
Faysal Pension Fund - Money Market
Faysal Savings Growth Fund
Faysal Special Savings Fund - FSSP-I
Faysal Islamic Financial Growth Fund - FIFGP-I
Faysal Islamic KPK Government Pension Fund - Money Market Sub Fund
Faysal Islamic KPK Government Pension Fund - Equity Sub Fund
Faysal Islamic KPK Government Pension Fund - Debt Sub Fund
Faysal Islamic KPK Government Pension Fund - Equity Index Sub Fund
Faysal Special Savings Fund - FSSP-II
Faysal Special Savings Fund - FSSP-III
Faysal Stock Fund

Financial Highlights:

Key Balance Sheet Numbers

	Rs. in million		
	March '24	December '23	Growth %
Investment	646,007	589,955	9.5
Financing	576,313	580,711	(0.8)
Total Assets	1,474,795	1,371,285	7.5
Deposits	1,048,652	1,018,265	3.0

Profit & Loss Account

	Rs. in million		
	March '24	March '23	Growth %
Total Revenue	23,687	15,765	50.3
Operating and other Expenses	11,038	8,032	37.4
Profit before tax and provisions	12,649	7,733	63.6
Net Provisions	37	1,364	(97.3)
Share of profit on associates	102	0.2	-
Profit before tax	12,714	6,369	99.6
Tax	6,105	3,062	99.4
Profit after tax	6,609	3,307	99.8
Earnings per share (Rupees)	4.35	2.18	99.5

In the first quarter of 2024, FBL maintained its upward trajectory, achieving remarkable financial performance and recorded unprecedented growth despite challenges posed by the prevailing economic conditions. On a consolidated basis, Profit Before Tax (PBT) increased by 100% to PKR 12.7 billion. FBL achieved a Profit After Tax (PAT) of PKR 6.6 billion, double than PKR 3.3 billion in the corresponding quarter last year, with Earnings Per Share increasing from PKR 2.18 to PKR 4.35.

FAML continued to show improvement in performance and Assets Under Management (AUMs) as of March 31, 2024, were PKR 159 billion. FAML made Profit After Tax of PKR 168 million during the quarter under review registering a 77% growth over the same period last year. The commendable financial performance of FAML underscores its resilience and effectiveness in navigating current economic conditions.

Credit Rating

VIS Credit Rating Company Limited (VIS) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings issued in 2023:

Long-Term AA
Short-Term A1+

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

VIS has assigned Management Quality rating of AM2++ to FAML in 2023. 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 directly and indirectly holding 66.78% (2023: 66.78%) of the Bank's shares. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. Dar Al-Maal Al-Islami Trust (DMIT) is the holding entity of Ithmaar Holding B.S.C. and the ultimate parent Company of the Bank. DMIT was formed by an indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles, and traditions.

Dividend

The Board of Directors, in their meeting held on April 25, 2024 declared an interim cash dividend of Rs. 1 per share (10%) for the quarter ended March 31, 2024.

Heartfelt Thanks: Acknowledging Our Pillars of Strength

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

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

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Review with the recommendations of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on April 25, 2024 and signed by the Chief Executive Officer and a director.

President & CEO

Karachi

Dated: April 25, 2024

Chairman

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

ہولڈنگ کمپنی

اتمار بینک بی۔ ایس۔ سی (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کالائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلاواسطہ طور پر بینکنگ کے 66.78% (2023 میں 66.78%) 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 دولت مشترکہ بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور سرانجام دیئے جائیں۔

ڈیویڈنڈ

بورڈ نے 25 اپریل 2024 کو منعقدہ اپنے اجلاس میں 31 مارچ 2024 کو ختم شدہ سہ ماہی کے لیے فی حصص 1 روپے بحساب (10%) کی عبوری کیش ڈیویڈنڈ کی سفارش کی ہے۔

طاقت کے ستونوں کا تہہ دل سے شکریہ

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

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

منظوری

کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق، بورڈ کی آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ ڈائریکٹرز کی اس رپورٹ کو ڈائریکٹرز نے 25 اپریل 2024 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ڈائریکٹرز نے دستخط ثبت کئے ہیں۔

چیئرمین

صدر اور سی ای او

کراچی

تاریخ: 25 اپریل 2024

(ملین روپے)

نفع اور نقصان اکاؤنٹ	مارچ ۲۰۲۳ء	مارچ ۲۰۲۲ء	نمو %
مجموعی آمدنی	15,765	23,687	50.3
آپریٹنگ اور دیگر اخراجات	8,032	11,038	37.4
منافع قبل از ٹیکس اور پروویژن	7,733	12,649	63.6
نیٹ پروویژن	1,364	37	(97.3)
ایسوسی ایٹس کے منافع کا حصہ	0.2	102	-
منافع قبل از ٹیکس	6,369	12,714	99.6
ٹیکسز	3,062	6,105	99.4
منافع بعد از ٹیکس	3,307	6,609	99.8
فی حصص آمدن (روپے)	2.18	4.35	99.5

موجودہ معاشی مسائل کے باوجود فیصل بینک لمیٹڈ نے ترقی کا سفر جاری رکھا اور شاندار مالیاتی نتائج اور بے مثال توسیع حاصل کی۔ کنسولیدیشن بنیادوں پر، سہ ماہی کے دوران 12.7 بلین روپے کے قبل از ٹیکس منافع (PBT) کے ساتھ 100% ترقی حاصل کی۔ جس کی بدولت بعد از ٹیکس منافع (PAT) بڑھ کر 6.6 بلین روپے ہو گیا جو کہ گزشتہ سال کی اسی مدت کے 3.3 بلین روپے سے تقریباً دو گنا ہے۔ نتیجتاً ہر ایک شیئر پر منافع 2.18 روپے سے 4.35 روپے تک پہنچ گیا۔

AML F مسلسل اپنی کارکردگی میں بہتری لارہا ہے اور 31 مارچ 2024 کو اس کے زیر انتظام اثاثے (AUMs) 159 بلین روپے تک جا پہنچے۔ FAML نے سہ ماہی کے دوران 168 بلین روپے کا بعد از ٹیکس منافع کمایا جو گزشتہ سال کے مقابلے میں 77% اضافہ ظاہر کرتا ہے۔ FAML کی مذکورہ قابل ستائش مالی کارکردگی موجودہ معاشی حالات سے بھرپور فائدہ اٹھانے کی پائیدار اور موثر حکمت عملی ظاہر ہوتی ہے۔

کریڈٹ ریٹنگ:

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

طویل المدتی AA

قلیل المدتی A1+

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

فیصل حلال آمدنی فنڈ
 فیصل اسلامک ساورن فنڈ-I-FISP
 فیصل اسلامک ہیمنشن فنڈ- منی مارکیٹ
 فیصل اسلامک سیونگنز گروتھ فنڈ
 فیصل اسلامک اسپیشل انکم فنڈ-I-FISIP
 فیصل اسلامک اسٹاک فنڈ
 فیصل ہیمنشن فنڈ- ڈیٹ
 فیصل پنشن فنڈ- ایکویٹی
 فیصل پنشن فنڈ- منی مارکیٹ
 فیصل سیونگنز گروتھ فنڈ
 فیصل اسپیشل سیونگنز فنڈ-I-FSSP
 فیصل اسلامک فنانشل گروتھ فنڈ-1-FIFGP
 فیصل اسلامک KPK گورنمنٹ پنشن فنڈ- منی مارکیٹ سب فنڈ
 فیصل اسلامک KPK گورنمنٹ پنشن فنڈ- ایکویٹی سب فنڈ
 فیصل اسلامک KPK گورنمنٹ پنشن فنڈ- ڈیٹ سب فنڈ
 فیصل اسلامک KPK گورنمنٹ پنشن فنڈ- ایکویٹی انڈیکس سب فنڈ
 فیصل اسپیشل سیونگنز فنڈ-II-FSSP
 فیصل اسپیشل سیونگنز فنڈ-III-FSSP
 فیصل اسٹاک فنڈ

مالیاتی جھلکیاں:

بیلنس شیٹ

نمو %	دسمبر ۲۰۲۳ء	مارچ ۲۰۲۴ء	
9.5	589,955	646,007	سرمایہ کاری
(0.8)	580,711	576,313	فنانسنگ
7.5	1,371,285	1,474,795	کل اثاثہ جات
3	1,018,265	1,048,652	ڈپازٹس

ڈائریکٹرز کا جائزہ

کنسولیدیشنڈ مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2024 کو ختم شدہ سہ ماہی کے غیر آڈٹ شدہ منجمد عبوری کنسولیدیشنڈ مالیاتی گوشواروں کی رپورٹ کے ہمراہ فیصل بینک لمیٹڈ گروپ کے ڈائریکٹرز کا جائزہ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

گروپ پروفائل

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

فیصل اسلامی کرنسی ایکسچینج کمپنی (پرائیویٹ) لمیٹڈ (FICECL) فیصل بینک لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی کے طور پر کام کرتی ہے۔ FICECL کا قیام پاکستان میں 16 جنوری 2024 کو کمپنیز ایکٹ 2017 کے تحت عمل میں لایا گیا۔ اس کا رجسٹرڈ آفس، ST-02 فیصل ہاؤس، شارع فیصل، کراچی میں واقع ہے۔ کمپنی نے 16 جنوری 2024 کو SECP سے اپنا ”سرٹیفکیٹ آف انکارپوریشن“ حاصل کیا اور 26 مارچ 2024 کو اسٹیٹ بینک آف پاکستان سے آپریشنل لائسنس حاصل کیا۔ کمپنی کے بنیادی امور زرمبادلہ میں لین دین اور ترسیلات زر میں سہولت فراہم کرنا ہے۔

ایف بی ایل گروپ درج ذیل پر مشتمل ہے:

ہولڈنگ کمپنی : فیصل بینک لمیٹڈ

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

فیصل بینک لمیٹڈ کو، FAML کے زیر انتظام مندرجہ ذیل ”اوپن اینڈ میوچل فنڈز“ میں نمایاں اثر و رسوخ کا حامل ہے۔

المیوسی ایٹس

فیصل اسلامک پشن فنڈ - ڈیرٹ

فیصل اسلامک پشن فنڈ - ایکویٹی

Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2024

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
ASSETS			
Cash and balances with treasury banks	10	94,746,256	84,036,564
Balances with other banks	11	3,397,185	1,812,507
Due from financial institutions	12	10,999,999	-
Investments	13	646,006,680	589,954,839
Islamic financing and related assets	14	576,313,299	580,711,316
Property and equipment	15	32,544,466	29,625,380
Right-of-use assets	16	10,550,392	10,771,515
Intangible assets	17	2,503,571	2,452,387
Deferred tax assets		-	-
Other assets	18	97,732,789	71,920,406
		<u>1,474,794,637</u>	<u>1,371,284,914</u>
LIABILITIES			
Bills payable	19	12,374,874	16,550,469
Due to financial institutions	20	245,132,701	166,886,803
Deposits and other accounts	21	1,048,651,817	1,018,264,979
Lease liabilities	22	12,870,818	12,865,125
Subordinated sukuk		-	-
Deferred tax liabilities	23	717,931	4,940,115
Other liabilities	24	64,027,575	60,852,160
		<u>1,383,775,716</u>	<u>1,280,359,651</u>
NET ASSETS		<u>91,018,921</u>	<u>90,925,263</u>
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		16,257,001	15,616,188
Surplus on revaluation of assets - net	25	13,484,395	15,170,817
Unappropriated profit		46,100,292	44,961,035
Total equity attributable to the equity holders of the Bank		<u>91,018,653</u>	<u>90,925,005</u>
Non-controlling interest		268	258
		<u>91,018,921</u>	<u>90,925,263</u>
CONTINGENCIES AND COMMITMENTS			
	26		

The annexed notes 1 to 44 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2024

	Note	Quarter ended	
		March 31, 2024	March 31, 2023
		----- Rupees '000 -----	
Profit / return earned	28	59,454,608	34,838,524
Profit / return expensed	29	40,744,062	21,797,063
Net profit / return		18,710,546	13,041,461
OTHER INCOME			
Fee and commission income	30	3,000,836	2,140,147
Dividend income		70,572	60,517
Foreign exchange income		1,600,558	1,252,670
(Loss) / Income from derivatives		(17,955)	93,098
Gain / (loss) on securities	31	227,238	(887,920)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Other income	32	94,575	64,891
Total other income		4,975,824	2,723,403
Total income		23,686,370	15,764,864
OTHER EXPENSES			
Operating expenses	33	10,769,702	7,873,609
Workers welfare fund		264,278	157,628
Other charges	34	4,455	317
Total other expenses		11,038,435	8,031,554
Share of profit of associates	13.5	101,956	184
Profit before credit loss allowance		12,749,891	7,733,494
Credit loss allowance and write offs - net	35	36,079	1,364,901
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		12,713,812	6,368,593
Taxation	36	6,104,500	3,061,885
PROFIT AFTER TAXATION		6,609,312	3,306,708
Attributable to:			
Equity holders of the Bank		6,609,302	3,306,699
Non-controlling interest		10	9
		6,609,312	3,306,708
		----- Rupees -----	
Basic / diluted earnings per share	37	4.35	2.18

The annexed notes 1 to 44 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2024

Note	Quarter ended	
	March 31, 2024	March 31, 2023
	----- Rupees '000 -----	
Profit after taxation for the period	6,609,312	3,306,708
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	(712,720)	-
- Movement in (deficit) / surplus on revaluation of investments - net of tax	-	(1,412,997)
	(712,720)	(1,412,997)
Items that will not be reclassified to the profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of equity investments - net of tax	225,247	-
Total comprehensive income	6,121,839	1,893,711
Attributable to:		
Equity holders of the Bank	6,121,829	1,893,702
Non-controlling interest	10	9
	6,121,839	1,893,711

The annexed notes 1 to 44 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Consolidated Statement of Changes In Equity

For the quarter ended March 31, 2024

	Reserves					Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total	
	Capital reserves		Reserve arising on amalgamation	Statutory reserve	Total	Investments	Fixed assets / non-banking assets	Total				
	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase										
Rupees '000												
Balance as at January 1, 2023 (Audited)	15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,824,764)	12,494,426	10,689,662	33,091,551	57	70,614,203
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	-	-	-	-	3,306,699	9	3,306,708
Other comprehensive income - net of tax												
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	-	-	-	-	(1,412,997)	-	(1,412,997)	-	-	-	(1,412,997)
Total other comprehensive income - net of tax	-	-	-	-	-	(1,412,997)	-	(1,412,997)	-	-	-	(1,412,997)
Transfer to statutory reserve	-	-	-	642,231	642,231	-	-	-	-	(642,231)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(40,127)	(40,127)	40,127	-	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(11,704)	-	(11,704)	-	-	-	-	-	-	(11,704)
Transaction with owners, recorded directly in equity												
Final cash dividend declared on February 23, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
Balance as at March 31, 2023 (Un-audited)	15,176,965	10,131	245,565	23,952	12,026,847	12,306,495	(3,237,761)	12,454,299	9,216,538	34,278,449	66	70,978,513
Profit after taxation for the period from April 1, 2023 to December 31, 2023	-	-	-	-	-	-	-	-	-	16,939,774	192	16,939,966
Other comprehensive income - net of tax												
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	-	-	-	-	6,586,790	-	6,586,790	-	-	-	6,586,790
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	41,660	-	41,660
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	(137,366)	(137,366)	-	-	-	(137,366)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(391,642)	(391,642)	-	-	-	(391,642)
Total other comprehensive income - net of tax	-	-	-	-	-	6,586,790	(529,008)	6,057,782	-	41,660	-	6,098,442
Transfer to statutory reserve	-	-	-	3,366,957	3,366,957	-	-	-	-	(3,366,957)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(103,503)	(103,503)	103,503	-	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(57,264)	-	(57,264)	-	-	-	-	-	-	(57,264)
Transaction with owners recorded directly in equity												
1st Interim cash dividend declared on August 24, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
2nd Interim cash dividend declared on October 26, 2023 at Rs 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
Balance as at December 31, 2023 (Audited)	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	3,340,029	11,821,788	15,170,817	44,961,035	258	90,925,263
Impact of adopting IFRS 9 as at January 1, 2024 - net of tax	-	-	-	-	-	-	(861,742)	-	(861,742)	(2,020,573)	-	(2,882,315)
Restated balance as at January 1, 2024	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	2,387,287	11,821,788	14,209,075	42,940,462	258	87,942,948
Profit after taxation for the quarter ended March 31, 2024	-	-	-	-	-	-	-	-	-	6,609,302	10	6,609,312
Other comprehensive income - net of tax												
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI - net of tax	-	-	-	-	-	225,247	-	225,247	-	-	-	225,247
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	-	(712,720)	-	(712,720)	-	-	-	(712,720)
Total other comprehensive income - net of tax	-	-	-	-	-	(487,473)	-	(487,473)	-	-	-	(487,473)
Gain on sale of equity instruments classified as FVOCI - net of tax	-	-	-	-	-	(201,273)	-	(201,273)	201,273	-	-	-
Transfer to statutory reserve	-	-	-	651,285	651,285	-	-	-	-	(651,285)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(35,934)	(35,934)	35,934	-	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(10,472)	-	(10,472)	-	-	-	-	-	-	(10,472)
Transaction with owners, recorded directly in equity												
Final cash dividend declared on February 23, 2024 at Rs 2 per share	-	-	-	-	-	-	-	-	-	(3,035,394)	-	(3,035,394)
Balance as at March 31, 2024 (Un-audited)	15,176,965	10,131	177,829	23,952	16,045,089	16,257,001	1,698,541	11,785,854	13,484,395	46,100,292	268	91,018,921

The annexed notes 1 to 44 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2024

	Note	March 31, 2024	March 31, 2023
----- Rupees '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,713,812	6,368,593
Less: dividend income		(70,572)	(60,517)
Less: share of profit of associates		(101,956)	(184)
		12,541,284	6,307,892
Adjustments:			
Net profit / return income		(18,710,546)	(13,041,461)
Depreciation on owned property and equipment	33	637,538	445,648
Depreciation on right-of-use assets	33	485,781	444,049
Amortisation of intangible assets	33	95,717	70,289
Depreciation on non-banking assets	33	786	1,686
Workers welfare fund		264,278	157,628
Credit loss allowance against due from financial institutions	35	1	-
Credit loss allowance against financing - net	35	108,906	59,480
Credit loss allowance for diminution in value of investments - net	35	(109,713)	1,382,930
Credit loss allowance against other assets - net	35	650	-
Credit loss allowance against off balance sheet obligations - net	35	105,619	650
Unrealised gain - FVTPL - net	31	(206,884)	(864)
Gain on sale of Property and equipment - net	32	(4,770)	(8,389)
Gain on termination of leases (IFRS 16)	32	(19,563)	-
Charge for defined benefit plan		88,347	66,225
(Income) / loss from derivative contracts - net		17,955	(93,098)
Bad debts written off directly	35	4,503	5,328
		(17,241,395)	(10,509,899)
		(4,700,111)	(4,202,007)
(Increase) / decrease in operating assets			
Due from financial institutions		(10,999,999)	8,315,098
Securities classified as FVTPL		(2,642,290)	3,975
Financing		4,284,608	(34,501,617)
Others assets (excluding advance taxation)		(1,813,277)	(12,203,505)
		(11,170,958)	(38,386,049)
Increase / (decrease) in operating liabilities			
Bills Payable		(4,175,595)	(7,553,024)
Due to financial institutions		79,089,834	40,275,668
Deposits		30,386,838	18,223,409
Other liabilities (excluding current taxation)		(1,067,093)	7,119,766
		104,233,984	58,065,819
Income tax paid		(8,751,837)	(3,919,617)
Net profit / return received		36,349,051	22,141,683
Net profit / return paid		(37,683,109)	(21,102,845)
Contribution to gratuity fund		(88,347)	(53,986)
Net cash used in operating activities		78,188,673	12,542,998
CASH FLOWS FROM INVESTING ACTIVITIES			
Net divestment in amortized cost securities		1,921	(889,711)
Net investment in securities classified as FVOCI		(54,537,133)	(2,082,474)
Net Investment in associates		18,795	1,637,772
Dividends received		56,110	54,397
Investment in property and equipment		(3,592,234)	(1,474,425)
Investment in intangible assets		(256,441)	(61,335)
Disposal of property and equipment		42	9,015
Net cash used in from investing activities		(58,308,940)	(2,806,761)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(627,441)	(335,638)
Dividend paid		(6,113,986)	(3,696)
Net cash used in financing activities		(6,741,427)	(339,334)
Increase in cash and cash equivalents during the period		13,138,306	9,396,903
Cash and cash equivalents at the beginning of the period		83,720,662	57,253,535
Cash and cash equivalents at the end of the period		96,858,968	66,650,438

The annexed notes 1 to 44 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2024

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

- (i) Faysal Bank Limited - Holding Company
- (ii) Faysal Asset Management Limited - Subsidiary Company
- (iii) Faysal Islami Currency Exchange Company (Private) Limited - Subsidiary Company

1.1.1 Holding Company - Faysal Bank Limited

Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Group is engaged in Shariah compliant modern Corporate, Commercial and Consumer banking activities. The Group is operating through 722 branches (December 31, 2023: 722 branches) including 2 sub-branches (December 31, 2023: 2 sub-branches).

The Registered Office of the Bank is located at Faysal House, ST-02, 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, 2023: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2023: 'AA') and the short term rating as 'A1+' (December 31, 2023: 'A1+') on June 23, 2023 and June 27, 2023 respectively.

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

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

1.1.3 Subsidiary Company - Faysal Asset Management Limited

	Percentage of holding	
	March 31, 2024	December 31, 2023
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

Faysal Asset Management Limited (the Subsidiary Company) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Subsidiary Company commenced its operations on November 14, 2003. The registered office of the Subsidiary Company is located at 7th Floor, West Wing, Faysal House, ST-02, 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 The Group provides financing mainly through Murabaha, Musawammah, Istisna and other Islamic modes as briefly explained in note 6.5 to in the annual audited consolidated financial statements for the year ended December 31, 2023.

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

For the quarter ended March 31, 2024

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

3 BASIS OF CONSOLIDATION

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

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

Material intra-group balances and transactions are eliminated

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

4 STATEMENT OF COMPLIANCE

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

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

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

4.2 As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Group to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended March 31, 2024, the Group has adjusted amortisation of intangible assets net of tax amounting to Rs. 10.471 million (period ended March 31, 2023: Rs. 11.704 million) from the NCR.

4.3 These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual audited consolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 2 of 2023 dated February 9, 2023 and IAS 34 and should be read in conjunction with the annual consolidated financial statements for the financial year ended December 31, 2023.

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

For the quarter ended March 31, 2024

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

4.4.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on January 1, 2024 but are considered not to be relevant or do not have any significant effect on the Group's operations to be updated except for the implementation of IFRS 9: 'Financial Instruments' as detailed in note 5.1.

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

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

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

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

4.5.2 As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at March 31, 2024 are as follows:

	Note	--- Rupees '000 ---
Assets		
Investments		3,002,468
Financing - net		822,930
Liabilities		
Due to financial institutions		442
Deposits and other accounts		3,484,624
Other Liabilities	27.1	1,394,420

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

5 MATERIAL ACCOUNTING POLICY INFORMATION

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

5.1 Impact of IFRS 9: 'Financial Instruments'

During the period, as directed by the SBP vide its BPRD Circular No. 07 of 2023 dated April 13, 2023, IFRS 9: 'Financial Instruments' became applicable to the Bank. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Group which are exposed to credit risk.

The Group has adopted IFRS 9 from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period, as permitted under the specific transitional provisions in the standard.

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

For the quarter ended March 31, 2024

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities:

Classification and measurement

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

Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortised cost. Financial liabilities classified as FVTPL are measured at fair value. Financial liabilities classified at amortised cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

Equity Securities

Quoted equity shares amounting to Rs. 3,049.251 million have been classified as FVTPL. Gains and losses on disposal of securities classified as FVTPL will be recycled through the profit and loss account.

The Holding Company has elected to designate equity shares of Rs. 3,929.093 million as fair value through other comprehensive income (FVOCI) as permitted under IFRS 9. These securities were previously classified as available-for-sale (AFS). The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed off.

Unquoted equity shares are also required to be measured at fair value under IFRS 9. The fair value of these securities are determined as per adjusted net asset method valuation as these securities are neither listed nor market prices are available. Fair value gains or losses has been recognized directly in equity through OCI.

Debt securities and Islamic financing and related assets

Debt securities currently classified as AFS and passing the SPPI test are measured at FVOCI under IFRS 9 as the Group's business model is to hold these assets to collect contractual cash flows and sell the investments.

Debt securities currently classified as held-to-maturity (HTM) and passing the SPPI test are measured at amortized cost under IFRS 9 as the Group's business model is to hold these assets to collect contractual cash flows.

Debt securities that do not pass the SPPI test are measured at FVTPL.

Impairment

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

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

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

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.

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

For the quarter ended March 31, 2024

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

Significant increase in credit risk (SICR)

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

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

Impact on the condensed interim consolidated statement of financial position:

	March 31, 2024	January 1, 2024
----- Rupees '000 -----		
- Decrease in due from financial institutions	(1)	-
- Increase in investments	107,792	607,934
- Decrease in islamic financing and related assets	(251,005)	(6,398,593)
- Decrease in other assets	(3,283)	(3,657)
Decrease in total assets - net	<u>(146,497)</u>	<u>(5,794,316)</u>
- Decrease in deferred tax liabilities	(95,253)	(2,865,357)
- Increase in other liabilities	47,897	53,356
Decrease in total liabilities - net	<u>(47,356)</u>	<u>(2,812,001)</u>
Decrease in net assets	<u><u>(99,141)</u></u>	<u><u>(2,982,315)</u></u>

Impact on the condensed interim consolidated statement of changes in equity:

Decrease in surplus on revaluation of assets - net of tax	-	(961,742)
Decrease in unappropriated profit	201,273	(2,020,573)

**For the three
months ended
March 31,
2024**

--- Rupees '000 ---

Impact on condensed interim consolidated profit and loss account:

Decrease in gain on securities	(394,654)
Increase in credit loss allowance and write offs - net	(194,394)
Decrease in profit before taxation	(589,048)
Decrease in taxation	288,634
Decrease in profit after taxation	<u><u>(300,414)</u></u>

----- Rupee -----

Decrease in EPS

(0.20)

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

For the quarter ended March 31, 2024

5.2 Revised format of condensed interim financial statements

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

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

- Right-of-use-assets (note 16) amounting to Rs 10,550.392 million (December 31, 2023: Rs 10,771.515 million) which were previously shown as part of fixed assets are now shown separately on the consolidated statement of financial position.
- Lease liabilities (note 22) amounting to Rs 12,870.818 million (December 31, 2023: Rs 12,865.125 million) which were previously shown as part of other liabilities (note 24) are now shown separately on the consolidated statement of financial position.

6 BASIS OF MEASUREMENT

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

7 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is the same as that applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2023 except for measurement of the expected credit loss allowance and fair value of unlisted equity securities.

9 FINANCIAL RISK MANAGEMENT

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

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

	Un-audited March 31, 2024	Audited December 31, 2023
	----- Rupees '000 -----	
10 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	20,424,052	18,287,512
- foreign currencies	1,747,887	1,716,544
	22,171,939	20,004,056
With State Bank of Pakistan in		
- local currency current accounts	61,610,876	47,120,181
- foreign currency current accounts	2,647,447	2,684,723
- foreign currency deposit accounts	4,132,144	4,323,955
	68,390,467	54,128,859
With National Bank of Pakistan in		
- local currency current accounts	4,182,319	9,902,199
Prize bonds	1,530	1,450
Less: Credit loss allowance		
Cash and balances with treasury banks - net of credit loss allowance	<u>94,746,256</u>	<u>84,036,564</u>

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

	Un-audited March 31, 2024	Audited December 31, 2023
	----- Rupees '000 -----	
11 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	165,854	10,251
- in saving accounts	2,549	96
	168,403	10,347
Outside Pakistan		
- in current account	3,228,782	1,802,160
- in deposit account	-	-
	3,228,782	1,802,160
Less: Credit loss allowance		
Balances with other banks - net of credit loss allowance	<u>3,397,185</u>	<u>1,812,507</u>
12 DUE FROM FINANCIAL INSTITUTIONS		
Musharka Placements	11,000,000	-
Less: Credit loss allowance	12.1 (1)	-
Due from financial institutions - net of credit loss allowance	<u>10,999,999</u>	<u>-</u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

12.1 Due from financial institutions - Particulars of Credit Loss Allowance

	Un-audited		Audited	
	March 31, 2024		December 31, 2023	
	Due from financial institutions	Credit loss allowance held	Due from financial institutions	Credit loss allowance held
----- Rupees '000 -----				
Domestic				
Performing	11,000,000	1	-	-

13 INVESTMENTS

13.1 Investments by type:

	Note	Un-audited			
		March 31, 2024			
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
----- Rupees '000 -----					
FVTPL					
Shares		3,054,584	-	206,884	3,261,468
		3,054,584	-	206,884	3,261,468
FVOCI					
Federal Government securities		579,813,898	(254,948)	541,509	580,100,459
Shares		2,780,160	-	315,745	3,095,905
Non Government debt securities		47,570,934	(672,951)	2,382,609	49,280,592
		630,164,992	(927,899)	3,239,863	632,476,956
Amortised Cost					
Non Government debt securities		8,173,043	(1,407,480)	-	6,765,563
		8,173,043	(1,407,480)	-	6,765,563
Associates *	13.5	3,502,693	-	-	3,502,693
Total Investments		644,895,312	(2,335,379)	3,446,747	646,006,680
* related parties					

	Note	Audited			
		December 31, 2023			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----					
Held-for-trading securities					
Shares		3	-	-	3
		3	-	-	3
Available-for-sale securities					
Federal Government securities		522,195,325	-	1,949,879	524,145,204
Shares		5,514,707	(1,905,557)	2,245,115	5,854,265
Non Government debt securities		47,917,827	(519,291)	2,371,729	49,770,265
		575,627,859	(2,424,848)	6,566,723	579,769,734
Held-to-maturity securities					
Non Government debt securities		8,174,964	(1,409,394)	-	6,765,570
Associates *	13.5	3,419,532	-	-	3,419,532
Total Investments		587,222,358	(3,834,242)	6,566,723	589,954,839
* related parties					

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----		
13.2 Investments given as collateral - at market value		
Federal Government Securities		
- Ijarah Sukuk	147,967,500	73,587,500
13.3 Credit loss allowance for diminution in value of investments		
Opening balance	3,834,242	3,284,350
Impact of adopting IFRS 9 as at January 1, 2024	(1,398,657)	-
Restated balance as at January 1, 2024	2,435,585	3,284,350
Charge / reversals		
Charge for the period / year	-	1,811,871
Reversals for the period / year	(109,713)	(58,113)
Reversals on disposals	-	(1,203,866)
	(109,713)	549,892
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	2,325,872	3,834,242

13.4 Particulars of credit loss allowance against debt securities

		Un-audited March 31, 2024		Audited December 31, 2023	
		Outstanding amount	Credit loss allowance	Non-performing investments	Provision
----- Rupees '000 -----					
Domestic					
Performing	Stage 1	628,704,126	1,346	-	-
Underperforming	Stage 2	4,926,985	397,762	-	-
Non-performing	Stage 3				
- Substandard		-	-	-	-
- Doubtful		-	-	-	-
- Loss		1,926,764	1,926,764	(1,928,685)	(1,928,685)
Total		635,557,875	2,325,872	(1,928,685)	(1,928,685)

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

For the quarter ended March 31, 2024

13.5 Movement of investment in associates

March 31, 2024 - Unaudited						
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

Associates

Faysal Islamic Pension Fund - Debt	Pakistan	61.10	40,178	-	1,634	-	41,812
Faysal Islamic Pension Fund - Equity	Pakistan	91.33	43,254	-	1,635	-	44,889
Faysal Halal Amdani Fund	Pakistan	2.54	1,560,101	(6,842)	16,417	-	1,569,676
Faysal Islamic Sovereign Fund - FISP-I	Pakistan	7.77	3,046	638,230	15,237	(7,049)	649,464
Faysal Islamic Pension Fund - Money Market	Pakistan	19.84	40,893	-	1,645	-	42,538
Faysal Islamic Savings Growth Fund	Pakistan	21.16	1,289,001	(716,866)	38,961	-	611,096
Faysal Islamic Special Income Fund - FISP-I	Pakistan	62.15	1,702	69,132	2,623	-	73,457
Faysal Islamic Stock Fund	Pakistan	44.73	125,253	(10,744)	13,710	-	128,219
Faysal Pension Fund - Debt	Pakistan	87.72	39,562	-	1,395	-	40,957
Faysal Pension Fund - Equity	Pakistan	89.89	42,204	-	1,364	-	43,568
Faysal Pension Fund - Money Market	Pakistan	71.33	39,972	-	1,840	-	41,812
Faysal Savings Growth Fund	Pakistan	0.00	-	-	-	-	-
Faysal Special Savings Fund - FSSP-I	Pakistan	98.72	13,170	-	493	-	13,663
Faysal Islamic Financial Growth Fund - FIFGP-I	Pakistan	3.50	114,230	15,530	2,653	-	132,413
Faysal Islamic KPK Government Pension Fund - Money Market Sub Fund	Pakistan	99.39	30,201	-	1,258	-	31,459
Faysal Islamic KPK Government Pension Fund - Equity Sub Fund	Pakistan	100.00	503	-	23	-	526
Faysal Islamic KPK Government Pension Fund - Debt Sub Fund	Pakistan	100.00	503	-	24	-	527
Faysal Islamic KPK Government Pension Fund - Equity Index Sub Fund	Pakistan	100.00	503	-	24	-	527
Faysal Special Savings Fund - FSSP-II	Pakistan	97.66	12,672	1,054	669	(1,240)	13,155
Faysal Special Savings Fund - FSSP-III	Pakistan	79.77	15,739	-	838	-	16,577
Faysal Stock Fund	Pakistan	16.04	6,845	-	(487)	-	6,358
			<u>3,419,532</u>	<u>(10,506)</u>	<u>101,956</u>	<u>(8,289)</u>	<u>3,502,693</u>

December 31, 2023 - Audited						
Country of Incorporation	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit / (loss)	Dividend received	Investment at the end of the year

Rupees '000

Associates

Faysal Government Securities Fund	Pakistan	-	97,449	(97,449)	-	-	-
Faysal Islamic Pension Fund - Debt	Pakistan	69.89	33,633	-	6,545	-	40,178
Faysal Islamic Pension Fund - Equity	Pakistan	92.23	28,439	-	14,815	-	43,254
Faysal Halal Amdani Fund	Pakistan	3.66	-	1,550,000	13,092	(2,991)	1,560,101
Faysal Islamic Sovereign Fund - FISP-I	Pakistan	0.01	-	2,987	14,717	(14,658)	3,046
Faysal Islamic Pension Fund - Money Market	Pakistan	28.81	33,639	-	7,254	-	40,893
Faysal Islamic Savings Growth Fund	Pakistan	52.64	844,471	400,555	56,290	(12,315)	1,289,001
Faysal Islamic Special Income Fund - FISP-I	Pakistan	5.02	107,601	(105,972)	82	(9)	1,702
Faysal Islamic Stock Fund	Pakistan	28.62	96,437	18,072	10,744	-	125,253
Faysal Pension Fund - Debt	Pakistan	87.02	33,215	-	6,347	-	39,562
Faysal Pension Fund - Equity	Pakistan	89.89	27,905	-	14,299	-	42,204
Faysal Pension Fund - Money Market	Pakistan	71.21	33,791	-	6,181	-	39,972
Faysal Savings Growth Fund	Pakistan	-	720,379	(720,379)	-	-	-
Faysal Special Savings Fund - FSSP-I	Pakistan	98.72	-	12,083	1,087	-	13,170
Faysal Islamic Financial Growth Fund - FIFGP-I	Pakistan	28.72	-	106,350	9,486	(1,606)	114,230
Faysal Islamic KPK Government Pension Fund - Money Market Sub Fund	Pakistan	100.00	-	30,000	201	-	30,201
Faysal Islamic KPK Government Pension Fund - Equity Sub Fund	Pakistan	100.00	-	500	3	-	503
Faysal Islamic KPK Government Pension Fund - Debt Sub Fund	Pakistan	99.96	-	500	3	-	503
Faysal Islamic KPK Government Pension Fund - Equity Index Sub Fund	Pakistan	100.00	-	500	3	-	503
Faysal Special Savings Fund - FSSP-II	Pakistan	0.31	-	11,499	1,173	-	12,672
Faysal Special Savings Fund - FSSP-III	Pakistan	75.27	108,161	(93,792)	1,370	-	15,739
Faysal Stock Fund	Pakistan	11.16	264,353	(255,102)	(2,406)	-	6,845
			<u>2,429,473</u>	<u>860,352</u>	<u>161,286</u>	<u>(31,579)</u>	<u>3,419,532</u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

14 ISLAMIC FINANCING AND RELATED ASSETS - NET

Note	Performing		Non performing		Total	
	Un-audited March 31, 2024	Audited December 31, 2023	Un-audited March 31, 2024	Audited December 31, 2023	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----						
Murabaha financing and related assets						
Murabaha financing	48,907,384	38,284,881	81,445	166,424	48,988,829	38,451,305
Advance against Murabaha financing	1,419,597	3,219,979	5,000	5,000	1,424,597	3,224,979
Inventory related to Murabaha	1,122,167	2,174,051	-	-	1,122,167	2,174,051
	51,449,148	43,678,911	86,445	171,424	51,535,593	43,850,335
Running Musharaka financing						
Running Musharaka	188,143,003	195,753,370	-	545,166	188,143,003	196,298,536
Istisna financing and related assets						
Istisna	36,770,561	36,501,975	1,173,240	551,792	37,943,801	37,053,767
Advance against Istisna	29,296,297	30,317,852	316,180	172,166	29,612,477	30,490,018
Inventory related to Istisna	14,757,659	7,382,419	55,871	-	14,813,530	7,382,419
	80,824,517	74,202,246	1,545,291	723,958	82,369,808	74,926,204
Tijarah financing and related assets						
Tijarah	2,499,423	2,455,035	320,222	316,722	2,819,645	2,771,757
Advance against Tijarah	604,807	766,202	-	-	604,807	766,202
Inventory related to Tijarah	2,015,660	4,136,549	-	3,500	2,015,660	4,140,049
	5,119,890	7,357,786	320,222	320,222	5,440,112	7,678,008
Musawamah financing and related assets						
Musawamah	3,063,083	2,788,837	111,423	100,516	3,174,506	2,889,353
Advance against Musawamah	441	4,190	-	-	441	4,190
Inventory related to Musawamah	3,705	7,408	-	-	3,705	7,408
	3,067,229	2,800,435	111,423	100,516	3,178,652	2,900,951
Salam financing and related assets						
Salam	9,061,572	100,000	1,200	1,200	9,062,772	101,200
Advance against Salam	100,000	9,850,771	-	-	100,000	9,850,771
Inventory related to Salam	638,428	-	-	-	638,428	-
	9,800,000	9,950,771	1,200	1,200	9,801,200	9,951,971
Diminishing Musharaka financing and related assets						
Diminishing Musharaka	211,401,846	210,560,169	6,660,771	5,624,139	218,062,617	216,184,308
Advanced against Diminishing Musharaka	8,719,968	10,225,549	35,000	97,500	8,754,968	10,323,049
	220,121,814	220,785,718	6,695,771	5,721,639	226,817,585	226,507,357
Wakala Istithmar financing and related assets						
Wakala Istithmar	6,302,669	6,302,669	-	-	6,302,669	6,302,669
	6,302,669	6,302,669	-	-	6,302,669	6,302,669
Tawwaruq	14,294,791	13,673,003	67,663	98,423	14,362,454	13,771,426
Advance against Islamic export refinance Musharaka	-	2,414,376	-	-	-	2,414,376
	10,975	27,534	1,028	722	12,003	28,256
Bai salam	48,387	277,076	-	-	48,387	277,076
Islamic financing and related assets - Gross	579,182,423	577,223,895	8,829,043	7,683,270	588,011,466	584,907,165
Other financing	436,237	478,042	14,359,676	15,376,371	14,795,913	15,854,413
Gross Financing	579,618,660	577,701,937	23,188,719	23,059,641	602,807,379	600,761,578
Credit loss allowance against financing	14.4					
- Stage 1	(1,955,485)	-	-	-	(1,955,485)	-
- Stage 2	(5,571,783)	-	-	-	(5,571,783)	-
- Stage 3	-	-	(18,966,812)	-	(18,966,812)	-
- Specific provision	-	-	-	(19,172,592)	-	(19,172,592)
- General provision	-	(877,670)	-	-	-	(877,670)
	(7,527,268)	(877,670)	(18,966,812)	(19,172,592)	(26,494,080)	(20,050,262)
Financing - net of credit loss allowance	572,091,392	576,824,267	4,221,907	3,887,049	576,313,299	580,711,316

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

	Note	Un-audited March 31, 2024	Audited December 31, 2023	
----- Rupees '000 -----				
14.1	Murabaha receivable - gross	14.1.2	51,207,952	39,623,889
	Less: Deferred murabaha income	14.1.3	(226,112)	(29,223)
	Profit receivable shown in other assets		(1,993,011)	(1,143,361)
	Murabaha financings	14.1.1	48,988,829	38,451,305
14.1.1	The movement in Murabaha financing during the period / year is as follows:			
	Opening balance		38,451,305	10,837,970
	Sales during the period / year		49,621,823	218,668,554
	Adjusted during the period / year		(39,084,299)	(191,055,219)
	Closing balance		48,988,829	38,451,305
14.1.2	Murabaha sale price		51,207,952	39,623,889
	Murabaha purchase price		(48,988,829)	(38,451,305)
			2,219,123	1,172,584
14.1.3	Deferred murabaha income			
	Opening balance		29,223	350,063
	Arising during the period / year		2,004,899	4,874,300
	Less: recognised during the period / year		(1,808,010)	(5,195,140)
	Closing balance		226,112	29,223
14.2	Particulars of Islamic financing and related assets - net			
	- in local currency		601,186,584	599,815,539
	- in foreign currencies		1,620,795	946,039
			602,807,379	600,761,578

14.3 Islamic financing and related assets include Rs. 23,188.719 million (December 31, 2023: Rs. 23,059.641 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification	Un-audited March 31, 2024		Audited December 31, 2023	
	Non-performing financing	Credit loss allowance	Non-performing financing	Provision
----- Rupees '000 -----				
Domestic				
- other assets especially mentioned	16,581	143	204,748	448
- substandard	1,220,323	160,729	883,657	104,142
- doubtful	1,188,045	431,259	670,909	170,824
- loss	20,763,770	18,374,681	21,300,327	18,897,178
Total	23,188,719	18,966,812	23,059,641	19,172,592

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

For the quarter ended March 31, 2024

14.4 Particulars of credit loss allowance against Islamic financing and related assets

	Un-audited					Audited		
	March 31, 2024					December 31, 2023		
	Stage 3	Stage 2	Stage 1	General Provision	Total	Specific Provision	General Provision	Total
	----- Rupees '000 -----							
Opening balance	19,172,592	-	-	877,670	20,050,262	18,557,417	771,609	19,329,026
Impact of adopting IFRS 9 at January 1, 2024	-	5,313,762	1,962,501	(877,670)	6,398,593	-	-	-
Restated balance at January 1, 2024	19,172,592	5,313,762	1,962,501	-	26,448,855	18,557,417	771,609	19,329,026
Exchange adjustment	(10,063)	-	-	-	(10,063)	132,838	-	132,838
Charge for the period / year	512,797	258,021	-	-	770,818	1,960,357	106,061	2,066,418
Reversals during the period / year	(654,896)	-	(7,016)	-	(661,912)	(1,338,179)	-	(1,338,179)
	(142,099)	258,021	(7,016)	-	108,906	622,178	106,061	728,239
Amounts written off	(53,618)	-	-	-	(53,618)	(139,841)	-	(139,841)
Closing balance	18,966,812	5,571,783	1,955,485	-	26,494,080	19,172,592	877,670	20,050,262

14.4.1 Credit loss allowance for Stage 1 and Stage 2 represents credit loss allowance maintained against performing portfolio of corporate, consumer and trade finance, as required under IFRS 9.

14.4.2 As allowed by the SBP, the Group has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,470.489 million (December 31, 2023: Rs 2,457.777 million) relating to financing while determining the provisioning requirement against non-performing financing as at March 31, 2024. The additional profit arising from availing the FSV benefit (net of tax) as at March 31, 2024 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,259.949 million (December 31, 2023: Rs 1,253.466 million).

14.5 Islamic financing and related assets - Particulars of credit loss allowance

	Un-audited		
	March 31, 2024		
	Stage 1	Stage 2	Stage 3
	----- Rupees '000 -----		
Opening balance	-	-	19,172,592
Impact of adopting IFRS 9 as at January 1, 2024	1,962,501	5,313,762	-
Restated balance as at January 1, 2024	1,962,501	5,313,762	19,172,592
New Financing / Increase	470,353	829,023	113,448
Financing derecognised or repaid	(327,848)	(321,174)	(654,896)
Transfer to stage 1	-	-	-
Transfer to stage 2	(113,321)	113,321	-
Transfer to stage 3	(36,200)	(363,149)	399,349
	(7,016)	258,021	(142,099)
Amounts written off / charged off	-	-	(53,618)
Exchange adjustment	-	-	(10,063)
Closing balance	1,955,485	5,571,783	18,966,812

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

14.6 Islamic financing and related assets - Category of classification

		Un-audited		Audited	
		March 31, 2024		December 31, 2023	
		Outstanding amount	Credit loss allowance	Outstanding amount	Provision
----- Rupees '000 -----					
Domestic					
Performing	Stage 1	501,048,892	1,955,485	577,701,937	877,670
Underperforming	Stage 2	78,569,768	5,571,783	-	-
Non-Performing					
Other assets especially mentioned		16,581	143	204,748	448
Substandard		1,220,323	160,729	883,657	104,142
Doubtful	Stage 3	1,188,045	431,259	670,909	170,824
Loss		20,763,770	18,374,681	21,300,327	18,897,178
Total		<u>602,807,379</u>	<u>26,494,080</u>	<u>600,761,578</u>	<u>20,050,262</u>

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

15 PROPERTY AND EQUIPMENT

Capital work-in-progress	15.1	5,274,395	4,115,708
Property and equipment		27,270,071	25,509,672
		<u>32,544,466</u>	<u>29,625,380</u>

15.1 Capital work-in-progress

Civil works	522,286	266,236
Equipment	3,563,960	2,968,971
Furniture and fixture	428,652	299,479
Vehicles	42,524	16,824
Land and building	716,973	564,198
	<u>5,274,395</u>	<u>4,115,708</u>

15.2 Additions to property and equipment

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

	Un-audited Quarter ended	
	March 31, 2024	March 31, 2023
----- Rupees '000 -----		
Capital work-in-progress - net	1,158,687	542,516
Property and equipment		
Furniture and fixture	94,242	69,920
Electrical, office and computer equipment	1,493,897	218,576
Vehicles	3,880	43,017
Building on leasehold land	126,376	129,140
Leasehold land	438,807	-
Leasehold improvements	276,345	471,254
	<u>2,433,547</u>	<u>931,907</u>
Total	<u>3,592,234</u>	<u>1,474,423</u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

15.3 Disposal of property and equipment

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

	Un-audited Quarter ended	
	March 31, 2024	March 31, 2023
	----- Rupees '000 -----	
Furniture and fixture	-	11
Electrical, office and computer equipment	18	1,085
Others	-	208
Total	<u>18</u>	<u>1,304</u>

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

16 RIGHT-OF-USE ASSETS

	Buildings	Buildings
Opening balance		
Cost	18,790,212	16,462,619
Accumulated Depreciation	8,018,697	6,056,045
Net carrying amount	<u>10,771,515</u>	<u>10,406,574</u>
Additions during the period	400,262	2,435,801
Modifications during the period	-	21,292
Deletions during the period	(135,604)	(129,500)
Depreciation Charge for the period / year	(485,781)	(1,962,652)
Net carrying amount	<u>10,550,392</u>	<u>10,771,515</u>

17 INTANGIBLE ASSETS

Capital work-in-progress	808,446	799,929
Computer softwares	1,231,842	-
Customer relationship	348,683	-
Management rights	114,600	-
Goodwill	-	-
	<u>1,695,125</u>	<u>1,652,458</u>
Total	<u>2,503,571</u>	<u>2,452,387</u>

17.1 Capital work-in-progress

Computer software	<u>808,446</u>	<u>711,373</u>
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17.2 Additions to intangible assets

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

	Un-audited Quarter ended	
	March 31, 2024	March 31, 2023
	----- Rupees '000 -----	
Computer software - directly purchased	<u>159,368</u>	<u>163,137</u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
18 OTHER ASSETS			
Profit / return accrued in local currency		67,181,120	44,142,282
Profit / return accrued in foreign currencies		148,997	82,278
Advances, deposits, advance rent and other prepayments		2,208,686	1,814,503
Non-banking assets acquired in satisfaction of claims		893,115	929,659
Mark to market gain on forward foreign exchange contracts		174,771	550,232
Acceptances	24	10,402,914	13,152,356
Credit cards and other products fee receivable		1,447,190	1,235,999
Receivable from brokers against sale of shares		-	89,252
Dividend receivable		89,810	75,348
Receivable from 1Link (Private) Limited		8,357,097	4,407,978
Rebate receivable - net		480,127	280,127
Receivable from defined benefit plan		247	89,545
Remittances receivable from Western Union		1,846,661	1,307,125
Others		3,101,220	2,357,513
		<u>96,331,955</u>	<u>70,514,197</u>
Less: Credit loss allowance held against other assets	18.1	(333,270)	(328,963)
Other assets - net of credit loss allowance		<u>95,998,685</u>	<u>70,185,234</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,734,104	1,735,172
Other assets - total		<u><u>97,732,789</u></u>	<u><u>71,920,406</u></u>
18.1 Credit loss allowance held against other assets			
Dividend receivable		74,342	75,348
Receivable from customers		51,172	50,473
Security deposits		22,994	22,994
Acceptances		6,940	-
Others		177,822	180,148
		<u>333,270</u>	<u>328,963</u>
18.1.1 Movement in Credit loss allowance held against other assets			
Opening balance		328,963	326,637
Impact of adopting IFRS 9 as at January 1, 2024		3,657	-
Restated balance as at January 1, 2024		<u>332,620</u>	<u>326,637</u>
Charge for the period / year		3,283	2,731
Reversals during the period / year		(2,633)	(405)
		650	2,326
Closing balance		<u>333,270</u>	<u>328,963</u>
19 BILLS PAYABLE			
In Pakistan		<u>12,374,874</u>	<u>16,550,469</u>

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

For the quarter ended March 31, 2024

	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----		
20 DUE TO FINANCIAL INSTITUTIONS		
Secured		
To the State Bank of Pakistan (SBP) under:		
Long term financing facility	327	-
Long term financing facility for renewable power energy (RPE)	115	230
Islamic export refinance scheme - part I and II	28,780,171	30,665,904
Islamic financing for renewable energy	6,680,046	6,641,671
Islamic long term financing facility	10,728,663	11,126,779
Islamic temporary economic refinance scheme	30,186,069	31,034,309
Islamic refinance facility for combating COVID-19	149,444	166,111
Islamic refinance facility for storage of agricultural produce	485,005	513,439
Scheme of Islamic Rupee-based discounting facility under EFS/IEFS	683,569	708,777
	77,693,409	80,857,220
Due to SBP under Open Market Operations (OMO)	146,437,529	73,594,497
Due to other financial institutions	3,392,290	3,402,344
Total secured	227,523,228	157,854,061
Unsecured		
Overdrawn nostro accounts	1,284,473	2,128,409
Musharaka acceptances	16,325,000	6,904,333
Total unsecured	17,609,473	9,032,742
	245,132,701	166,886,803

21 DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	March 31, 2024			December 31, 2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	295,029,550	31,800,936	326,830,486	271,673,365	30,468,754	302,142,119
Savings deposits	274,142,563	22,649,123	296,791,686	246,343,937	21,489,149	267,833,086
Term deposits	217,859,132	1,689,061	219,548,193	244,250,942	1,484,842	245,735,784
Margin deposits	13,607,292	83,773	13,691,065	12,175,267	48,071	12,223,338
	800,638,537	56,222,893	856,861,430	774,443,511	53,490,816	827,934,327
Financial institutions						
Current deposits	19,040,272	295,774	19,336,046	11,726,778	275,306	12,002,084
Savings deposits	165,364,341	-	165,364,341	169,728,021	-	169,728,021
Term deposits	7,090,000	-	7,090,000	8,600,547	-	8,600,547
	191,494,613	295,774	191,790,387	190,055,346	275,306	190,330,652
	992,133,150	56,518,667	1,048,651,817	964,498,857	53,766,122	1,018,264,979

	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----		
22 LEASE LIABILITIES		
Outstanding amount at the start of the period / year	12,865,125	11,824,784
Additions during the period / year	394,889	1,962,697
Lease payments including profit	(627,441)	(1,672,349)
Profit expense for the period / year	393,973	798,034
Termination / deletion during the period / year	(155,728)	(48,041)
Outstanding amount at the end of the period / year	12,870,818	12,865,125

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

For the quarter ended March 31, 2024

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
22.1	Liabilities Outstanding		
	Not later than one year	58,134	218,318
	Later than one year and upto five years	3,024,949	2,896,857
	Over five years	9,787,735	9,798,024
	Total at the period / year end	<u>12,870,818</u>	<u>12,913,199</u>
22.2	This carries effective charge rate of 12.4% per annum (December 31, 2023: 12.7%).		
23	DEFERRED TAX LIABILITIES		
	Taxable temporary differences on		
	- surplus on revaluation of property and equipment	2,059,906	2,093,908
	- surplus on revaluation of non-banking assets	15,678	16,201
	- surplus on revaluation of investments	1,689,068	3,203,408
	- fair value adjustment relating to net assets acquired upon amalgamation	191,851	180,916
	- fair value adjustment relating to net assets acquired upon business combination	-	52,496
	- accelerated tax depreciation	452,614	349,641
	- fair valuation of previously held equity interest in the Subsidiary Company	-	13,118
		4,409,116	5,909,687
	Deductible temporary differences on		
	- credit loss allowance investments	(112,717)	(847,584)
	- credit loss allowance against financing, off balance sheet etc.	(3,449,772)	(16,248)
	- credit loss allowance against other assets	(128,697)	(105,740)
		(3,691,186)	(969,572)
		<u>717,931</u>	<u>4,940,115</u>
24	OTHER LIABILITIES		
	Profit / return payable in local currency	16,288,389	13,233,050
	Profit / return payable in foreign currencies	15,342	9,728
	Unearned commission and income on bills discounted	1,534,733	1,493,017
	Accrued expenses	5,967,284	6,498,018
	Acceptances	18 10,402,914	13,152,356
	Dividend payable including unclaimed dividends	4,000,087	7,078,679
	Mark to market loss on forward foreign exchange contracts	959,277	664,315
	Current taxation (provision less payments)	1,017,341	3,256,604
	Charity fund balance	-	126,297
	Credit loss allowance against off-balance sheet obligations	24.1 250,272	-
	Security deposits against leases	96,384	148,216
	Withholding tax payable	953,948	341,182
	Federal excise duty payable	167,619	159,996
	Payable to brokers against purchase of shares	9,467	91,311
	Fair value of derivative contracts	1,394,420	1,657,226
	Payable related to credit cards and other products	95,154	545,308
	Funds held as security	330,047	321,357
	Payable to 1Link (Private) Limited	799,394	595,002
	Takaful payable	58,028	59,974
	Clearing and settlement accounts	18,850,519	10,836,330
	Others	836,956	584,194
		<u>64,027,575</u>	<u>60,852,160</u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
24.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		91,297	87,700
Impact of adopting IFRS 9 at January 1, 2024		53,356	-
Adjusted balance at January 1, 2024		144,653	87,700
Charge for the period / year		105,619	3,597
Reversals during the period / year		-	-
		105,619	3,597
Closing balance		250,272	91,297
25 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus on revaluation of:			
- Securities measured at FVOCI-Debt		2,924,118	4,321,608
- Securities measured at FVOCI-Equity		315,745	2,245,115
- Property and equipment		12,127,334	12,196,725
- non-banking assets acquired in satisfaction of claims		1,734,104	1,735,172
		17,101,301	20,498,620
Deferred tax on surplus on revaluation of:			
- Securities measured at FVOCI-Debt		(1,432,818)	(2,117,588)
- Securities measured at FVOCI-Equity		(108,504)	(1,100,106)
- Property and equipment		(2,059,906)	(2,093,908)
- non-banking assets acquired in satisfaction of claims		(15,678)	(16,201)
		(3,616,906)	(5,327,803)
		13,484,395	15,170,817
26 CONTINGENCIES AND COMMITMENTS			
Guarantees	26.1	42,324,365	39,050,948
Commitments	26.2	293,462,225	225,759,797
Other contingent liabilities	26.3	4,122,244	4,122,244
		339,908,834	268,932,989
26.1 Guarantees			
Financial guarantees		6,165,760	4,523,565
Performance guarantees		9,655,989	9,201,571
Other guarantees		26,502,616	25,325,812
		42,324,365	39,050,948
26.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		78,127,865	80,258,955
Commitments in respect of:			
- forward foreign exchange contracts	26.2.1	61,308,394	65,125,446
- forward government securities transactions	26.2.2	147,958,500	73,777,500
- promissory contracts - cross currency swaps (notional principal)	26.2.3	1,395,192	1,678,515
- extending credit (irrevocable)	26.4	4,008,151	3,429,739
Commitments for acquisition of:			
- property and equipment		409,604	1,180,860
- intangible assets		254,519	308,782
		293,462,225	225,759,797

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

For the quarter ended March 31, 2024

	Note	Un-audited March 31, 2024	Audited December 31, 2023
----- Rupees '000 -----			
26.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		54,109,979	55,514,935
Sale		7,198,415	9,610,511
		61,308,394	65,125,446
26.2.2 Commitments in respect of forward government securities transactions			
Purchase		147,958,500	73,777,500
26.2.3 Commitments in respect of derivatives			
Cross currency swaps			
Sale	27.1	1,395,192	1,678,515
26.3 Other contingent liabilities			
26.3.1 Holding Company			
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company has a strong case		2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	(i)	1,154,701	1,154,701
		4,122,244	4,122,244

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

The department and the Holding Company has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2023: Rs. 1,154.701 million). The Commissioner Inland Revenue (Appeals) [CIR(A)] had deleted the said additional tax liability, however the income tax department had filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). During the current period, the ATIR passed an order and maintained the decision of the CIR(A) in favour of the Holding Company that gain on bargain purchase is not taxable. Subsequently, the department has challenged the order in Honorable High Court of Sindh. However, the management of the Holding Company is confident that the matter will be decided in the Holding Company's favour and accordingly, no provision has been recorded in these condensed interim consolidated financial statements in respect of this matter.

- (ii) There are certain claims against the Holding Company not acknowledged as debt amounting to Rs 33,605.629 million (December 31, 2023: Rs 29,647.217 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299.030 million (December 31, 2023: 25,299.030 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

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

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

For the quarter ended March 31, 2024

26.3.2 Subsidiary Company - Faysal Asset Management Limited

- (i) The income tax returns of the Subsidiary Company for the tax years 2004 to 2020 (financial year ended June 30, 2004 to December 31, 2019) have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes. The Tax year 2005 (financial year ended June 30, 2005) has been selected by the taxation authorities for audit purpose. The tax authorities have passed an order under section 221 of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 0.913 million for the tax year 2005 on account of apportionment of expenses and disallowance of certain expenses. The Subsidiary Company has paid Rs. 0.414 million and has filed an appeal against the order before the Commissioner Appeals, the proceedings of which are underway. The remaining tax liability on these matters is Rs. 0.498 million. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.
- (ii) The income tax department has issued orders and show cause notices under section 221 of the Income Tax Ordinance, 2001 for recovery of Workers Welfare Fund (WWF) aggregating to Rs 0.818 million in respect of tax years 2008 and 2013. The details of orders and show cause along with the management actions are listed below:

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

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

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

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

- (iv) During the prior period, the audit of the tax year 2013 (financial year ended June 30, 2013) was completed by the taxation authorities. The tax authorities have passed an order under section 122(5A) of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 4.964 million for the tax year 2013 on account of apportionment of expenses, salary expenses and hardware and software expense. The management filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on the grounds of disallowances made by the Additional Commissioner Inland Revenue. The CIR(A) remanded back a few expenses while ordered against various other expenses for which the Subsidiary Company has decided to appeal before the Appellate Tribunal Inland

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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.

26.4 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. 4,008.151 million (December 2023: Rs. 3,430.739 million) which are irrevocable in nature.

	Un-audited March 31, 2024	Audited December 31, 2023
	----- Rupees '000 -----	
27 DERIVATIVE INSTRUMENTS		
Cross currency swaps (notional principal)	<u>1,395,192</u>	<u>1,678,515</u>

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

Counterparties	March 31, 2024 (Un-audited)	
	Cross currency swaps	
	Notional principal	Mark to market gain
	----- Rupees '000 -----	
With banks for		
Hedging	-	-
Market making	134,605	(151,157)
With other entities for		
Hedging	-	-
Market making	1,260,587	(1,243,263)
Total		
Hedging	-	-
Market making	1,395,192	(1,394,420)

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

Un-audited	
Quarter ended	
March 31, 2024	March 31, 2023
----- Rupees '000 -----	

28 PROFIT / RETURN EARNED

On:		
Financing	27,126,990	17,353,046
Investments	32,118,655	17,334,253
Due from financial institutions	208,226	149,442
Balances with banks	737	1,783
	59,454,608	34,838,524

28.1 Profit / return recognised on:

Financial assets measured at amortised cost	27,723,643
Financial assets measured at fair value through OCI	31,730,965
	59,454,608

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

		Un-audited	
		Quarter ended	
29	PROFIT / RETURN EXPENSED	March 31, 2024	March 31, 2023
		Rupees '000	
	On:		
	Deposits	29,650,023	13,747,340
	Due to financial institutions	9,085,771	7,026,366
	Lease liability against right-of-use assets	393,973	353,064
	Cost of foreign currency swaps against foreign currency deposits / Due to FIs	1,614,295	670,293
		<u>40,744,062</u>	<u>21,797,063</u>
29.1	Profit / return expense calculated using effective profit rate method	39,129,767	
	Other financial liabilities	1,614,295	
		<u>40,744,062</u>	
30	FEE AND COMMISSION INCOME		
	Branch banking customer fees	321,227	264,206
	Consumer finance related fees	151,166	153,937
	Card related fees	1,139,153	975,968
	Credit related fees	13,057	5,561
	Investment banking fees	98,952	93,307
	Commission on trade	327,484	151,103
	Commission on guarantees	36,648	54,800
	Commission on cash management	40,706	28,401
	Commission on remittances including home remittances	269,492	96,965
	Commission on bancatakaful	22,786	32,207
	Commission on sale of funds unit	137,370	57,771
	Management fee	336,400	138,853
	Sales load	89,837	55,658
	Others	16,558	31,410
		<u>3,000,836</u>	<u>2,140,147</u>
31	GAIN / (LOSS) ON SECURITIES		
	Realised - net	20,354	(888,784)
	Unrealised - Measured at FVTPL	206,884	864
		<u>227,238</u>	<u>(887,920)</u>
31.1	Realised Gain / (loss) on:		
	Federal Government securities	34,433	(145,884)
	Shares	(14,079)	(757,516)
	Open end mutual funds	-	14,616
		<u>20,354</u>	<u>(888,784)</u>
31.2	Net gain / (loss) on financial assets / liabilities		
	Net gain / (loss) on financial assets / liabilities measured at FVTPL:		
	Designated upon initial recognition	182,720	
	Mandatorily measured at FVTPL	-	
		182,720	
	Net gain / (loss) on financial assets / liabilities measured at amortised cost	-	
	Net gain / (loss) on financial assets measured at FVOCI	44,518	
	Net gain / (loss) on investments in equity instruments designated at FVOCI	-	
		44,518	
		<u>227,238</u>	

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For the quarter ended March 31, 2024

	Un-audited	
	Quarter ended	
	March 31, 2024	March 31, 2023
	----- Rupees '000 -----	
32 OTHER INCOME		
Rent on property	60,092	45,664
Gain on sale of fixed assets - net	4,770	8,389
Gain on termination of leases (IFRS 16)	19,563	-
Notice pay recovered	2,769	2,368
Scrap income	6,552	19
Others	829	8,451
	<u>94,575</u>	<u>64,891</u>
33 OPERATING EXPENSES		
Total compensation expense	4,270,440	2,999,988
Property expense		
Rent and taxes	61,013	67,398
Takaful	38,644	28,086
Utilities cost	298,513	282,175
Security (including guards)	443,907	338,215
Repair and maintenance (including janitorial charges)	262,627	219,474
Depreciation on owned fixed assets	229,940	198,418
Depreciation on non-banking assets	786	1,686
Depreciation on right-of-use assets	485,781	444,049
Others	56,133	54,949
	1,877,344	1,634,450
Information technology expenses		
Software maintenance	1,203,764	789,437
Hardware maintenance	112,545	85,383
Depreciation	195,046	95,378
Amortisation	95,717	70,289
Network charges	99,848	87,431
	1,706,920	1,127,918
Other operating expenses		
Directors' fees and allowances	43,040	40,640
Legal and professional charges	50,365	36,658
Outsourced services costs - staff	234,951	169,204
Travelling and conveyance	98,499	56,739
NIFT clearing charges	46,095	20,274
Depreciation	212,552	151,852
Training and development	14,132	16,221
Postage and courier charges	59,893	68,047
Communication	309,500	179,396
Marketing, advertisement and publicity	500,847	493,332
Auditors' remuneration	15,712	7,071
Takaful	191,858	213,728
Stationery and printing	280,992	116,084
Bank fees and charges	80,334	27,748
Brokerage and commission	15,423	36,875
Deposit protection premium	212,780	149,786
Credit card bonus points redemption	78,700	96,292
Others	469,325	231,306
	2,914,998	2,111,253
	<u>10,769,702</u>	<u>7,873,609</u>
34 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	4,455	317

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For the quarter ended March 31, 2024

		Un-audited	
		Quarter ended	
Note		March 31, 2024	March 31, 2023
----- Rupees '000 -----			
35	CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET		
	Credit loss allowance against due from financial institutions	12.1	1
	Credit loss allowance for diminution in value of investments	13.3	(109,713)
	Credit loss allowance against Islamic financing and related assets	14.4	108,906
	Credit loss allowance provision against other assets	18.1.1	650
	Credit loss allowance against off balance sheet obligations	24.1	105,619
	Bad debts written off directly		4,503
	Recoveries of written off / charged off bad debts		(73,886)
		<u>36,079</u>	<u>1,364,901</u>
36	TAXATION		
	Current	6,438,296	3,651,613
	Prior years	(190,000)	55,000
	Deferred	(143,796)	(644,728)
		<u>6,104,500</u>	<u>3,061,885</u>
37	BASIC EARNINGS PER SHARE		
	Profit after tax for the period	<u>6,609,312</u>	<u>3,306,708</u>
		Number of shares in thousands	
	Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>
----- Rupees -----			
	Basic earnings per share	<u>4.35</u>	<u>2.18</u>

37.1 Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue at March 31, 2024 and March 31, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

38 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under held to collect model, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortized cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of adjusted net asset method as per their latest available financial statements.

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

38.1 Fair value of financial assets

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

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

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

For the quarter ended March 31, 2024

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, 2024 (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	-	580,100,459	-	580,100,459
Shares	5,125,489	1,231,884	-	6,357,373
Non-Government debt securities	-	49,280,592	-	49,280,592
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	6,780,900	-	6,780,900
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	18,288,496	18,288,496
Non-banking assets acquired in satisfaction of claims	-	-	2,627,219	2,627,219
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	54,109,979	-	54,109,979
Forward sale of foreign exchange	-	7,198,415	-	7,198,415
Derivatives sales	-	1,395,192	-	1,395,192
December 31, 2023 (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	-	524,145,204	-	524,145,204
Shares	5,746,729	107,539	-	5,854,268
Non-Government debt securities	-	49,770,265	-	49,770,265
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	6,779,489	-	6,779,489
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,871,529	17,871,529
Non-banking assets acquired in satisfaction of claims	-	-	2,667,419	2,667,419
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	55,514,935	-	55,514,935
Forward sale of foreign exchange	-	9,610,511	-	9,610,511
Derivatives sales	-	1,678,515	-	1,678,515

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

For the quarter ended March 31, 2024

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

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Ijara Sukuk	Fair values of GoP Ijara Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from different pre-defined / approved dealers / brokers.
Unlisted ordinary shares	The fair value of unquoted equity securities is determined on the basis of adjusted net asset method as per their latest available financial statements.
Sukuk Certificates	Fair values of Sukuk certificates are determined using the MUFAP or PSX rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivative instruments	The Bank enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.
Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).

Valuation techniques used in determination of fair valuation of financial instruments within level 3

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

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

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

For the quarter ended March 31, 2024

39 SEGMENT INFORMATION

39.1 Segment details with respect to business activities

	2024					Total
	Retail	CIBG	Treasury	SAM	Others	
Profit and loss for the quarter ended March 31, 2024	Rupees '000 -					
(Un-audited)						
External funded revenue	(22,444,721)	18,712,188	23,007,506	51,087	(513,558)	18,812,502
Inter segment revenue - net	40,967,661	(18,514,073)	(24,025,601)	226,578	1,345,435	-
External non-funded revenue	2,423,299	935,232	2,382,224	1,381	(766,312)	4,975,824
Total Income	20,946,239	1,133,347	1,364,129	279,046	65,565	23,788,326
Segment direct expenses	6,462,445	343,483	133,146	80,069	4,019,292	11,038,435
Inter segment expense allocation	3,289,934	381,847	77,767	70,431	(3,819,979)	-
Total expenses	9,752,379	725,330	210,913	150,500	199,313	11,038,435
Credit loss allowance	42,189	257,245	(317,741)	(419,510)	473,896	36,079
Profit before tax	11,151,671	150,772	1,470,957	548,056	(607,644)	12,713,812
Statement of financial position as at March 31, 2024	Rupees '000 -					
(Un-audited)						
Cash and bank balances	26,927,677	-	71,213,138	-	2,626	98,143,441
Due from financial institutions	-	-	10,999,999	-	-	10,999,999
Investments - net	150,000	8,819,245	635,914,676	1,915,447	1,542,691	648,342,059
Investment - credit loss allowance	-	-	(419,932)	(1,915,447)	-	(2,335,379)
Net inter segment lending	879,166,978	-	-	-	(879,166,978)	-
Financing - performing	115,055,922	452,459,394	-	-	12,103,344	579,618,660
Financing - non-performing	4,530,586	4,817,582	-	13,668,895	171,656	23,188,719
Financing - credit loss allowance	(3,601,097)	(9,045,812)	-	(13,590,844)	(256,327)	(26,494,080)
Others	28,168,470	12,009,942	42,586,138	249,111	60,317,557	143,331,218
Total assets	1,050,398,536	469,060,351	760,294,019	327,162	(805,285,431)	1,474,794,637
Due to financial institutions	10,802,084	70,370,220	163,960,397	-	-	245,132,701
Subordinated sukuk	-	-	-	-	-	-
Deposits and other accounts	985,725,201	63,461,060	-	454,269	(988,713)	1,048,651,817
Net inter segment borrowing	-	334,145,449	591,723,514	(127,977)	(925,740,986)	-
Others	53,871,251	1,083,622	2,148,795	870	32,886,660	89,991,198
Total liabilities	1,050,398,536	469,060,351	757,832,706	327,162	(893,843,039)	1,383,775,716
Equity	-	-	2,461,313	-	88,557,608	91,018,921
Total equity and liabilities	1,050,398,536	469,060,351	760,294,019	327,162	(805,285,431)	1,474,794,637
Contingencies and commitments	45,167,548	80,481,050	210,662,086	1,828,926	1,769,224	339,908,834
	2023					
	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss for the quarter ended March 31, 2023	Rupees '000 -					
(Un-audited)						
External funded revenue	(9,203,756)	11,806,382	10,507,065	53,820	(121,866)	13,041,645
Inter segment revenue - net	19,743,442	(11,573,757)	(10,390,020)	(52,082)	2,272,417	-
External non-funded revenue	1,690,863	398,819	1,206,465	(220,867)	(351,877)	2,723,403
Total income	12,230,549	631,444	1,323,510	(219,129)	1,798,674	15,765,048
Segment direct expenses	5,176,989	243,165	49,684	29,931	2,531,785	8,031,554
Inter segment expense allocation	122,170	(78,956)	(7,251)	(35,963)	-	-
Total expenses	5,299,159	164,209	42,433	(6,032)	2,531,785	8,031,554
Provisions	(66,269)	(19,913)	1,385,343	69,315	(3,575)	1,364,901
Profit before tax	6,997,659	487,148	(104,266)	(282,412)	(729,536)	6,368,593
Statement of financial position as at December 31, 2023	Rupees '000 -					
(Audited)						
Cash and bank balances	30,486,904	-	55,362,053	-	114	85,849,071
Due from financial institutions	-	-	-	-	-	-
Investments	150,000	9,166,074	580,117,122	2,805,744	1,550,141	593,789,081
Investment provision	-	-	(1,028,498)	(2,805,744)	-	(3,834,242)
Net inter segment lending	846,815,880	-	-	-	(846,815,880)	-
Financing - performing	126,927,551	442,189,965	-	-	8,584,421	577,701,937
Financing - non-performing	5,137,297	6,013,184	-	11,721,277	187,883	23,059,641
Financing - provisions	(3,554,912)	(4,720,383)	-	(11,644,505)	(130,462)	(20,500,262)
Others	21,892,608	12,862,528	35,499,058	216,609	44,298,885	114,769,688
Total assets	1,027,855,328	465,511,368	669,949,735	293,381	(792,324,898)	1,371,284,914
Due to financial institutions	11,110,677	75,277,296	80,498,830	-	-	166,886,803
Subordinated Sukuk	-	-	-	-	-	-
Deposits and other accounts	947,772,275	70,100,426	-	392,278	-	1,018,264,979
Net inter segment borrowing	-	319,258,252	584,231,018	(99,779)	(903,389,491)	-
Others	68,972,376	875,394	1,870,858	882	23,468,359	95,207,869
Total liabilities	1,027,855,328	465,511,368	666,800,706	293,381	(879,901,132)	1,280,359,651
Equity	-	-	3,349,029	-	87,570,234	90,925,263
Total Equity and liabilities	1,027,855,328	465,511,368	669,949,735	293,381	(792,324,898)	1,371,284,914
Contingencies and commitments	45,666,205	78,801,025	140,581,461	1,797,031	2,087,267	268,932,989

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (un-audited)
For the quarter ended March 31, 2024

Note	Un-audited March 31, 2024	Audited December 31, 2023
	----- Rupees '000 -----	
41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum capital requirement (MCR):		
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital adequacy ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	78,354,477	73,370,440
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	78,354,477	73,370,440
Eligible tier 2 capital	13,359,340	14,329,529
Total eligible capital (tier 1 + tier 2)	91,713,818	87,699,968
Risk weighted assets (RWAs):		
Credit risk	337,421,671	336,510,451
Market risk	44,359,728	56,432,669
Operational risk	106,918,760	106,918,760
Total	488,700,159	499,861,879
Common equity tier 1 capital adequacy ratio	16.03%	14.68%
Tier 1 Capital adequacy ratio	16.03%	14.68%
Total Capital adequacy ratio	18.77%	17.54%
<p>The Group has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then CAR would have been lower by 14 bps from 18.77% to 18.63%.</p>		
Leverage ratio (LR):		
Eligible tier-1 capital	78,354,477	73,370,440
Total exposures	1,775,443,014	1,594,121,150
Leverage ratio (in %)	4.41%	4.60%
<p>The Group has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then Leverage Ratio would have been lower by 19 bps from 4.41% to 4.22%.</p>		
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	650,055,814	517,942,201
Total net cash outflow	396,980,673	339,319,140
Liquidity coverage ratio (Ratio)	1.637	1.526
Net stable funding ratio (NSFR):		
Total available stable funding	862,703,040	838,043,710
Total required stable funding	492,666,679	482,990,880
Net stable funding ratio (in %)	175.11%	173.51%

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

For the quarter ended March 31, 2024

42 GENERAL

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

43 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 25, 2024 has proposed an interim cash dividend of Rs.1 per share (March 31, 2023: Nil). These interim condensed consolidated financial statements for the quarter ended March 31, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the quarter end.

44 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 25, 2024 by the Board of Directors of the Holding Company.



Faysal Bank Limited

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