

You alone do we worship, and
from You alone do we seek help.

إِيَّاكَ نَعْبُدُ وَإِيَّاكَ نَسْتَعِينُ



Best Emerging Bank

FIRST QUARTER
ENDED MARCH 31, 2021
UNAUDITED FINANCIAL STATEMENTS

faysalbank



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Registered Office

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

Corporate Information

Board of Directors

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

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Recruitment Nomination and Remuneration Committee

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

Board Strategy Committee

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

Corporate Information

Board IT Committee

Mr. Ali Munir	Chairman
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member
Mr. Abdulla Abdulaziz Ali Taleb	Member
Mr. Mohsin Tariq	Member
Mr. Yousaf Hussain	Member

Shariah Board

Mufti Muhammad Mohib-ul-Haq Siddiqui	Chairman Shariah Board
Dr. Mufti Khalil Ahmad Aazami	Shariah Board Member
Mufti Muhammad Abdullah	Resident Shariah Board Member

Syed Majid Ali Chief Financial Officer

Mr. Aurangzeb Amin Company Secretary & Head of Legal

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

M/s. Mohsin Tayebaly & Co, Advocate Legal Advisors

Registered Office

Faysal Bank Limited
Faysal House, St-02, Commercial 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@cdcsrcsl.com

Directors' Report

Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited ("FBL" or "the Bank") along with Unconsolidated Financial Statements for the quarter ended March 31, 2021.

Company Profile

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

The Bank's footprint now spreads over 207 cities across the country with 576 branches. In line with FBL's strategy of transforming itself into a full-fledged Islamic Bank, 87% of its branches are now offering dedicated sharia-compliant banking services.

Holding Company

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain is the parent company holding directly and indirectly, 66.78% (2020: 66.78%) of the shareholding in the Bank. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding company of Ithmaar Holding B.S.C. and is the ultimate parent of the Bank. DMIT was formed by an indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and tradition.

Economic Update

The Monetary Policy Committee (MPC) in its meeting in March '21 decided to maintain policy rate at 7% in line with the forward guidance provided in January '21. State Bank of Pakistan (SBP) maintains that output gap is still negative and hence, economy needs support from monetary policy as downside risks remain due to emergence of a third, more virulent wave of Covid-19 (just as the vaccine roll-out began). The IMF projects Pakistan's Gross Domestic Product (GDP) growth for the current fiscal year at 1.5% with an increase in poverty. SBP, on the other hand, has painted a more optimistic picture by projecting a GDP growth number of around 3%. The inflation for 9MFY21 currently stands at 8.34%. But given the recent surges in prices for electricity, sugar, wheat and oil, SBP expects average inflation for FY21 to close on the upper end of the previously announced range of 7-9%. Regardless of inflation projection, MPC expects shift to positive real interest rates to be calculated and gradual.

In February '21, Current Account Deficit (CAD) declined by 76% month-on-month (MOM) to USD 50 million. Current Account posted a surplus of USD 881 million during July to February FY 2021 against a deficit of USD 2,741 million in the corresponding period of FY 2020. The CAD for FY '21 is now projected to be under 1% of GDP given the continued strong prospects for remittances, which have remained above USD 2 billion for the last 9 months.

Pakistan's trade deficit nearly doubled to USD 2.97 billion in March '21 from USD 1.5 billion a year ago due to a major surge in imports, which spiked by 60% to USD 5.31 billion. Between

July and March, the country's trade gap has expanded by 17.8% to USD 20.54 billion year-on-year (YOY) as imports swelled by 12.6% to USD 39.21 billion while exports rose by 7.0% to USD 18.67 billion. The trend is likely to continue during the next few months as the government plans to import more sugar, wheat and cotton to meet domestic needs. Going forward, the import of machinery for new and existing projects will further swell the deficit.

The Pakistani rupee appreciated by 4.42% to 152.76 in the first quarter of CY21 backed by improving fundamentals around Pakistan's foreign reserves such as revival of IMF program, issuance of US denominated Eurobonds and surging Roshan Digital Account (RDA) inflows (having amounted to USD 800 million).

The fiscal deficit stands at 2.9% of GDP for the first 7 months of the current fiscal year against 3.2% of GDP in the corresponding period last year. World Bank projects the deficit to remain elevated at 8.3% of GDP in FY2021, partly due to the settlement of arrears in the power sector. For FY '21, the government has set the fiscal deficit target at 7% of GDP, lower than the actual deficit last year of 8.1%. Whereas, in line with the revival in economic activity, FBR has collected PKR 2,915 billion during the first eight months of FY '21 against the target of PKR 2,898 billion. This represents a YOY growth of 6.0%.

Pakistan has been hit by a third wave of Covid-19 as 26 cities have seen their positivity rates go over 8%. Swathes of Punjab have gone into lockdown whereas several areas in Karachi have gone into micro-lockdowns, thus posing downside risks to economic activity especially the services sector. Thus, as has been the case last year, much of what future holds is contingent upon how quickly Pakistan is able to flatten the curve, which in turn will depend upon accessibility to vaccine.

Bank's Performance

Conversion to Islamic

The Bank continues to make progress on its strategy to convert into a full-fledged Islamic Bank. The Bank is working on an 'Asset Led' model whereby conversion of conventional assets into Sharia complaint financing precedes conversion of deposits. FBL has hit another landmark on its conversion journey at March '21 end as almost two thirds (67%) of its financing is under Islamic modes. This has been made possible by the untiring efforts of the entire team under the supervision and guidance of the Senior Management and the Sharia Board. We remain confident that by the grace of Allah and with your support we will be able to achieve our objective of full conversion as envisaged in Bank's strategy.

Financial Highlights

Key Balance Sheet Numbers	Rs. in million		
	March '21	December '20	Growth%
Investment	313,864	276,930	13.3%
Financing	322,244	318,180	1.3%
Total Assets	749,946	709,958	5.6%
Deposits	549,398	540,636	1.6%
Profit & Loss Account	March '21	March '20	Growth%
Total Revenue	7,665	8,480	-9.6%
Non-Markup Expenses	4,684	4,813	-2.7%
Profit before taxation and provisions	2,980	3,667	-18.7%
(Reversal) / Provisions	(533)	220	-342.4%
Profit before taxation	3,513	3,447	1.9%
Taxation	1,410	1,367	3.2%
Profit after taxation	2,103	2,080	1.1%
Earnings per share (Rupees)	1.39	1.37	

Despite growth of Rs. 88 billion in deposits since March '20 net markup income of the Bank during current quarter is 16.7% lower than the corresponding period of previous year. The main reason for this decline is the drastic cut of 625 bps in policy rate by SBP towards the end of first quarter of 2020. The policy rate was reduced from 13.25% to 7% to support the economy during the unprecedented lockdown necessitated by the Covid 19 pandemic. However, the bank has been able to offset the decline in its margin to some extent by generating higher non markup income. Led by higher fee, foreign exchange and other income the Bank's non-markup income was 13.9% higher than the first quarter of the previous year. Strong cost controls measures have ensured that non markup expenses show a decline of 2.7% despite rising inflation.

Net provisions for quarter ended March 31, 2021 reflected reversal of Rs. 533 million as against a charge of Rs. 220 million in the corresponding period of last year. Credit for this primarily goes to reversal of impairment on equity securities of Rs. 310 million and recoveries from non-performing financings of Rs. 159 million.

In view of focus on increasing revenue through alternate sources, cost control initiatives and effective risk management, the Bank was able to post profit after tax of Rs. 2,103 million. Profit for the quarter ended March 31, 2021 is 1.1% higher than corresponding previous year quarter which is indeed commendable since the policy rate has nearly halved.

On the balance sheet side deposits grew by 1.6% to Rs. 549.4 billion. The Bank concentrated on reducing cost of deposit during the quarter and saw significant growth in low cost deposits. Ratio of current deposits to total deposits has improved from 31.3% to 35.3%. Advances

increased by 1.3% from December '20 level to Rs. 322.2 billion. Liquidity generated from borrowings from financial institutions was invested in government securities, as a result investment are higher by 13.3% at Rs. 313.9 billion. Accordingly, total assets of the Bank are at Rs. 749.9 billion as at March 31, 2021 registering a strong quarterly growth of 5.6%.

Risk management

Credit Risk Management, in coordination with the Business Units, continued to monitor the portfolio closely in these unprecedented times. Regular follow-up has been maintained with the customers to proactively identify, monitor and manage credit relationships. Enterprise Risk Management function maintained enhanced monitoring of market, liquidity & operational risks. A senior management committee, headed by the Chief Risk Officer, continued to oversee implementation of measures required to ensure well-being of the employees, customers and community at large.

Outlook

The third wave of Covid 19 has once again necessitated curtailment of economic activities. Although the government-initiated immunization campaign has started, the pace and scope of vaccination needs to increase quickly to avoid large scale infections. The government has announced that all citizens will be eligible for vaccination post Eid ul Fitr.

Prudent capital management has enabled your Bank to maintain a strong Capital Adequacy Ratio of 19.48% which is well above the regulatory requirement. This will hold the Bank in good stead in passing through the difficult times that lay ahead. FBL remains committed to provide best in class service to our customers in these testing times through improved and enhanced offerings from alternate delivery channels and digital platforms.

Credit Rating:

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

Long-Term AA

Short-Term A1+

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

Subsequent Events

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

Acknowledgement

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

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on April 22, 2021 and signed by the Chief Executive Officer and a director.

President & CEO

Karachi

Dated: April 22, 2021

Chairman / Director

منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت بورڈ آف آڈٹ اور کارپوریٹ گورننس کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 22 اپریل، 2021 کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

چیئرمین / ڈائریکٹر

صدر اور سی ای او

کراچی

22 اپریل، 2021

پروڈنٹ کیپٹل مینجمنٹ نے آپ کے بینک کو 19.48 فیصد کا مستحکم کیپٹل ایڈیکوئسی ریشو برقرار رکھنے کے قابل بنایا ہے جو کہ ریگولیٹری ضرورت سے کافی زیادہ ہے۔ اس سے بینک کو آنے والے مشکل حالات میں اپنی مستحکم معاشی حیثیت برقرار رکھنے میں مدد ملے گی۔ فیصل بینک لمیٹڈ ان مشکل حالات میں الٹرنیٹ ڈیلیوری چینلز اور ڈیجیٹل پلیٹ فارمز کی بدولت جدید اور وسیع پیشکشوں کے ذریعے اپنے صارفین کو بہترین اور اعلیٰ خدمات فراہم کرنے کے لیے پرعزم ہے۔

کریڈٹ ریٹنگ:

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

طویل المیعاد: AA

قلیل المیعاد: A1+

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

بعد ازاں رپورٹنگ کے واقعات:

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

توثیقی بیان:

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

31 مارچ، 2021 کو ختم شدہ سہ ماہی کے نیٹ پروویژن میں گزشتہ سال اسی عرصے کے 220 ملین روپے کے چارج کے مقابلے میں 533 ملین روپے کی رپورسل ریکارڈ کی گئی۔ اس کا سہرا 310 ملین روپے کی ایکویٹی سیکورٹیز پرامیٹرز منٹ رپورسل کے علاوہ 159 ملین روپے کی نان پرفارمنگ فنانسنگ کی ریکوری کے سر جاتا ہے۔

متبادل ذرائع، اخراجات پر قابو پانے کے اقدامات اور منوثر رسک مینجمنٹ کے ذریعے آمدنی بڑھانے پر توجہ مرکوز کرنے کے پیش نظر بینک کا بعد از نیٹس منافع 2,103 ملین روپے ریکارڈ کیا گیا۔ 31 مارچ، 2021 کو ختم شدہ سہ ماہی کے لیے منافع گزشتہ سال اسی سہ ماہی کے مقابلے میں 1.1 فیصد زیادہ رہا جو واقعی قابل ستائش ہے کیونکہ پالیسی ریٹ تقریباً آدھا رہ گیا ہے۔

بیلنس شیٹ پر ڈپازٹس 1.6 فیصد اضافے کے ساتھ 549.4 ارب روپے رہے۔ رواں سہ ماہی کے دوران بینک نے ڈپازٹس کے اخراجات کم کرنے پر بھرپور توجہ دی اور کم قیمت ڈپازٹس میں خاطر خواہ اضافہ دیکھنے میں آیا۔ مجموعی ڈپازٹس کے مقابلے میں کرنٹ ڈپازٹس کی شرح 31.3 فیصد سے بڑھ کر 35.3 فیصد ہو گئی۔ ایڈوانسز دسمبر 2020 کی سطح میں 1.3 فیصد اضافے کے ساتھ 322.2 ارب روپے رہے۔ مالیاتی اداروں سے قرضہ جات سے حاصل ہونے والی لیکویڈٹی کی سرکاری سیکورٹیز میں سرمایہ کاری کے نتیجے میں 13.3 فیصد اضافے کے ساتھ مجموعی سرمایہ کاری 313.9 ارب روپے ہو گئی ہے۔ اس طرح بینک کے مجموعی اثاثے 31 مارچ، 2021 کو سہ ماہی کے شاندار 5.6 فیصد اضافے کے ساتھ 749.9 ارب روپے ہو گئے۔

رسک مینجمنٹ

کریڈٹ رسک مینجمنٹ نے ان مشکل دنوں میں بھی بزنس یونٹ کے تعاون سے پورٹ فولیو کی کڑی نگرانی کی۔ روزانہ کی بنیاد پر صارفین سے فالو اپ کیا گیا اور کریڈٹ ریلیشن شپ کو برقرار رکھا گیا۔ انٹرنل رسک مینجمنٹ نے مارکیٹ کی لیکویڈٹی اور آپریشنل رسک پر اضافی توجہ دی۔ چیف رسک آفیسر کی سربراہی میں ایک اعلیٰ انتظامی کمیٹی نے ملازمین، صارفین اور کمیونٹی کی بھلائی کے لیے اقدامات پر عملدرآمد کو یقینی بنانے کی نگرانی کو جاری رکھا۔

مستقبل پر نظر

COVID-19 کی تیسری لہر نے ایک مرتبہ پھر معاشی سرگرمیوں کو محدود کرنے پر مجبور کر دیا ہے۔ حکومت کی جانب سے ویکسی نیشن مہم کا آغاز کر دیا گیا ہے، بڑے پیمانے پر انفیکشن سے بچنے کے لیے ویکسی نیشن کی رفتار اور دائرہ کار میں تیزی سے اضافے کی ضرورت ہے۔ حکومت نے اعلان کیا ہے کہ عید الفطر کے بعد تمام شہری ویکسی نیشن کے اہل ہوں گے۔

مالیاتی جھلکیاں:

(ملین روپے)

بیلنس شیٹ

نمو	مارچ ۲۰۲۱ء	دسمبر ۲۰۲۰ء
سرمایہ کاری	313,864	276,930
فنانسنگ	322,244	318,180
کل اثاثہ جات	749,946	709,958
ڈپازٹس	549,398	540,636

(ملین روپے)

نفع اور نقصان اکاؤنٹ

نمو	مارچ ۲۰۲۱ء	مارچ ۲۰۲۰ء
مجموعی آمدنی	7,665	8,480
مارک اپ کے علاوہ اخراجات	4,684	4,813
منافع قبل از ٹیکس اور پروویژن	2,980	3,667
نیٹ پروویژن	-533	220
منافع قبل از ٹیکس	3,513	3,447
ٹیکسز	1,410	1,367
منافع بعد از ٹیکس	2,103	2,080
فی حصص آمدن (روپے)	1.39	1.37

مارچ 2020 سے ڈپازٹس میں 88 ارب روپے کے اضافے کے باوجود، موجودہ سہ ماہی میں بینک کی نیٹ مارک اپ آمدنی گزشتہ شمال اسی عرصے کے مقابلے میں 16.7 فیصد سے کم ہے۔ اس کمی کی بڑی وجہ اسٹیٹ بینک آف پاکستان کی جانب سے 2020 کی پہلی سہ ماہی کے اختتام پر پالیسی ریٹ میں 625 bps کی بہت زیادہ کمی ہے۔ کورونا کی وبا کے باعث لاک ڈاؤن کی وجہ سے معیشت کو سہارا دینے کے لیے پالیسی ریٹ کو 13.25 فیصد سے کم کر کے صرف 7 فیصد کر دیا گیا تھا تاہم بینک زیادہ نان مارک اپ آمدنی حاصل کر کے اپنے منافع میں کمی کو کسی حد تک دور کرنے میں کامیاب رہا ہے۔ زیادہ فیس، فارن ایکسچینج آمدنی اور دیگر آمدنی کی وجہ سے بینک کی نان مارک اپ آمدنی گزشتہ سال پہلی سہ ماہی کے مقابلے میں 13.9 فیصد سے زیادہ رہی۔ افراط زر کے باوجود اخراجات پر قابو پانے کے مضبوط اقدامات کی وجہ سے نان مارک اپ اخراجات میں 2.7 فیصد کمی آئی۔

رواں مالی سال کے پہلے 7 مہینوں میں مالیاتی خسارہ جی ڈی پی کے 2.9 فیصد تک رہا جو گزشتہ سال اسی عرصے کے دوران جی ڈی پی کا 3.2 فیصد تھا۔ ورلڈ بینک کے اندازے کے مطابق پاور سیکٹر میں بقایا جات کی سسٹم کنٹ کے باعث مالی سال 2021 میں مالیاتی خسارہ 8.3 فیصد تک بڑھنے کا امکان ہے۔ مالی سال 2021 کے لیے حکومت نے تجارتی خسارے کا ہدف جی ڈی پی کا 7 فیصد مقرر کیا ہے، جو گزشتہ سال کے اصل خسارے 8.1 فیصد سے کم ہے۔ معاشی سرگرمیوں کی بحالی کے نتیجے میں ایف بی آر نے مالی سال 2021 کے پہلے آٹھ مہینوں کے دوران مقررہ 2,898 ارب روپے کے ہدف کے مقابلے میں 2,915 ارب روپے وصول کر لیے ہیں۔ اس طرح سالانہ (YOY) کی بنیاد پر 6.0 فیصد اضافہ ریکارڈ کیا گیا۔

پاکستان میں بھی کورونا کی تیسری لہر شروع ہو گئی ہے اور 26 شہروں میں مثبت کیسز کی شرح 8 فیصد سے زیادہ ہے۔ پنجاب کے اکثر علاقوں میں مکمل لاک ڈاؤن جبکہ کراچی کے مختلف علاقوں میں مائکرو لاک ڈاؤن لگا دیا گیا ہے، جس کی وجہ سے معاشی سرگرمیاں خاص طور پر سروسز سیکٹر کو منفی خطرات لاحق ہیں۔ جیسا کہ گزشتہ سال ہوا تھا، مستقبل کا انحصار اس بات پر ہے کہ پاکستان کتنا جلدی اس پر قابو پاتا ہے اور اس کا تمام تر دار و مدار ویکسین تک رسائی پر منحصر ہے۔

بینک کی کارکردگی:

اسلامی بینکاری میں منتقلی

بینک خود کو مکمل طور پر اسلامی بینکاری میں تبدیل کرنے کے لیے اپنی حکمت عملی پر پیش رفت جاری رکھے ہوئے ہے۔ بینک ”اثاثہ جات پر مبنی“ ماڈل پر کام کر رہا ہے جس میں کنونشنل اثاثہ جات کو ڈپازٹس کی تبدیلی سے پہلے شریعہ کمپلائنس فنانسنگ میں تبدیل کیا جا رہا ہے۔ فیصل بینک لمیٹڈ نے تبدیلی کے اس سفر میں مارچ 2021 کے اختتام پر ایک اور کامیابی حاصل کر لی ہے اور تقریباً دو تہائی حصے کی اپنی فنانسنگ (67%) کو اسلامی طریقوں پر منتقل کر لیا ہے۔ یہ ہدف اعلیٰ انتظامیہ اور شریعہ بورڈ کی نگرانی اور رہنمائی میں پوری ٹیم کی انتھک محنت سے ممکن ہوا ہے۔ ہم پر اعتماد ہیں کہ اللہ کی مہربانی اور آپ کے تعاون سے ہم بینک کی حکمت عملی کے مطابق مکمل تبدیلی کے ہدف کو حاصل کر لیں گے۔

شروع ہونے کے ساتھ) کی وجہ سے مزید منفی خطرات کا سامنا کرنا پڑ سکتا ہے۔ آئی ایم ایف نے رواں مالی سال کے دوران پاکستان کی گراس ڈومیسٹک پروڈکٹ (GDP) میں 1.5 فیصد اضافے کے ساتھ غربت بڑھنے کے امکان کو بھی ظاہر کیا ہے۔ دوسری جانب، اسٹیٹ بینک آف پاکستان نے جی ڈی پی کی شرح نمو تقریباً 3 فیصد پیش کر کے زیادہ پرامید تصویر پیش کی ہے۔ مالی سال 2021 کی تیسری سہ ماہی کی افراط زر کی شرح 8.34 فیصد ہے۔ لیکن بجلی، چینی، گندم اور آئل کی قیمتوں میں حالیہ اضافے کے پیش نظر اسٹیٹ بینک آف پاکستان کو توقع ہے کہ مالی سال 2021 کے لیے اوسط افراط زر 7-9 فیصد کی پہلے اعلان کردہ رینج کے بالائی سرے پر بند ہوگا۔ افراط زر کے تخمینے سے قطع نظر مانیٹرنگ پالیسی کمیٹی نے توقع ظاہر کی ہے کہ شرح سود میں مجموعی طور پر مثبت تبدیلی آئے گی۔

فروری 2021 میں، کرنٹ اکاؤنٹ خسارہ (CAD) ماہانہ (MOM) بنیادوں پر 76 فیصد کی ساتھ 50 ملین امریکی ڈالرز ہا۔ کرنٹ اکاؤنٹ سرپلس مالی سال 2021 میں جولائی سے فروری کے دوران 881 ملین امریکی ڈالرز ریکارڈ کیا گیا جبکہ اس کے برعکس گزشتہ سال اسی عرصے کے دوران 2741 ملین امریکی ڈالرز کا خسارہ تھا۔ ترسیلات زر کے مسلسل مضبوط امکانات کے پیش نظر جو گزشتہ 9 ماہ سے 2 ارب ڈالرز سے اوپر ہے، مالی سال 2021 کے لیے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کا ایک فیصد ہونے کا تخمینہ ہے۔

پاکستان کا تجارتی خسارہ مارچ 2021 میں تقریباً دو گنا ہو کر 2.97 ارب امریکی ڈالر ہو گیا ہے، جو ایک سال قبل 1.5 ارب ڈالر تھا اس کی وجہ درآمدات میں بڑا اضافہ ہے، جو 60 فیصد اضافے کے ساتھ 5.31 ارب امریکی ڈالرز تک پہنچ گیا ہے۔ جولائی اور مارچ کے درمیان ملکی تجارتی خسارہ 17.8 فیصد توسیع کے ساتھ سالانہ (YOY) کی بنیاد پر 20.54 ارب امریکی ڈالرز تک پہنچ گیا کیونکہ درآمدات 12.6 فیصد اضافے کے ساتھ 39.21 ارب امریکی ڈالرز جبکہ برآمدات 7.0 فیصد اضافے کے ساتھ 18.67 ارب امریکی ڈالرز ریکارڈ کی گئیں۔ یہ رجحان آئندہ چند مہینوں کے دوران بھی جاری رہنے کا امکان ہے کیونکہ حکومت گھریلو ضروریات پوری کرنے کے لیے مزید چینی، گندم اور کپاس درآمد کرنے کا ارادہ رکھتی ہے۔ نئے اور موجودہ پروڈیکٹس کے لیے مشینری کی درآمد سے خسارہ مزید بڑھ جائے گا۔

مالی سال 2021 کی پہلی سہ ماہی میں پاکستانی روپے کی قدر 4.42 فیصد اضافے کے ساتھ 152.76 روپے ہو گئی۔ پاکستان کے غیر ملکی زرمبادلہ کے ذخائر میں شاندار اضافے کی وجوہات میں آئی ایم ایف پروگرام کی بحالی، امریکی ڈالریو بانڈز کا اجراء اور روشن ڈیجیٹل اکاؤنٹ (RDA) میں فنڈ جمع ہونا (800 ملین امریکی ڈالرز کی قوم جمع ہوئی ہیں) شامل ہے۔

ڈائریکٹرز کا جائزہ

ان کنسولیڈیٹڈ مالیاتی گوشوارے برائے پہلی سہ ماہی 2021

بورڈ آف ڈائریکٹرز کی جانب سے ہم آپ کی خدمت میں 31 مارچ، 2021 کو ختم شدہ پہلی سہ ماہی کے لیے فیصل بینک لمیٹڈ ("ایف بی ایل" یا "دی بینک") کی ڈائریکٹرز رپورٹ ان کنسولیڈیٹڈ مالیاتی گوشواروں کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی پر وفا کُل

فیصل بینک لمیٹڈ (FBL) کا قیام پاکستان میں 3 اکتوبر، 1994 کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا۔ بینک کے شیئرز کا اندراج پاکستان اسٹاک ایکسچینج میں ہے۔ فیصل بینک لمیٹڈ اپنے تمام شعبہ جات یعنی ریٹیل، سہل اینڈ میڈیم سائزڈ انٹر پرائزز، کمرشل، ایگری بیسڈ اور کارپوریٹ کے صارفین کے لیے جدید بینکاری کی وسیع ترین خدمات فراہم کرتا ہے۔

فیصل بینک کی ملک بھر کے 207 شہروں میں 576 شاخیں ہیں۔ فیصل بینک لمیٹڈ مکمل اسلامی بینک میں تبدیل کرنے کی حکمت عملی کے تحت ان میں سے 87 فیصد شاخیں شرعی اصولوں کے عین مطابق خدمات فراہم کر رہی ہیں۔

ہولڈنگ کمپنی

اتمار بینک بی ایس سی (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کا لائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلا واسطہ طور پر بینک کے 66.78 فیصد (2020 میں 66.78 فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک بی ایس سی (کلوزڈ)، اتمار ہولڈنگ بی ایس سی کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (ڈی ایم آئی ٹی)

فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے۔ ڈی ایم آئی ٹی کا قیام کامن ویلتھ آف بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور سرانجام دیئے جائیں۔

اقتصادی اپ ڈیٹ

مانیٹری پالیسی کمیٹی (MPC) نے مارچ 2021 کے اپنے اجلاس میں جنوری 2021 میں فراہم شدہ مستقبل کی رہنمائی کے مطابق پالیسی کی شرح کو 7% پر برقرار رکھنے کا فیصلہ کیا ہے۔ اسٹیٹ بینک آف پاکستان (SBP) نے واضح کیا ہے کہ پیداواری خلا اب بھی منفی ہے اور معیشت کو مانیٹری پالیسی سے مدد درکار ہے کیونکہ کورونا کی تیسری انتہائی تیزی سے پھیلنے والی لہر (ویکسین کے

Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2021

	Note	Un-audited March 31, 2021	Audited December 31, 2020
		----- Rupees '000 -----	
ASSETS			
Cash and balances with treasury banks	9	50,781,820	59,881,289
Balances with other banks	10	4,821,079	2,878,547
Lendings to financial institutions	11	9,234,030	2,985,000
Investments	12	313,864,293	276,929,792
Advances	13	322,243,733	318,179,878
Fixed assets	14	24,149,485	24,038,885
Intangible assets	15	1,562,192	1,540,779
Deferred tax assets	20	-	-
Other assets	16	23,289,338	23,523,784
		749,945,970	709,957,954
LIABILITIES			
Bills payable	17	12,723,590	13,543,270
Borrowings	18	91,372,980	58,446,516
Deposits and other accounts	19	549,397,617	540,635,833
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	20	1,086,525	1,591,769
Other liabilities	21	33,716,748	35,633,134
		688,297,460	649,850,522
NET ASSETS			
		61,648,510	60,107,432
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		11,020,122	11,032,647
Surplus on revaluation of assets - net	22	8,291,733	9,027,473
Unappropriated profit		27,159,690	24,870,347
		61,648,510	60,107,432
CONTINGENCIES AND COMMITMENTS			
	23		

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2021

		Quarter ended	
		March 31, 2021	March 31, 2020
		Rupees '000	
Note			
Mark-up / return / interest earned	25	12,022,025	17,201,900
Mark-up / return / interest expensed	26	6,583,129	10,675,952
Net mark-up / interest income		5,438,896	6,525,948
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	1,141,311	1,032,777
Dividend income		89,127	60,228
Foreign exchange income		512,048	332,211
(Loss) / income from derivatives		(31,437)	90,535
Gain on securities	28	412,067	472,711
Other income / (loss)	29	102,627	(34,817)
Total non mark-up / interest income		2,225,743	1,953,645
Total income		7,664,639	8,479,593
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	4,608,235	4,630,315
Workers Welfare Fund		76,257	74,599
Other charges	31	5	107,907
Total non mark-up / interest expenses		4,684,497	4,812,821
Profit before provisions		2,980,142	3,666,772
Provisions and write-offs - net	32	(532,728)	219,763
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,512,870	3,447,009
Taxation	33	1,409,630	1,366,826
PROFIT AFTER TAXATION		2,103,240	2,080,183
		Rupees	
Basic / diluted earnings per share	34	1.39	1.37

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2021

	March 31, 2021	March 31, 2020
	----- Rupees '000 -----	
Profit after taxation for the period	2,103,240	2,080,183
Other comprehensive loss		
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>		
- Movement in surplus on revaluation of investments - net of tax	(549,637)	(75,116)
Total comprehensive income	<u>1,553,603</u>	<u>2,005,067</u>

The annexed notes 1 to 41 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, 2021

Share capital	Reserves				Surplus / (deficit) on revaluation of			Unappropriated profit	Total	
	Capital reserves			Statutory reserve	Total	Investments	Fixed assets / non-banking assets			Total
	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation							

Bpees '000

Balance as at January 1, 2020 (Audited)	15,176,965	10,131	475,930	23,952	9,320,945	9,830,958	3,383,915	7,364,165	10,748,080	19,507,870	55,263,873
Profit after taxation for the quarter ended March 31, 2020	-	-	-	-	-	-	-	-	-	2,080,183	2,080,183
Other comprehensive loss - net of tax	-	-	-	-	-	-	(75,116)	-	(75,116)	-	(75,116)
Total comprehensive (loss) / income	-	-	-	-	-	-	(75,116)	-	(75,116)	2,080,183	2,005,067
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(19,120)	(19,120)	(19,120)	19,120	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(29,290)	-	-	(29,290)	-	-	-	-	(29,290)
Balance as at March 31, 2020 (Un-audited)	15,176,965	10,131	446,640	23,952	9,320,945	9,801,668	3,308,799	7,345,045	10,653,844	21,607,173	57,239,650
Profit after taxation for the period from April 1, 2020 to December 31, 2020	-	-	-	-	-	-	-	-	-	4,430,322	4,430,322
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(1,530,074)	-	(1,530,074)	38,656	(1,491,418)
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,530,074)	-	(1,530,074)	4,468,978	2,938,904
Transfer to statutory reserve	-	-	-	-	1,302,101	1,302,101	-	-	-	(1,302,101)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(96,297)	(96,297)	(96,297)	96,297	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(71,122)	-	-	(71,122)	-	-	-	-	(71,122)
Balance as at December 31, 2020 (Audited)	15,176,965	10,131	375,518	23,952	10,623,046	11,032,647	1,778,725	7,248,748	9,027,473	24,870,347	60,107,432
Profit after taxation for the quarter ended March 31, 2021	-	-	-	-	-	-	-	-	-	2,103,240	2,103,240
Other comprehensive loss - net of tax	-	-	-	-	-	-	(549,637)	-	(549,637)	-	(549,637)
Total comprehensive (loss) / income	-	-	-	-	-	-	(549,637)	-	(549,637)	2,103,240	1,553,603
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(28,853)	(28,853)	(28,853)	28,853	-
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(157,250)	(157,250)	(157,250)	157,250	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	(12,525)
Balance as at March 31, 2021 (Un-audited)	15,176,965	10,131	362,993	23,952	10,623,046	11,020,122	1,229,088	7,062,645	8,291,733	27,159,690	61,648,510

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2021

	March 31, 2021	March 31, 2020
	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,512,870	3,447,009
Less: dividend income	(89,127)	(60,228)
	3,423,743	3,386,781
Adjustments:		
Depreciation on owned fixed assets	329,147	313,776
Amortisation of intangible assets	33,139	38,159
Depreciation on right-of-use assets	349,572	380,806
Depreciation on non-banking assets	1,241	1,395
Workers Welfare Fund	76,257	74,599
(Reversal of provision) / provision against loans and advances - net	(159,289)	314,747
Reversal of provision for diminution in value of investments - net	(309,741)	(83,978)
Provision against off balance sheet obligations	10,745	414
Unrealised loss / (gain) on securities - held for trading - net	3,329	(40,735)
Gain on sale of fixed assets - net	(2,210)	(5,386)
Gain on sale of non-banking assets - net	(49,650)	-
Charge for defined benefit plan	52,714	-
Loss / (income) from derivative contracts - net	31,437	(90,535)
Mark-up / return / interest expensed - lease liability against right-of-use assets	355,657	250,624
Bad debts written off directly	11,726	3,017
	734,074	1,156,903
	4,157,817	4,543,684
(Increase) / decrease in operating assets		
Lendings to financial institutions	(6,249,030)	-
Held-for-trading securities	(38,894,780)	4,781,943
Advances	(3,916,292)	2,109,993
Others assets (excluding advance taxation)	(170,409)	(4,149,926)
	(49,230,511)	2,742,010
Increase / (decrease) in operating liabilities		
Bills Payable	(819,680)	(937,615)
Borrowings from financial institutions	34,086,781	(11,214,472)
Deposits	8,761,784	3,190,924
Other liabilities (excluding current taxation)	(3,056,798)	2,947,055
	38,972,087	(6,014,108)
Income tax paid	(808,702)	(560,212)
Contribution to gratuity fund	(52,714)	-
Net cash (used in) / generated from operating activities	(6,962,023)	711,374
CASH FLOWS FROM INVESTING ACTIVITIES		
Net divestment / (investment) in available-for-sale securities	1,049,206	(16,736,458)
Net divestment in associates	200,000	-
Net divestment in held-to-maturity securities	116,440	113,450
Dividends received	75,955	18,911
Investment in operating fixed assets	(464,538)	(554,250)
Investment in intangible assets	(75,084)	(25,052)
Proceeds from sale of fixed assets	2,835	5,536
Proceeds from sale of non-banking assets	435,000	-
Net cash generated / (used in) from investing activities	1,339,814	(17,177,863)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(374,402)	(387,968)
Dividend paid	(9)	(13)
Net cash used in financing activities	(374,411)	(387,981)
Decrease in cash and cash equivalents during the period	(5,996,620)	(16,854,470)
Cash and cash equivalents at the beginning of the period	61,126,505	62,765,265
Cash and cash equivalents at the end of the period	55,129,885	45,910,795

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2021

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 Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 575 branches (December 31, 2020: 575 branches) and 1 sub-branch (December 31, 2020: 1). Out of these, 500 (December 31, 2020: 500) are Islamic banking branches and 76 (December 31, 2020: 76) are conventional.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2020: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

- 1.2** The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2020: 'AA') and the short term rating as 'A1+' (December 31, 2020: 'A1+') on June 26, 2020 and June 29, 2020 respectively.

2 BASIS OF PRESENTATION

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.
- 2.2** The financial results of the Islamic banking branches have been consolidated in these condensed interim unconsolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all Islamic banking branches are disclosed in note 39 to these condensed interim unconsolidated financial statements.
- 2.3** The Bank has controlling interest in Faysal Asset Management Limited (FAML) and is required to prepare consolidated financial statements under the provisions of the Companies Act, 2017. These condensed interim financial statements represent the unconsolidated results of the Bank and a separate set of condensed interim consolidated financial statements are also being presented by the Bank.

3 STATEMENT OF COMPLIANCE

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

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

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

For the quarter ended March 31, 2021

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

- 3.2** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended March 31, 2021, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 12.525 (period ended March 31, 2020: Rs. 29.290 million) from the NCR.
- 3.3** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the annual audited unconsolidated financial statements for the financial year ended December 31, 2020.
- 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, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim unconsolidated financial statements.
- 3.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:**
- 3.5.1** The following revised standards, amendments and interpretations with respect to the accounting and reporting standards should be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2021*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2022
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 3 - 'Business combinations' (amendments)	January 1, 2022

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

* The SBP vide its BPRD Circular No. 04 dated October 23, 2019 has notified the implementation date of IFRS 9, 'Financial instruments' as January 1, 2021. Awaiting detailed application guidelines, the Bank has not adopted IFRS 9 in these condensed interim unconsolidated financial statements.

- 3.5.2** There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed 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, 2021

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are the same as applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

5 BASIS OF MEASUREMENT

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

6 FUNCTIONAL AND PRESENTATION CURRENCY

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.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements is the same as that applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

8 COVID-19 RISK MANAGEMENT

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a number of measures on both the fiscal and economic fronts. The measures introduced by the SBP and the Bank are disclosed in annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

9 CASH AND BALANCES WITH TREASURY BANKS

In hand

- local currency
- foreign currencies

With State Bank of Pakistan in

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

With National Bank of Pakistan in

- local currency current accounts

Prize bonds

Un-audited
March 31,
2021

Audited
December 31,
2020

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

12,760,155	13,650,095
6,771,693	6,147,826
19,531,848	19,797,921
21,838,681	25,323,730
2,024,051	2,121,802
3,578,410	3,860,816
27,441,142	31,306,348
3,735,233	8,202,707
73,597	574,313
50,781,820	59,881,289

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

For the quarter ended March 31, 2021

	Un-audited March 31, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
10 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	1,826,432	645,262
Outside Pakistan		
- in current accounts	2,994,647	2,233,285
	<u>4,821,079</u>	<u>2,878,547</u>
11 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	6,200,000	-
Repurchase agreement lendings (reverse repo)	3,034,030	2,985,000
	<u>9,234,030</u>	<u>2,985,000</u>

11.1 Securities held as collateral against lendings to financial institutions

	Un-audited March 31, 2021			Audited December 31, 2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- Rupees '000 -----					
Market Treasury Bills	3,034,030	-	3,034,030	-	-	-
Pakistan Investment Bonds	-	-	-	2,985,000	-	2,985,000
	<u>3,034,030</u>	<u>-</u>	<u>3,034,030</u>	<u>2,985,000</u>	<u>-</u>	<u>2,985,000</u>

12 INVESTMENTS

12.1 Investments by type:

Note	Un-audited March 31, 2021				Audited December 31, 2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus	Carrying value
	----- Rupees '000 -----							
Held-for-trading securities								
Federal Government securities	45,332,483	-	313	45,332,796	6,534,053	-	418	6,534,471
Shares	96,390	-	(3,224)	93,126	-	-	-	-
	<u>45,428,833</u>	<u>-</u>	<u>(2,911)</u>	<u>45,425,922</u>	<u>6,534,053</u>	<u>-</u>	<u>418</u>	<u>6,534,471</u>
Available-for-sale securities								
Federal Government securities	196,908,610	-	(383,733)	196,524,877	195,466,018	-	15,838	195,481,856
Shares	5,940,725	1,382,601	(62,414)	4,495,710	8,421,544	1,688,885	376,325	7,108,984
Non Government debt securities	51,627,856	559,787	2,461,045	53,529,114	51,638,835	559,787	2,523,780	53,602,828
	<u>254,477,191</u>	<u>1,942,388</u>	<u>2,014,898</u>	<u>254,549,701</u>	<u>255,526,397</u>	<u>2,248,672</u>	<u>2,915,943</u>	<u>256,193,668</u>
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt securities	11,715,016	1,525,159	-	10,189,857	11,831,456	1,528,616	-	10,302,840
	<u>13,312,064</u>	<u>1,525,159</u>	<u>-</u>	<u>11,786,905</u>	<u>13,428,504</u>	<u>1,528,616</u>	<u>-</u>	<u>11,899,888</u>
Associates *								
Faysal Income & Growth Fund	268,625	-	-	268,625	268,625	-	-	268,625
Faysal Islamic Stock Fund	-	-	-	-	200,000	-	-	200,000
Faysal Saving Growth Fund	693,247	-	-	693,247	693,247	-	-	693,247
	<u>961,872</u>	<u>-</u>	<u>-</u>	<u>961,872</u>	<u>1,161,872</u>	<u>-</u>	<u>-</u>	<u>1,161,872</u>
Subsidiary *								
Faysal Asset Management Limited	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
	<u>1,139,893</u>	<u>-</u>	<u>-</u>	<u>1,139,893</u>	<u>1,139,893</u>	<u>-</u>	<u>-</u>	<u>1,139,893</u>
Total Investments	<u>315,319,853</u>	<u>3,467,547</u>	<u>2,011,987</u>	<u>313,864,293</u>	<u>277,790,719</u>	<u>3,777,288</u>	<u>2,916,361</u>	<u>276,929,792</u>

* related parties

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

For the quarter ended March 31, 2021

	Un-audited March 31, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
12.2 Bai Muajjal - gross	2,212,625	2,212,625
Less: deferred income	(144,346)	(194,895)
Less: profit receivable shown in other assets	(471,231)	(420,682)
Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

This represents Bai Muajjal with Government of Pakistan carrying profit at the rate of 12.84% per annum (December 31, 2020: 12.84%) maturing in December, 2021.

	Un-audited March 31, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
12.3 Investments given as collateral		
- Market treasury bills	<u>35,000,000</u>	<u>-</u>

12.4 Provision for diminution in value of investments

12.4.1 Opening balance	3,777,288	3,849,281
Charge / (reversals)		
Charge for the period / year	-	379,785
Reversals for the period / year	(3,456)	(14,982)
Reversals on disposals for the period / year	(306,285)	(436,796)
	<u>(309,741)</u>	<u>(71,993)</u>
Closing balance	<u>3,467,547</u>	<u>3,777,288</u>

12.4.2 Particulars of provision against debt securities

	Un-audited March 31, 2021		Audited December 31, 2020	
Category of classification	Non-performing investments	Provision	Non-performing investments	Provision
	----- Rupees '000 -----			
Domestic				
- Loss	<u>2,084,946</u>	<u>2,084,946</u>	<u>2,088,403</u>	<u>2,088,403</u>

12.5 The market value of securities classified as held-to-maturity as at March 31, 2021 amounted to Rs. 10,298.494 million (December 31, 2020: Rs. 10,029.170 million).

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

For the quarter ended March 31, 2021

12.6 Investment in subsidiary and associates

Note	As at March 31, 2021				For the period ended March 31, 2021		
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income

Rupees '000

Associates

Faysal Income & Growth Fund	Pakistan	36.49%	753,328	13,952	10,982	7,010	7,010
Faysal Saving Growth Fund	Pakistan	28.09%	2,522,264	47,199	46,678	31,793	31,793

Subsidiary

Faysal Asset Management Limited	12.6.1	Pakistan	99.99%	1,064,207	100,417	92,441	34,798	34,798
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Country of incorporation	% Holding	As at December 31, 2020		For the period ended March 31, 2020		
		Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive income / (loss)

Rupees '000

Associates

Faysal Income & Growth Fund	Pakistan	40.67%	672,056	15,337	20,050	16,809	16,809
Faysal Islamic Stock Fund	Pakistan	37.64%	646,596	17,356	-	-	-
Faysal Saving Growth Fund	Pakistan	21.54%	3,232,073	44,947	57,503	48,604	48,604

Subsidiary

Faysal Asset Management Limited	Pakistan	99.99%	1,062,615	133,622	29,307	(25,592)	(25,592)
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12.6.1 Faysal Asset Management Limited (FAML) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained license to carry out asset management and investment advisory services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

13 ADVANCES

Note	Performing		Non-performing		Total	
	Un-audited March 31, 2021	Audited December 31, 2020	Un-audited March 31, 2021	Audited December 31, 2020	Un-audited March 31, 2021	Audited December 31, 2020

Rupees '000

Loans, cash credits, running finances, etc.	101,885,843	119,418,082	20,544,491	24,454,468	122,430,334	143,872,550
Islamic financing and related assets	213,396,085	189,951,257	2,633,987	1,247,029	216,030,072	191,198,286
Bills discounted and purchased	2,995,592	4,150,522	423,749	523,928	3,419,341	4,674,450
Advances - gross	318,277,520	313,519,861	23,602,227	26,225,425	341,879,747	339,745,286
Provision against advances	13.3					
- specific	-	-	(18,783,311)	(20,649,632)	(18,783,311)	(20,649,632)
- general	(852,703)	(915,776)	-	-	(852,703)	(915,776)
	(852,703)	(915,776)	(18,783,311)	(20,649,632)	(19,636,014)	(21,565,408)
Advances - net of provision	317,424,817	312,604,085	4,818,916	5,575,793	322,243,733	318,179,878

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

For the quarter ended March 31, 2021

	Un-audited March 31, 2021	Audited December 31, 2020
	Rupees '000	
13.1 Particulars of advances (gross)		
- in local currency	341,251,405	339,106,568
- in foreign currencies	628,342	638,718
	<u>341,879,747</u>	<u>339,745,286</u>

13.2 Advances include Rs. 23,602 million (December 31, 2020: Rs. 26,225 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited March 31, 2021		Audited December 31, 2020	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees '000			
Domestic				
- other assets especially mentioned	228,331	-	204,782	-
- substandard	693,723	71,078	2,727,006	541,529
- doubtful	2,633,477	1,124,117	900,979	237,209
- loss	20,046,696	17,588,116	22,392,658	19,870,894
Total	<u>23,602,227</u>	<u>18,783,311</u>	<u>26,225,425</u>	<u>20,649,632</u>

13.3 Particulars of provision against advances

	Un-audited March 31, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
	Rupees '000					
Opening balance	20,649,632	915,776	21,565,408	23,475,724	761,951	24,237,675
Exchange adjustment	(30,543)	-	(30,543)	25,095	-	25,095
Charge for the period / year	586,208	-	586,208	3,610,762	250,000	3,860,762
Reversals during the period / year	(682,424)	(63,073)	(745,497)	(1,485,958)	(96,175)	(1,582,133)
	(96,216)	(63,073)	(159,289)	2,124,804	153,825	2,278,629
Amounts written off	(1,739,562)	-	(1,739,562)	(4,975,991)	-	(4,975,991)
Closing balance	<u>18,783,311</u>	<u>852,703</u>	<u>19,636,014</u>	<u>20,649,632</u>	<u>915,776</u>	<u>21,565,408</u>

13.3.1 General provision represents provision maintained against fully secured performing portfolio of consumer finance and unsecured performing portfolio of consumer and small enterprise finance, as required by the Prudential Regulations issued by the SBP.

In addition to the requirements of the Prudential Regulations, the management has exercised prudence and recognised a general provision amounting to Rs. 250 million keeping in view the impacts of COVID-19.

13.3.2 As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,564.482 million (December 31, 2020: Rs 2,632.364 million) relating to advances while determining the provisioning requirement against non-performing financing as at March 31, 2021. The additional profit arising from availing the FSV benefit (net of tax) as at March 31, 2021 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,564.334 million (December 31, 2020: Rs 1,605.742 million).

For the quarter ended March 31, 2021

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

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

28 | First Quarter | March 31, 2021

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

For the quarter ended March 31, 2021

14.3 Disposal of fixed assets

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

	Un-audited	
	March 31, 2021	March 31, 2020
	----- Rupees '000 -----	
Furniture and fixture	17	3
Electrical, office and computer equipment	600	118
Vehicles	9	29
Total	626	150

Note	Un-audited March 31, 2021	Audited December 31, 2020
	----- Rupees '000 -----	

15 INTANGIBLE ASSETS

Capital work-in-progress	15.1	524,766	567,658
Computer softwares		442,352	357,516
Customer relationship		595,074	615,605
		1,037,426	973,121
Total		1,562,192	1,540,779

15.1 Capital work-in-progress

Computer software	524,766	567,658
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15.2 Additions to intangible assets

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

	Un-audited	
	March 31, 2021	March 31, 2020
	----- Rupees '000 -----	
Computer softwares - directly purchased	117,976	117,234

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

For the quarter ended March 31, 2021

		Un-audited March 31, 2021	Audited December 31, 2020
Note		Rupees '000	
16	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	7,668,990	7,291,340
	Income / mark-up accrued in foreign currencies - net of provision	4,640	1,314
	Advances, deposits, advance rent and other prepayments	1,027,301	788,518
	Non-banking assets acquired in satisfaction of claims	1,000,080	1,229,421
	Mark to market gain on forward foreign exchange contracts	1,351,527	649,361
	Fair value of derivative contracts	93,808	190,130
	Acceptances	9,606,434	10,726,305
	Credit cards and other products fee receivable	356,881	369,968
	Receivable from brokers against sale of shares	26,699	20,241
	Dividend receivable	97,804	84,632
	Receivable from 1Link (Private) Limited	512,968	515,944
	Rent and amenities receivable	8,942	33,159
	Rebate receivable - net	51,932	87,632
	Defined benefit plan asset	64,205	64,205
	Others	446,423	343,660
		<u>22,318,634</u>	<u>22,395,830</u>
	Less: provision held against other assets	(325,832)	(325,832)
	Other assets - net of provision	<u>21,992,802</u>	<u>22,069,998</u>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>1,296,536</u>	<u>1,453,786</u>
	Other assets - total	<u>23,289,338</u>	<u>23,523,784</u>
16.1	Provision held against other assets		
	Dividend receivable	75,348	75,348
	SBP penalties	51,050	51,050
	Fraud forgery theft and account receivable	20,867	20,867
	Security deposits	22,994	22,994
	Others	155,573	155,573
		<u>325,832</u>	<u>325,832</u>
16.1.1	Movement in provision held against other assets		
	Opening balance	325,832	252,176
	Charge for the period / year	-	74,536
	Reversals during the period / year	-	(795)
		-	73,741
	Amounts written off	-	(85)
	Closing balance	<u>325,832</u>	<u>325,832</u>
17	BILLS PAYABLE		
	In Pakistan	<u>12,723,590</u>	<u>13,543,270</u>

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

For the quarter ended March 31, 2021

18 BORROWINGS

Secured

Borrowings from the State Bank of Pakistan (SBP)

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

Repurchase agreement borrowings

Borrowing from other financial institution

Total secured

Unsecured

Overdrawn nostro accounts

Musharaka acceptances

Other borrowings

Total unsecured

Un-audited
March 31,
2021

Audited
December 31,
2020

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

	5,607,601	8,623,400
	1,238,539	1,246,164
	808,588	809,662
	44,557	53,129
	21,958,439	19,400,601
	12,125,315	12,932,302
	1,632,550	1,400,274
	4,361,120	3,599,252
	7,872,718	3,807,141
	31,600	35,400
	55,681,027	51,907,325
	34,726,938	-
	492,001	500,000
	90,899,966	52,407,325
	473,014	1,633,331
	-	410,000
	-	3,995,860
	473,014	6,039,191
	91,372,980	58,446,516

19 DEPOSITS AND OTHER ACCOUNTS

Un-audited March 31, 2021			Audited December 31, 2020		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total

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

Customers

Current deposits	168,818,139	20,139,441	188,957,580	144,344,241	20,813,651	165,157,892
Savings deposits	174,613,253	17,360,337	191,973,590	184,980,930	17,643,501	202,624,431
Term deposits	135,806,341	2,403,650	138,209,991	143,287,216	3,141,533	146,428,749
Margin deposits	3,599,893	8,856	3,608,749	3,341,663	15,132	3,356,795
	482,837,626	39,912,284	522,749,910	475,954,050	41,613,817	517,567,867

Financial institutions

Current deposits	1,100,823	50,491	1,151,314	813,493	49,245	862,738
Savings deposits	22,398,815	-	22,398,815	15,880,218	-	15,880,218
Term deposits	3,097,578	-	3,097,578	6,325,010	-	6,325,010
	26,597,216	50,491	26,647,707	23,018,721	49,245	23,067,966
	509,434,842	39,962,775	549,397,617	498,972,771	41,663,062	540,635,833

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

For the quarter ended March 31, 2021

Note	Un-audited March 31, 2021	Audited December 31, 2020
	Rupees '000	
20 DEFERRED TAX (LIABILITIES) / ASSETS		
Deductible temporary differences on		
- provision for diminution in the value of investments	277,234	155,137
- provision against advances, off balance sheet, etc.	1,215,623	1,215,623
- provision against other assets	128,462	128,462
- surplus on revaluation of investments	(785,811)	(1,137,218)
	835,508	362,004
Taxable temporary differences on		
- surplus on revaluation of fixed assets	(1,583,798)	(1,602,246)
- surplus on revaluation of non-banking assets	(14,113)	(14,113)
- fair value adjustment relating to net assets acquired upon amalgamation	(232,079)	(240,087)
- accelerated tax depreciation	(92,043)	(97,327)
	(1,922,033)	(1,953,773)
	(1,086,525)	(1,591,769)
21 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	2,817,264	3,792,193
Mark-up / return / interest payable in foreign currencies	10,559	6,344
Unearned commission and income on bills discounted	1,218,127	968,302
Accrued expenses	2,406,822	2,484,143
Acceptances	9,606,434	10,726,305
Unclaimed dividends	45,029	45,038
Mark to market loss on forward foreign exchange contracts	2,662,619	1,907,030
Current taxation (provision less payments)	881,683	58,669
Charity fund balance	1,050	1,070
Provision against off-balance sheet obligations	138,314	127,569
Security deposits against leases	438,461	586,301
Withholding tax payable	108,100	165,433
Federal excise duty payable	44,044	67,402
Payable to brokers against purchase of shares	88,678	35,001
Fair value of derivative contracts	653,448	964,671
Payable related to credit cards and other products	255,458	1,146,914
Lease liability against right-of-use assets	8,837,555	8,530,893
Advance against disposal of assets	22,040	459,467
Funds held as security	256,710	242,227
Payable to 1Link	165,872	154,308
Insurance payable	138,501	115,600
Clearing and settlement accounts	2,695,683	2,706,765
Others	224,297	341,489
	33,716,748	35,633,134

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

For the quarter ended March 31, 2021

	Note	Un-audited March 31, 2021	Audited December 31, 2020
----- Rupees '000 -----			
21.1 Provision against off-balance sheet obligations			
Opening balance		127,569	113,676
Charge for the period / year		20,425	25,132
Reversals during the period / year		(9,680)	(11,239)
		10,745	13,893
Closing balance		138,314	127,569
22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus on revaluation of:			
- available for sale securities		2,014,898	2,915,943
- fixed assets		7,364,020	7,411,321
- non-banking assets acquired in satisfaction of claims		1,296,536	1,453,786
		10,675,454	11,781,050
Deferred tax on surplus on revaluation of:			
- available for sale securities		(785,810)	(1,137,218)
- fixed assets		(1,583,798)	(1,602,246)
- non-banking assets acquired in satisfaction of claims		(14,113)	(14,113)
		(2,383,721)	(2,753,577)
		8,291,733	9,027,473
23 CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	30,139,047	29,202,222
Commitments	23.2	216,874,848	183,850,529
Other contingent liabilities	23.3	4,122,244	4,122,244
		251,136,139	217,174,995
23.1 Guarantees:			
Financial guarantees		6,762,285	7,810,863
Performance guarantees		7,193,921	5,662,415
Other guarantees		16,182,841	15,728,944
		30,139,047	29,202,222
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		57,782,273	50,571,999
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	90,357,991	93,025,986
- forward government securities transactions	23.2.2	37,811,069	2,989,036
- derivatives - cross currency and interest rate swaps (notional principal)	23.2.3	7,306,457	8,272,187
- extending credit (irrevocable)	23.5	23,478,566	28,859,840
Commitments for acquisition of:			
- operating fixed assets		36,971	49,303
- intangible assets		101,521	82,178
		216,874,848	183,850,529

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

For the quarter ended March 31, 2021

		Un-audited March 31, 2021	Audited December 31, 2020
Note		Rupees '000	
23.2.1 Commitments in respect of forward foreign exchange contracts			
	Purchase	60,105,982	66,134,904
	Sale	30,252,009	26,891,082
		<u>90,357,991</u>	<u>93,025,986</u>
23.2.2 Commitments in respect of forward government securities transactions			
	Purchase	34,776,387	-
	Sale	3,034,682	2,989,036
		<u>37,811,069</u>	<u>2,989,036</u>
23.2.3 Commitments in respect of derivatives			
	Sale	24 7,306,457	8,272,187
23.3 Other contingent liabilities			
	Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case	2,510,000	2,510,000
	Indemnity issued favouring the Honorable High Court in one of the cases	457,543	457,543
	Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	23.3.1 1,154,701	1,154,701
		<u>4,122,244</u>	<u>4,122,244</u>

23.3.1 Income tax assessments of the Bank have been finalised upto the tax year 2019 (accounting year 2018). Income tax return for TY 2020 (accounting year 2019) has been filed 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, 2020: Rs. 1,154.701 million). The Commissioner Inland Revenue (Appeals) [(CIR(A)] has deleted the said additional tax liability, however the income tax department has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). Recently, ATIR has passed an order and maintain the decision of CIR(A) in favor of Bank, confirming that gain on bargain purchase is not taxable. Accordingly, no provision has been recorded in these condensed interim unconsolidated financial statements in respect of this matter.

23.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 31,354 million (December 31, 2020: Rs 31,374 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2020: 25,299 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

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

For the quarter ended March 31, 2021

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 the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim unconsolidated financial statements.

23.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 23,479 million (December 2020: Rs. 28,860 million) which are irrevocable in nature.

	Un-audited March 31, 2021	Audited December 31, 2020
	----- Rupees '000 -----	

24 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

6,848,181	7,792,684
-----------	-----------

Interest rate swap (notional principal)

458,276	479,503
---------	---------

24.1 Product analysis

Counterparties	March 31, 2021 (Un-audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain

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

With banks for

Hedging

-	-	-	-
---	---	---	---

Market making

2,869,111	(74,455)	458,276	6,901
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With other entities for

Hedging

-	-	-	-
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Market making

3,979,070	(494,981)	-	-
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Total

Hedging

-	-	-	-
---	---	---	---

Market making

6,848,181	(569,436)	458,276	6,901
-----------	-----------	---------	-------

Counterparties	December 31, 2020 (Audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain

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

With banks for

Hedging

-	-	-	-
---	---	---	---

Market making

3,218,043	62,289	479,503	7,048
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With other entities for

Hedging

-	-	-	-
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Market making

4,574,641	(843,878)	-	-
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Total

Hedging

-	-	-	-
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Market making

7,792,684	(781,589)	479,503	7,048
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Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the quarter ended March 31, 2021

Note	Un-audited	
	March 31, 2021	March 31, 2020
	----- Rupees '000 -----	
25 MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	6,535,589	10,643,082
Investments	5,083,888	6,134,776
Lendings to financial institutions	372,018	22,923
Balances with banks	110	12,374
Securities purchased under resale agreements	30,420	388,745
	<u>12,022,025</u>	<u>17,201,900</u>
26 MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	4,755,206	8,304,230
Securities sold under repurchase agreements	208,165	66,669
Other short term borrowings	15,441	10,321
SBP borrowings	216,539	151,209
Short sale of Pakistan Investment Bonds	-	49,154
Bai Muajjal	-	102,405
Musharaka acceptances	382,432	409,092
Lease liability against right-of-use assets	355,657	250,624
Cost of foreign currency swaps against foreign currency deposits / borrowings	649,689	1,332,248
	<u>6,583,129</u>	<u>10,675,952</u>
27 FEE AND COMMISSION INCOME		
Branch banking customer fees	190,780	178,391
Consumer finance related fees	132,936	94,947
Card related fees (debit and credit cards)	456,525	441,642
Credit related fees	8,435	20,393
Investment banking fees	23,096	27,791
Commission on trade	93,729	69,113
Commission on guarantees	32,791	29,349
Commission on cash management	18,195	17,378
Commission on remittances including home remittances	60,186	12,322
Commission on bancassurance	68,406	104,459
Commission on sale of funds unit	52,825	34,166
Others	3,407	2,826
	<u>1,141,311</u>	<u>1,032,777</u>
28 GAIN ON SECURITIES		
Realised - net	415,396	431,976
Unrealised - held for trading - net	(3,329)	40,735
	<u>412,067</u>	<u>472,711</u>
28.1 Realised gain on:		
Federal Government securities	195,234	226,942
Shares	139,783	190,366
Open end mutual funds	80,379	14,668
	<u>415,396</u>	<u>431,976</u>
29 OTHER INCOME / (LOSS)		
Rent on property	48,402	45,359
Gain on sale of fixed assets - net	2,210	5,386
Gain on sale of non-banking assets - net	49,650	-
Loss on short sale of Pakistan Investment Bonds (PIBs)	-	(88,139)
Notice pay	830	1,689
Scrap income	1,535	505
Others	-	383
	<u>102,627</u>	<u>(34,817)</u>

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

For the quarter ended March 31, 2021

		Un-audited	
		March 31, 2021	March 31, 2020
Note		Rupees '000	
30	OPERATING EXPENSES		
	Total compensation expense	1,806,439	1,747,363
	Property expense		
	Rent and taxes	104,558	63,108
	Insurance	15,917	13,493
	Utilities cost	147,934	148,762
	Security (including guards)	148,943	187,829
	Repair and maintenance (including janitorial charges)	124,395	108,982
	Depreciation on owned fixed assets	127,227	125,998
	Depreciation on non-banking assets	1,241	1,395
	Depreciation on right-of-use assets	349,572	380,806
	Others	22,662	18,546
		1,042,449	1,048,919
	Information technology expenses		
	Software maintenance	392,014	439,605
	Hardware maintenance	63,331	75,837
	Depreciation	84,627	87,646
	Amortisation	33,139	38,159
	Network charges	60,006	70,159
	Others	302	2,026
		633,419	713,432
	Other operating expenses		
	Directors' fees and allowances	22,860	30,040
	Legal and professional charges	19,152	14,228
	Outsourced services costs - staff	101,382	83,937
	Travelling and conveyance	17,604	29,527
	NIFT clearing charges	10,598	13,840
	Depreciation	117,293	100,132
	Training and development	1,365	5,844
	Postage and courier charges	34,826	46,202
	Communication	34,048	25,996
	Marketing, advertisement and publicity	57,175	167,969
	Donations	79,917	-
	Auditors remuneration	3,145	11,835
	Insurance	239,339	173,575
	Stationery and printing	79,872	102,677
	Bank fees and charges	27,617	23,878
	Brokerage and commission	25,330	20,214
	Deposit protection premium	97,664	87,627
	Credit card bonus points redemption	44,652	54,284
	Others	112,089	128,796
		1,125,928	1,120,601
		4,608,235	4,630,315
31	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	5	107,907
32	PROVISIONS AND WRITE-OFFS - NET		
	Reversal of provision for diminution in value of investments	12.4	(309,741)
	(Reversal of provision) / provision against loans and advances	13.3	(159,289)
	Bad debts written off directly		11,726
	Recoveries of written off / charged off bad debts		(86,169)
	Provision against off balance sheet obligations	21.1	10,745
		(532,728)	219,763

For the quarter ended March 31, 2021

34.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at March 31, 2021 and March 31, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

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

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

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, 2021

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, 2021 (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	-	241,857,673	-	241,857,673
Shares	3,112,651	1,476,185	-	4,588,836
Non-Government debt securities	47,442,500	6,086,614	-	53,529,114
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	10,298,494	-	10,298,494
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,259,060	11,259,060
Non-banking assets acquired in satisfaction of claims	-	-	2,296,616	2,296,616
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	57,456,464	-	57,456,464
Forward sale of foreign exchange	-	28,913,584	-	28,913,584
Derivatives sales	-	7,306,457	-	7,306,457
	December 31, 2020 (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	-	202,016,327	-	202,016,327
Shares	5,631,735	1,477,249	-	7,108,984
Non-Government debt securities	47,510,000	6,092,828	-	53,602,828
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	10,029,170	-	10,029,170
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,259,060	11,259,060
Non-banking assets acquired in satisfaction of claims	-	-	2,683,207	2,683,207
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	64,514,335	-	64,514,335
Forward sale of foreign exchange	-	26,528,182	-	26,528,182
Derivatives sales	-	8,272,187	-	8,272,187

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, 2021

Valuation techniques used in determination of fair values within level 2

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

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and buildings)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2020.
Non-banking assets 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, 2020.

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, 2021

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

	2021					
	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss account for the quarter ended March 31, 2021 (Un-audited)	Rupees '000					
Net mark-up / return / profit	(2,576,048)	4,041,732	3,943,472	59,080	(29,340)	5,438,896
Inter segment revenue - net	6,479,072	(3,438,888)	(3,929,875)	9,357	880,334	-
Non mark-up / return / interest income	1,183,281	265,225	877,088	2,947	(102,798)	2,225,743
Total income	5,086,305	668,069	890,685	71,384	748,196	7,664,639
Segment direct expenses	2,659,224	115,330	85,630	35,788	1,788,525	4,684,497
Inter segment expense allocation	1,565,739	155,472	36,803	30,511	(1,788,525)	-
Total expenses	4,224,963	270,802	122,433	66,299	-	4,684,497
Provisions	(123,998)	324,502	(306,285)	(459,556)	32,609	(532,728)
Profit before tax	985,340	272,765	1,074,537	464,641	715,587	3,512,870
Statement of financial position as at March 31, 2021 (Un-audited)						
Cash and bank balances	25,016,894	-	30,586,005	-	-	55,602,899
Lendings to financial institutions	-	-	9,234,030	-	-	9,234,030
Investments	-	16,308,248	296,584,879	3,298,820	1,139,893	317,331,840
- Investment provision	-	-	(1,382,601)	(2,084,946)	-	(3,467,547)
Net inter segment lending	432,625,170	-	-	-	(432,625,170)	-
Advances - performing	66,645,271	246,909,897	-	-	4,722,352	318,277,520
Advances - non-performing	3,843,223	6,739,022	-	12,981,070	38,912	23,602,227
- Advances - provisions	(3,107,537)	(2,763,489)	-	(13,533,905)	(231,083)	(19,636,014)
Others	13,672,008	3,765,730	522,629	(1,886,991)	32,927,639	49,001,015
Total assets	538,695,029	270,959,408	335,544,942	(1,225,952)	(394,027,457)	749,945,970
Borrowings	6,729,934	49,403,201	35,239,845	-	-	91,372,980
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	516,412,081	31,477,165	-	206,463	1,301,908	549,397,617
Net inter segment borrowing	-	189,565,042	297,434,199	(1,438,917)	(485,560,324)	-
Others	15,553,014	514,000	487,899	6,502	30,965,448	47,526,863
Total liabilities	538,695,029	270,959,408	333,161,943	(1,225,952)	(453,292,968)	688,297,460
Equity	-	-	2,382,999	-	59,265,511	61,648,510
Total equity and liabilities	538,695,029	270,959,408	335,544,942	(1,225,952)	(394,027,457)	749,945,970
Contingencies and commitments	15,087,866	72,147,006	-	1,143,991	-	88,378,863

	2020					
	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss account for the quarter ended March 31, 2020 (Un-audited)	Rupees '000					
Net mark-up / return / profit	(5,399,079)	7,924,035	3,876,175	104,159	20,658	6,525,948
Inter segment revenue - net	9,396,729	(7,199,598)	(3,460,486)	(70,822)	1,334,177	-
Non mark-up / return / interest income	1,114,105	206,275	767,795	520	(135,050)	1,953,645
Total income	5,111,755	930,712	1,183,484	33,857	1,219,785	8,479,593
Segment direct expenses	2,975,670	135,404	87,501	26,165	1,588,081	4,812,821
Inter segment expense allocation	1,384,847	145,058	29,967	28,209	(1,588,081)	-
Total expenses	4,360,517	280,462	117,468	54,374	-	4,812,821
Provisions	46,459	156,745	(79,147)	82,517	13,189	219,763
Profit before tax	704,779	493,505	1,145,163	(103,034)	1,206,596	3,447,009
Statement of financial position as at December 31, 2020 (Audited)						
Cash and bank balances	29,219,828	-	33,540,008	-	-	62,759,836
Lendings to financial institutions	-	-	2,985,000	-	-	2,985,000
Investments	-	16,430,902	259,865,978	3,298,820	1,111,380	280,707,080
- Investment provision	-	-	(1,688,885)	(2,088,403)	-	(3,777,288)
Net inter segment lending	412,879,111	-	-	-	(412,879,111)	-
Advances - performing	64,171,608	245,899,442	-	-	3,448,811	313,519,861
Advances - non-performing	6,647,456	3,489,249	-	16,049,685	39,035	26,225,425
- Advances - provisions	(5,245,632)	(2,755,805)	-	(13,299,512)	(264,759)	(21,565,408)
Others	10,290,418	3,793,772	4,945,294	(1,881,285)	31,955,249	49,103,448
Total assets	517,962,789	266,857,560	299,647,395	2,079,605	(376,589,395)	709,957,954
Borrowings	5,488,813	46,412,012	6,545,691	-	-	58,446,516
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	494,881,273	44,326,035	-	201,771	1,226,754	540,635,833
Net inter segment borrowing	-	175,499,595	289,997,780	1,871,334	(467,368,709)	-
Others	17,592,703	619,918	331,518	6,500	32,217,534	50,768,173
Total liabilities	517,962,789	266,857,560	296,874,989	2,079,605	(433,924,421)	649,850,522
Equity	-	-	2,772,406	-	57,335,026	60,107,432
Total equity and liabilities	517,962,789	266,857,560	299,647,395	2,079,605	(376,589,395)	709,957,954
Contingencies and commitments	14,672,741	64,309,145	-	1,249,878	-	80,231,764

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

For the quarter ended March 31, 2021

37 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiary, 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, 2021 (Un-audited)					December 31, 2020 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
—Rupees '000												
Investments												
Opening balance	-	-	-	1,139,893	1,161,872	3,495,158	-	-	-	639,893	961,872	3,614,956
Investment made during the period / year	-	-	-	-	-	4,200,000	-	-	-	500,000	200,000	21,245,000
Investment redeemed / sold during the period / year	-	-	-	-	(200,000)	(4,058,986)	-	-	-	-	-	(21,364,798)
Closing balance	-	-	-	1,139,893	961,872	3,636,172	-	-	-	1,139,893	1,161,872	3,495,158
Provision for diminution in value of investments	-	-	-	-	-	2,039,337	-	-	-	-	-	2,041,899
Advances												
Opening balance	-	-	255,772	-	-	1,799,681	-	-	226,887	-	-	9,441,893
Addition during the period / year	-	-	46,361	-	-	-	-	-	78,407	-	-	6,496
Repaid during the period / year	-	-	(9,922)	-	-	-	-	-	(49,522)	-	-	(5,296,772)
Written off during the period / year	-	-	-	-	-	-	-	-	-	-	-	(2,351,936)
Closing balance	-	-	292,211	-	-	1,799,681	-	-	255,772	-	-	1,799,681
Provision held against advances	-	-	-	-	-	511,816	-	-	-	-	-	511,816
Fixed assets - right-of-use assets												
Opening balance	-	-	-	7,814	-	-	-	-	-	12,750	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the period / year	-	-	-	(1,234)	-	-	-	-	-	(4,386)	-	-
Closing balance	-	-	-	6,580	-	-	-	-	-	7,814	-	-
Accumulated depreciation	-	-	-	8,226	-	-	-	-	-	6,992	-	-

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

For the quarter ended March 31, 2021

	March 31, 2021 (Un-audited)					December 31, 2020 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Other assets												
Interest / mark-up accrued	-	-	406	-	-	54,086	-	-	345	-	-	58,469
Commission income receivable	-	-	-	-	1,872	37,230	-	-	-	-	72	36,391
Defined benefit plan asset	-	-	-	-	-	64,205	-	-	-	-	-	64,205
Maintenance receivable	-	-	-	3,503	-	-	-	-	-	1,751	-	-
Rent receivable	-	-	-	6,467	-	-	-	-	-	6,467	-	-
Dividend receivable	-	-	-	-	-	1,556	-	-	-	-	-	1,398
Others	-	-	-	-	-	512,968	-	-	-	-	-	515,944
	-	-	406	9,970	1,872	670,045	-	-	345	8,218	72	676,407
Deposits and other accounts												
Opening balance	182	44,456	139,814	4,244	14,910	10,509,734	182	37,985	156,482	5,469	-	3,074,185
Received during the period / year	250,849	9,940	456,495	11,240,446	156,712	77,968,468	-	46,969	1,723,877	33,796,467	1,178,039	235,409,751
Withdrawn during the period / year	-	(9,314)	(443,120)	(11,235,872)	(157,126)	(75,826,766)	-	(40,498)	(1,740,545)	(33,797,692)	(1,163,129)	(227,974,202)
Transfer in/(out) during the period / year	-	-	-	-	(2,041)	2,041	-	-	-	-	-	-
Closing balance	251,031	45,082	153,189	8,818	12,455	12,653,477	182	44,456	139,814	4,244	14,910	10,509,734
Other liabilities												
Interest / mark-up payable	-	124	89	-	-	52,143	-	129	217	-	11	38,703
Lease liability against right-of-use asset	-	-	-	5,839	-	-	-	-	-	5,640	-	-
Other liabilities	-	-	-	-	-	165,872	-	-	-	-	-	154,308
	-	124	89	5,839	-	218,015	-	129	217	5,640	11	193,011
Contingencies and commitments												
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	-	-	-	-	-	-	-	4,397
Trade related commitments	-	-	-	-	-	72,826	-	-	-	-	-	90,506
	-	-	-	-	-	72,826	-	-	-	-	-	94,903

* represents outstanding guarantee

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

37.1

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

For the quarter ended March 31, 2021

37.2

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

RELATED PARTY TRANSACTIONS

March 31, 2021 (Un-audited)					March 31, 2020 (Un-audited)						
Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties

—Rupees '000

Income											
Mark-up / return / interest earned	-	3,267	-	-	23,386	-	-	3,085	-	-	64,587
Fee and commission income	-	30	21	16	54,513	-	-	-	-	-	34,185
Dividend income	-	-	-	-	4,294	-	-	-	-	-	-
Net gain on sale of securities	-	2	17	61,520	18,859	-	-	-	-	-	17,289
Maintenance income	-	-	1,751	-	-	-	-	-	-	-	-
Occupancy and conservancy income	-	-	6,467	-	-	-	-	-	5,544	-	-
Other income	-	-	129	-	-	-	-	-	-	-	-
Expense											
Mark-up / return / interest paid	-	393	629	232	127,899	-	18	2,029	639	-	75,475
Interest expense on lease liability	-	-	199	-	-	-	-	-	357	-	-
Director's fee and other expenses	-	22,860	-	-	-	-	30,040	-	-	-	-
Remuneration	-	-	-	-	370	-	-	211,682	-	-	-
Consultancy fee	-	-	-	-	196	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	52,714	-	-	-	-	-	29,704
Contribution to defined contribution plan	-	-	-	-	61,075	-	-	-	-	-	52,211
Others											
Shares / units purchased during the period	-	-	-	-	4,200,000	-	-	-	-	-	4,331,015
Shares / units sold during the period	-	-	-	200,000	4,077,844	-	-	-	-	-	4,130,169
Government securities purchased during the period	-	-	-	-	-	-	-	-	-	-	-
Government securities sold during the period	-	-	120,270	-	762,476	-	-	213,494	-	-	4,331,015
Contribution to defined benefit plan	-	-	131,612	495,847	870,226	-	-	186,302	-	-	4,147,458
	-	-	-	-	52,714	-	-	-	-	-	59,408

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

For the quarter ended March 31, 2021

	Un-audited March 31, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum capital requirement (MCR):		
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital adequacy ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	52,023,115	49,714,043
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	52,023,115	49,714,043
Eligible tier 2 capital	7,862,012	8,503,577
Total eligible capital (tier 1 + tier 2)	59,885,127	58,217,620
Risk weighted assets (RWAs):		
Credit risk	238,493,599	238,337,872
Market risk	17,507,774	21,979,018
Operational risk	51,445,036	51,445,036
Total	307,446,409	311,761,926
Common equity tier 1 capital adequacy ratio (in %)	16.92%	15.95%
Tier 1 Capital adequacy ratio (in %)	16.92%	15.95%
Total Capital adequacy ratio (in %)	19.48%	18.67%
Leverage ratio (LR):		
Eligible tier-1 capital	52,023,115	49,714,043
Total exposures	902,149,393	833,578,134
Leverage ratio (in %)	5.77%	5.96%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	302,211,051	265,715,345
Total net cash outflow	139,547,729	125,951,241
Liquidity coverage ratio (times)	2.166	2.110
Net stable funding ratio (NSFR):		
Total available stable funding	504,978,711	493,425,675
Total required stable funding	297,734,444	291,491,198
Net stable funding ratio (in %)	169.61%	169.28%

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

For the quarter ended March 31, 2021

39 ISLAMIC BANKING BUSINESS

The Bank is operating 500 Islamic banking branches (December 31, 2020: 500) including 1 Islamic sub-branch (December 31, 2020: 1). The statement of financial position and profit and loss account of these branches for the period ended March 31, 2021 are as follows:

		Un-audited March 31, 2021	Audited December 31, 2020
	Note	Rupees '000	
Statement of financial position			
Restated			
ASSETS			
Cash and balances with treasury banks		19,678,103	21,763,033
Balances with other banks		2,494,611	1,929,779
Due from financial institutions		23,200,000	28,000,000
Investments	39.1	67,924,614	67,554,233
Islamic financing and related assets - net	39.2	214,400,675	190,066,639
Fixed assets		13,412,740	14,904,507
Intangible assets		163,004	136,688
Other assets		9,459,071	6,278,487
		350,732,818	330,633,366
LIABILITIES			
Bills payable		6,469,217	6,029,790
Due to financial institutions		47,896,479	47,086,694
Deposits and other accounts	39.3	258,534,045	248,090,892
Due to head office		2,709,994	2,377,714
Other liabilities		10,959,226	11,198,497
		326,568,961	314,783,587
		24,163,857	15,849,779
NET ASSETS			
REPRESENTED BY			
Islamic banking fund		17,180,000	9,180,000
Surplus on revaluation of assets - net of tax		1,308,203	1,468,656
Unappropriated profit	39.4	5,675,654	5,201,123
		24,163,857	15,849,779
CONTINGENCIES AND COMMITMENTS			
	39.5	Un-audited	
	Note	March 31, 2021	March 31, 2020
Profit and loss account			
Profit / return earned	39.6	5,299,363	5,147,552
Profit / return expensed	39.7	2,289,722	2,836,866
Net profit / return		3,009,641	2,310,686
Other income			
Fee and commission income		369,228	245,879
Foreign exchange income		47,811	12,785
Gain on securities		16,372	-
Others		30,022	2,630
Total other income		463,433	261,294
Total income		3,473,074	2,571,980
Other expenses			
Operating expenses		2,197,328	1,371,342
Other charges		5	7
Total other expenses		2,197,333	1,371,349
Profit before provisions		1,275,741	1,200,631
Provisions and write offs - net		497,821	(10,607)
Profit before taxation		777,920	1,211,238
Taxation		303,389	472,383
Profit after taxation		474,531	738,855

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

For the quarter ended March 31, 2021

39.1 Investments by segments:

	Un-audited March 31, 2021				Audited December 31, 2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees '000								
Federal Government securities:								
- Ijarah Sukuks	34,454,495	-	(206,961)	34,247,534	34,434,037	-	(27,948)	34,406,089
- Bai Muajjal								
Government of Pakistan	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
- Other Federal Government securities	931,344	-	-	931,344	466,435	-	-	466,435
	36,982,887	-	(206,961)	36,775,926	36,497,520	-	(27,948)	36,469,572
Shares								
- Listed companies	100,000	-	-	100,000	-	-	-	-
Non Government Debt securities:								
- Unlisted	30,614,406	-	434,282	31,048,688	30,663,124	-	421,537	31,084,661
Total investments	67,697,293	-	227,321	67,924,614	67,160,644	-	393,589	67,554,233

Un-audited
March 31,
2021

Audited
December 31,
2020

Rupees '000

Restated

39.2 Islamic financing and related assets - net

Murabaha	15,151,484	2,802,616
Musharaka	7,164	7,194
Diminishing Musharaka	105,244,708	102,902,725
Istisna	18,511,821	17,760,768
Tawwaruq	246,621	55,002
Running Musharaka	37,870,460	37,086,503
Fixed assets Ijarah financing - net	78,056	78,056
Tijarah	118,757	232,113
Advance against Murabaha financing	304,619	1,267,610
Advanced against Diminishing Musharaka	17,947,316	16,552,367
Advance against Ijarah	937,383	937,383
Advance against Istisna	9,304,774	6,890,624
Advance against Islamic export refinance	5,648,668	2,650,700
Advance against Tijarah	19,000	-
Musawamah	23,603	-
Bai salam	173,909	-
Salam	10,000	-
Inventory related to Islamic financing	4,431,729	1,974,625
Gross Islamic financing and related assets	216,030,072	191,198,286
Less: provision against Islamic financings		
- specific	(1,443,271)	(969,130)
- general	(186,126)	(162,517)
	(1,629,397)	(1,131,647)
Islamic financing and related assets - net of provision	214,400,675	190,066,639

39.3 Deposits

	Un-audited March 31, 2021			Audited December 31, 2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees '000						
Customers						
Current deposits	104,724,254	9,059,837	113,784,091	82,149,540	8,463,757	90,613,297
Savings deposits	88,510,013	6,426,371	94,936,384	95,053,032	6,078,395	101,131,427
Term deposits	36,464,510	188,721	36,653,231	45,612,885	245,025	45,857,910
	229,698,777	15,674,929	245,373,706	222,815,457	14,787,177	237,602,634
Financial institutions						
Current deposits	280,863	7,308	288,171	171,270	78	171,348
Savings deposits	11,217,118	-	11,217,118	8,426,214	7,646	8,433,860
Term deposits	1,655,050	-	1,655,050	1,883,050	-	1,883,050
	13,153,031	7,308	13,160,339	10,480,534	7,724	10,488,258
	242,851,808	15,682,237	258,534,045	233,295,991	14,794,901	248,090,892

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

For the quarter ended March 31, 2021

	Un-audited March 31, 2021	Audited December 31, 2020
	Rupees '000	
		Restated
39.4 Islamic banking business unappropriated profit		
Opening balance	5,201,123	2,794,403
Add: Islamic Banking profit for the period / year	777,920	3,945,444
Less: taxation	(303,389)	(1,538,724)
Closing balance	5,675,654	5,201,123
39.5 Contingencies and commitments		
Guarantees	16,134,593	12,003,581
Commitments	60,391,323	50,760,337
	76,525,916	62,763,918
	Un-audited	
	March 31, 2021	March 31, 2020
	Rupees '000	

39.6 Profit / return earned on financing, investments and placement

Profit earned on:

Financing	3,681,219	4,168,983
Investments	1,618,144	978,569
	5,299,363	5,147,552

39.7 Profit on deposits and other dues expensed

Deposits and other accounts	1,631,151	1,783,030
Other short term borrowings	442,261	875,722
Lease liability against right-of-use assets	216,310	178,114
	2,289,722	2,836,866

40 GENERAL

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

41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on April 22, 2021 by the Board of Directors of the Bank.

Directors' Report

Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited Group, along with unaudited condensed interim consolidated financial statements for the quarter ended March 31, 2021.

Group Profile

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

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

Associates	% Holding
Faysal Income & Growth Fund	45.47%
Faysal Cash Fund	50.47%
Faysal Money Market Fund	20.08%
Faysal Saving Growth Fund	28.09%

FBL Group structure is as follows:

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

Financial Highlights:

Key Balance Sheet Numbers	Rs. in million		Growth%
	March '21	December '20	
Investment	313,412	276,470	13.4%
Financing	322,244	318,180	1.3%
Total Assets	750,014	710,064	5.6%
Deposits	549,389	540,632	1.6%

Profit & Loss Account	March '21	March '20	Growth%
Total Revenue	7,674	8,489	-9.6%
Non-Markup Expenses	4,718	4,845	-2.6%
Profit before taxation & provisions	2,956	3,644	-17.5%
Net Provisions	(533)	220	-342.3%
Share of profit of associates	52	-	-
Profit before taxation	3,540	3,424	3.4%
Taxation	1,425	1,369	4.1%
Profit after taxation	2,115	2,055	2.9%
Earnings per share (Rupees)	1.39	1.35	

Despite a significant reduction in banking spreads due to reduction in interest rates, Faysal Bank's consolidated profit after tax for the quarter ended March 31, 2021 at PKR 2,115 million is 2.9% higher than corresponding period of previous year. The Group was able to protect its margins by aggressively growing its low-cost core deposits. Consequently, Earnings Per Share in the first quarter of 2021 is PKR 1.39 as compared to PKR 1.35 in the first quarter of the last year.

FAML continued to show improvement in performance. Assets Under Management (AUMs) have grown by 9.7% over December 2020 to PKR. 52 billion. One of the reasons for growth in AUMs is that Faysal Bank is effectively leveraging its branch network to generate Faysal Funds sales in targeted customer segments.

FAML has recorded profit after tax of PKR 34.8 million during the quarter under review as against a loss of PKR 25.6 million during the last year. This shows remarkable turnaround in operating performance of the entity post acquisition of control by FBL.

Credit Rating

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

Long-Term	AA
Short-Term	A1+

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

VIS has assigned Asset Management rating of AM2 to FAML. The rating signifies asset manager exhibiting very good management characteristics. As at December 31, 2020 outlook on the assigned rating has been revised from 'Stable' status to 'Positive'. The revision in rating outlook reflects improving market share, inclusion of experienced personnel in top management and support from parent.

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% (2020: 66.78%) of the shareholding in Faysal Bank Ltd. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding company of Ithmaar Holding B.S.C. and is the ultimate parent of the Group. DMIT was formed by indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and tradition.

Subsequent Events

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

Acknowledgement

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

Approval

In compliance with the requirement of the Companies Act, 2017, this directors' report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on April 22, 2021 and signed by the Chief Executive Officer and a director.

President & CEO

Karachi

Dated: April 22, 2021

Chairman / Director

بعد ازاں رپورٹنگ کے واقعات:

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

توثیقی بیان:

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

منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 22 اپریل، 2021 کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

چیرمین / ڈائریکٹر

صدر اداری ای او

کراچی

تاریخ: 22 اپریل، 2021

ایف اے ایم ایل نے اپنی کارکردگی میں بہتری کو برقرار رکھا ہوا ہے۔ ایف اے ایم ایل کے ایسیٹس انڈر مینجمنٹ (AUMs) دسمبر 2020 کے مقابلے میں 9.7 فیصد اضافے کے ساتھ 52 ارب روپے تک جا پہنچے ہیں۔ AUMs میں اضافے کی ایک وجہ یہ ہے کہ فیصل بینک نے مخصوص صارفین کو منوثر انداز میں فیصل فنڈز کی فروخت کے لیے اپنا وسیع برانچ نیٹ ورک استعمال کرنا شروع کر دیا ہے۔

ایف اے ایم ایل کو رواں سہ ماہی کے دوران بعد از ٹیکس 34.8 ملین روپے منافع ہوا، جبکہ گزشتہ سال اسی مدت کے دوران 25.6 ملین روپے خسارے کا سامنا تھا۔ یہ ایف بی ایل کے کنٹرول کے حصول کے بعد ادارے کی آپرینٹنگ کارکردگی میں قابل ذکر تبدیلی کو ظاہر کرتا ہے۔

کریڈٹ ریٹنگ:

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

طویل المیعاد: AA

قلیل المیعاد: A1+

مذکورہ بالا دونوں کریڈٹ ریٹنگ ایجنسیز نے ”مستحکم“ آؤٹ لک کی درجہ بندی تفویض کی ہے۔

وی آئی ایس نے ایف اے ایم ایل کی ایسیٹ مینجمنٹ ریٹنگ AM3+ سے بڑھا کر AM2 کر دی ہے۔ ریٹنگ میں بہتری انتظامی طور پر بہترین اقدامات کی عکاس ہے۔ اسی لیے ریٹنگ میں ”مستحکم“ آؤٹ لک کی درجہ بندی تفویض کی گئی ہے۔

ہولڈنگ کمپنی

اتمار بینک بی ایس سی (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کا لائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلا واسطہ طور پر بینک کے 66.78 فیصد (2020 میں 66.78 فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک بی ایس سی (کلوزڈ)، اتمار ہولڈنگ بی ایس سی کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (ڈی ایم آئی ٹی) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے۔ ڈی ایم آئی ٹی کا قیام کامن ویلتھ آف بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور سرانجام دیئے جائیں۔

مالیاتی جھلکیاں:

بیلنس شیٹ

(ملین روپے)

نمبر	دسمبر ۲۰۲۰ء	مارچ ۲۰۲۱ء	
سرمایہ کاری	276,470	313,412	13.4% فیصد
فنانسنگ	318,180	322,244	1.3% فیصد
کل اثاثہ جات	710,064	750,014	5.6% فیصد
ڈپازٹس	540,632	549,389	1.6% فیصد

(ملین روپے)

نفع اور نقصان اکاؤنٹ

نمبر	مارچ ۲۰۲۰ء	مارچ ۲۰۲۱ء	
مجموعی آمدنی	8,489	7,674	-9.6% فیصد
مارک اپ کے علاوہ اخراجات	4,845	4,718	-2.6% فیصد
منافع قبل از ٹیکس اور پروویژن	3,644	2,956	-17.5% فیصد
نیٹ پروویژن	220	-533	-342.3% فیصد
ایسوسی ایٹس کے منافع کا حصہ	-	52	-
منافع قبل از ٹیکس	3,424	3,540	3.4% فیصد
ٹیکسز	1,369	1,425	4.1% فیصد
منافع بعد از ٹیکس	2,055	2,115	2.9% فیصد
فی حصص آمدن (روپے)	1.35	1.39	

شرح سود میں کمی کی وجہ سے بینکنگ منافع جات بہت زیادہ کم ہونے کے باوجود 31 مارچ، 2021 کو ختم ہونے والی سہ ماہی میں فیصل پیک لمیٹڈ کا کنسولیدیٹڈ منافع 2,115 ملین روپے رہا جو کہ گزشتہ سال اسی مدت کے مقابلے میں 2.9 فیصد زیادہ ہے۔ گروپ نے کم لاگت والے ڈپازٹس میں تیزی کے ساتھ اضافہ کرتے ہوئے اپنے منافع جات کو محفوظ کر لیا۔ اس کے نتیجے میں گزشتہ سال پہلی سہ ماہی کے 1.35 روپے کے مقابلے میں اس سال پہلی سہ ماہی میں فی حصص آمدنی (EPS) 1.39 روپے ریکارڈ کی گئی۔

ڈائریکٹرز کا جائزہ

کنسولیدیٹڈ مالیاتی گوشوارے برائے پہلی سہ ماہی 2021

بورڈ آف ڈائریکٹرز کی جانب سے ہم آپ کی خدمت میں 31 مارچ، 2021 کو ختم ہونے والی سہ ماہی پر غیر آڈٹ شدہ کنسولیدیٹڈ عبوری مالیاتی گوشوارے ڈائریکٹرز رپورٹ کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

گروپ پروفائل

فیصل بینک لمیٹڈ (FBL) فیصل ایسیٹ مینجمنٹ لمیٹڈ (FAML) کے 99.9 فیصد حصص کا شرکت دار ہے۔ ایف اے ایم ایل ایک ان - لسٹڈ پبلک لمیٹڈ کمپنی ہے جو کہ نان - بینکنگ فنانس کمپنی (این بی ایف سی) کے طور پر رجسٹرڈ ہے، جس کے پاس نان - بینکنگ فنانس کمپنیز (اسٹیمپڈ اینڈ ریگولیشنز) رولز، 2003 اور نان - بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹائٹلز ریگولیشنز، 2008 کے تحت ایسیٹ مینجمنٹ اور سرمایہ کاری کے لیے ایڈوائزری سرورس فراہم کرنے کا لائسنس ہے۔

فیصل بینک لمیٹڈ نے FAML کے درج ذیل اوپن اینڈیڈ میوچل فنڈز میں اپنی ہولڈنگ کی بنیاد پر زیادہ اثر و رسوخ حاصل کر لیا ہے:

ایسوسی ایٹس	ہولڈنگ %
فیصل انکم اینڈ گروتھ فنڈ	45.47%
فیصل کیش فنڈ	50.47%
فیصل منی مارکیٹ فنڈ	20.08%
فیصل سیونگ گروتھ فنڈ	28.09%

ایف بی ایل گروپ درج ذیل پر مشتمل ہے:

ہولڈنگ کمپنی: فیصل بینک لمیٹڈ

ذیلی ادارہ: فیصل ایسیٹ مینجمنٹ لمیٹڈ

Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2021

		Un-audited March 31, 2021	Audited December 31, 2020
Note		Rupees '000	
ASSETS			
Cash and balances with treasury banks	9	50,781,840	59,881,290
Balances with other banks	10	4,821,158	2,878,630
Lendings to financial institutions	11	9,234,030	2,985,000
Investments	12	313,412,156	276,469,824
Advances	13	322,243,733	318,179,878
Fixed assets	14	24,216,251	24,102,155
Intangible assets	15	1,915,587	1,894,204
Deferred tax assets	20	-	-
Other assets	16	23,388,773	23,673,221
		750,013,528	710,064,202
LIABILITIES			
Bills payable	17	12,723,590	13,543,270
Borrowings	18	91,372,980	58,446,516
Deposits and other accounts	19	549,389,375	540,632,217
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	20	1,081,874	1,582,351
Other liabilities	21	33,674,557	35,641,746
		688,242,376	649,846,100
		61,771,152	60,218,102
NET ASSETS			
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		11,020,122	11,032,647
Surplus on revaluation of assets - net	22	8,291,733	9,027,473
Unappropriated profit		27,282,312	24,981,002
Total equity attributable to the equity holders of the Bank		61,771,132	60,218,087
Non-controlling interest		20	15
		61,771,152	60,218,102
CONTINGENCIES AND COMMITMENTS			
	23		

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

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

For the quarter ended March 31, 2021

		Quarter ended	
		March 31,	March 31,
		2021	2020
		Rupees '000	
Note			
Mark-up / return / interest earned	25	12,028,946	17,201,942
Mark-up / return / interest expensed	26	6,580,911	10,675,280
Net mark-up / interest income		5,448,035	6,526,662
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	1,215,510	1,060,319
Dividend income		82,845	60,342
Foreign exchange income		512,048	332,211
(Loss) / income from derivatives		(31,437)	90,535
Gain on securities	28	350,975	471,446
Other income / (loss)	29	96,161	(52,927)
Total non mark-up / interest income		2,226,102	1,961,926
Total income		7,674,137	8,488,588
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	4,641,980	4,662,651
Workers Welfare Fund		76,257	74,599
Other charges	31	5	107,907
Total non mark-up / interest expenses		4,718,242	4,845,157
Share of profit of associates	12.6	51,715	-
Profit before provisions		3,007,610	3,643,431
Provisions and write-offs - net	32	(532,728)	219,763
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,540,338	3,423,668
Taxation	33	1,425,126	1,369,077
PROFIT AFTER TAXATION		2,115,212	2,054,591
Attributable to:			
Equity holders of the Bank		2,115,207	2,054,594
Non-controlling interest		5	(3)
		2,115,212	2,054,591
----- Rupees -----			
Basic / diluted earnings per share	34	1.39	1.35

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2021

	Quarter ended	
	March 31, 2021	March 31, 2020
	----- Rupees '000 -----	
Profit after taxation for the period	2,115,212	2,054,591
Other comprehensive loss		
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>		
- Movement in surplus on revaluation of investments - net of tax	(549,637)	(75,116)
Total comprehensive income	1,565,575	1,979,475
Attributable to:		
Equity holders of the Bank	1,565,570	1,979,478
Non-controlling interest	5	(3)
	1,565,575	1,979,475

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

For the quarter ended March 31, 2021

[illegible]

- Boeas '000 -

Balance as at January 1, 2020 (Audited)

Profit after taxation for the quarter ended
March 31, 2020

-	-	-	-	-	-	-	-	-	2,064,594	(3)	2,064,591
-	-	-	-	-	-	(75,116)	-	(75,116)	-	-	(75,116)
-	-	-	-	-	-	(75,116)	-	(75,116)	2,064,594	(3)	1,979,475

Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax

-	-	-	-	-	-	-	(19,120)	(19,120)	19,120	-	-
---	---	---	---	---	---	---	----------	----------	--------	---	---

Amortisation of intangible assets - customer relationship - net of tax

-	-	(29,290)	-	-	(29,290)	-	-	-	-	-	(29,290)
---	---	----------	---	---	----------	---	---	---	---	---	----------

Balance as at March 31, 2020 (Un-audited)

Profit after taxation for the period from
April 1, 2020 to December 31, 2020

-	-	-	-	-	-	-	-	-	4,626,023	7	4,626,030
-	-	-	-	-	-	(1,530,074)	-	(1,530,074)	37,656	-	(1,492,418)

Other comprehensive (loss) / income - net of tax

-	-	-	-	-	-	(1.530,074)	-	(1.530,074)	4.663,679	7	3.133,612
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Transfer to statutory reserve

-	-	-	-	1,302,101	1,302,101	-	-	-	(1,302,101)	-	-
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Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax

(06/2007) (06/2007) 06/2007

Amortisation of intangible assets - customer relationship - net of tax

- - (71,122) - - (71,122) - - - - (71,122)

Balance as at December 31, 2020 (Audited)

Profit after taxation for the quarter
ended March 31, 2021

	*	*	*	*	*	*	*	*	*	2,115,207	5	2,115,212
					(510,007)					(510,007)		(510,007)

Other comprehensive loss - net of tax

-	-	-	-	-	-	(549,637)	-	(549,637)	-	-	(549,637)
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Total comprehensive (loss) / income

-	-	-	-	-	-	(549,637)	-	(549,637)	2,115,207	5	1,565,575
---	---	---	---	---	---	-----------	---	-----------	-----------	---	-----------

Transfer from surplus on revaluation of fixed
assets to unappropriated profit - net of tax

-	-	-	-	-	-	-	(28,853)	(28,853)	28,853	-	-
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Transfer from surplus on revaluation of
non-banking assets - net of tax

-	-	-	-	-	-	-	(157,250)	(157,250)	157,250	-	-
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Amortisation of intangible assets - customer relationship - net of tax

-	-	(12,525)	-	-	(12,525)	-	-	-	-	-	(12,525)
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Balance as at March 31, 2021 (Un-audited)

15,176,965	10,131	362,993	23,952	10,623,046	11,020,122	1,229,088	7,062,645	8,291,733	27,282,312	20	61,771,152
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The annexed notes 1 to 41 form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2021

	March 31, 2021	March 31, 2020
	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,540,338	3,423,668
Less: dividend income	(82,845)	(60,342)
Less: share of profit of associates	(51,715)	-
	3,405,778	3,363,326
Adjustments:		
Depreciation on owned fixed assets	329,729	314,188
Amortisation of intangible assets	33,168	38,159
Depreciation on right-of-use assets	348,338	380,806
Depreciation on non-banking assets	1,241	1,395
Workers Welfare Fund	76,257	74,599
(Reversal of provision) / Provision against loans and advances - net	(159,289)	314,747
Reversal of provision for diminution in value of investments - net	(309,741)	(83,978)
Provision against off balance sheet obligations - net	10,745	414
Unrealised loss / (gain) on securities - held for trading - net	3,036	(37,471)
Gain on sale of fixed assets - net	(2,210)	(5,654)
Gain on sale of non-banking assets - net	(49,650)	-
Charge for defined benefit plan	53,922	-
Loss / (income) from derivative contracts - net	31,437	(90,535)
Mark-up / return / interest expensed - lease liability against right-of-use assets	354,067	250,592
Bad debts written off directly	11,726	3,017
	732,776	1,160,279
	4,138,554	4,523,605
(Increase) / decrease in operating assets		
Lendings to financial institutions	(6,249,030)	-
Held-for-trading securities	(38,380,671)	4,304,087
Advances	(3,916,292)	2,109,993
Others assets (excluding advance taxation)	(146,285)	(4,185,217)
	(48,692,278)	2,228,863
Increase / (decrease) in operating liabilities		
Bills Payable	(819,680)	(937,615)
Borrowings from financial institutions	34,086,781	(11,214,472)
Deposits	8,757,158	3,194,416
Other liabilities (excluding current taxation)	(2,275,343)	2,991,869
	39,748,916	(5,965,802)
Income tax paid	(1,616,286)	(519,131)
Contribution to gratuity fund	(53,117)	-
Net cash (used in) / generated from operating activities	(6,474,211)	267,535
CASH FLOWS FROM INVESTING ACTIVITIES		
Net divestment / (investment) in available for sale securities	2,117,384	(16,236,458)
Net investment in associates	(1,339,196)	-
Net divestment in held to maturity securities	116,440	113,450
Dividends received	69,673	19,025
Investment in operating fixed assets	(467,382)	(554,458)
Investment in intangible assets	(75,084)	(25,052)
Proceeds from sale of fixed assets	2,836	(50,479)
Proceeds from sale of non-banking assets	435,000	-
Net cash generated / (used in) from investing activities	859,671	(16,733,972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(382,056)	(387,968)
Dividend paid	(9)	(14)
Net cash used in financing activities	(382,065)	(387,982)
Decrease in cash and cash equivalents during the period	(5,996,605)	(16,854,419)
Cash and cash equivalents at the beginning of the period	61,126,589	62,765,354
Cash and cash equivalents at the end of the period	55,129,984	45,910,935

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter ended March 31, 2021

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

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

1.1.1 Holding Company - Faysal Bank Limited

Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 575 branches (December 31, 2020: 575 branches) and 1 sub-branch (December 31, 2020: 1). Out of these, 500 (December 31, 2020: 500) are Islamic banking branches and 76 (December 31, 2020: 76) are conventional.

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

Ithmaar Bank B.S.C (closed), a wholly owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2020: 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, based on the unconsolidated financial statements of the Bank have determined the long-term rating as 'AA' (December 31, 2020: 'AA') and the short term rating as 'A1+' (December 31, 2020: 'A1+') on June 26, 2020 and June 29, 2020 respectively.

1.1.2 Subsidiary Company - Faysal Asset Management Limited

	Percentage of holding	
	March 31, 2021	December 31, 2020
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

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

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

VIS Credit Rating Company Limited has assigned Asset Management rating of AM2 as at March 31, 2021 (December 31, 2020: AM2).

2 BASIS OF PRESENTATION

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

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

For the quarter ended March 31, 2021

- 2.2** The financial results of the Islamic banking branches have been consolidated in these condensed interim consolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all Islamic banking branches are disclosed in note 39 to these condensed interim consolidated financial statements.

3 BASIS OF CONSOLIDATION

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

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

Material intra-group balances and transactions are eliminated.

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

3 STATEMENT OF COMPLIANCE

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

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

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

- 3.2** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Holding Company to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended March 31, 2020, the Group has adjusted amortisation of intangible assets amounting to Rs. 20.532 (period ended March 31, 2020: Rs. 29.290 million) from the NCR.

- 3.3** These condensed interim consolidated financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the audited annual consolidated financial statements for the financial year ended December 31, 2020.

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

For the quarter ended March 31, 2021

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

3.4.1 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these condensed interim consolidated financial statements.

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

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

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2021*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2022
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 3 - 'Business combinations' (amendments)	January 1, 2022

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

* The SBP vide its BPRD Circular No. 04 dated October 23, 2019 has notified the implementation date of IFRS 9, 'Financial instruments' as January 1, 2021. Awaiting detailed application guidelines, the Bank has not adopted IFRS 9 in these condensed interim consolidated financial statements.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are the same as applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2020.

5 BASIS OF MEASUREMENT

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

6 FUNCTIONAL AND PRESENTATION CURRENCY

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.

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

For the quarter ended March 31, 2021

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is the same as that applied in the preparation of the consolidated financial statements of the Holding Company for the year ended December 31, 2020.

8 COVID-19 RISK MANAGEMENT

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a number of measures on both the fiscal and economic fronts. The measures introduced by the SBP and the Bank are disclosed in annual consolidated financial statements of the Group for the year ended December 31, 2020.

	Un-audited March 31, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
9 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	12,760,175	13,650,096
- foreign currencies	6,771,693	6,147,826
	19,531,868	19,797,922
With State Bank of Pakistan in		
- local currency current accounts	21,838,681	25,323,730
- foreign currency current accounts	2,024,051	2,121,802
- foreign currency deposit accounts	3,578,410	3,860,816
	27,441,142	31,306,348
With National Bank of Pakistan in		
- local currency current accounts	3,735,233	8,202,707
Prize bonds	73,597	574,313
	50,781,840	59,881,290
10 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	1,826,444	645,273
- in saving accounts	67	72
	1,826,511	645,345
Outside Pakistan		
- in current accounts	2,994,647	2,233,285
	4,821,158	2,878,630
11 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	6,200,000	-
Repurchase agreement lendings (reverse repo)	3,034,030	2,985,000
	9,234,030	2,985,000

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

For the quarter ended March 31, 2021

11.1 Securities held as collateral against lendings to financial institutions

	Un-audited March 31, 2021			Audited December 31, 2020		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	Rupees '000					
Market Treasury Bills	3,034,030	-	3,034,030	-	-	-
Pakistan Investment Bonds	-	-	-	2,985,000	-	2,985,000
	<u>3,034,030</u>	<u>-</u>	<u>3,034,030</u>	<u>2,985,000</u>	<u>-</u>	<u>2,985,000</u>

12 INVESTMENTS

12.1 Investments by type:

Note	Un-audited March 31, 2021				Audited December 31, 2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus	Carrying value
	Rupees '000							
Held-for-trading securities								
Federal Government securities	45,332,483	-	313	45,332,796	6,534,053	-	418	6,534,471
Shares	181,409	-	(2,931)	178,478	599,168	-	1,086	600,254
	<u>45,513,892</u>	<u>-</u>	<u>(2,618)</u>	<u>45,511,274</u>	<u>7,133,221</u>	<u>-</u>	<u>1,504</u>	<u>7,134,725</u>
Available-for-sale securities								
Federal Government securities	196,908,610	-	(383,733)	196,524,877	195,466,018	-	15,838	195,481,856
Shares	4,872,547	1,382,601	(62,414)	3,427,532	8,421,544	1,688,885	376,325	7,108,984
Non Government debt securities	51,627,856	559,787	2,461,045	53,529,114	51,638,835	559,787	2,523,780	53,602,828
	<u>253,409,013</u>	<u>1,942,388</u>	<u>2,014,898</u>	<u>253,481,523</u>	<u>255,526,397</u>	<u>2,248,672</u>	<u>2,915,943</u>	<u>256,193,668</u>
Held-to-maturity securities								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt securities	11,715,016	1,525,159	-	10,189,857	11,831,456	1,528,616	-	10,302,840
	<u>13,312,064</u>	<u>1,525,159</u>	<u>-</u>	<u>11,786,905</u>	<u>13,428,504</u>	<u>1,528,616</u>	<u>-</u>	<u>11,899,888</u>
Associates *								
Faysal Income & Growth Fund	336,187	-	-	336,187	267,056	-	-	267,056
Faysal Cash Fund	102,367	-	-	102,367	-	-	-	-
Faysal Money Market Fund	1,498,580	-	-	1,498,580	-	-	-	-
Faysal Islamic Stock Fund	-	-	-	-	236,820	-	-	236,820
Faysal Asset Allocation Fund	-	-	-	-	51,158	-	-	51,158
Faysal Saving Growth Fund	695,320	-	-	695,320	686,509	-	-	686,509
	<u>2,632,454</u>	<u>-</u>	<u>-</u>	<u>2,632,454</u>	<u>1,241,543</u>	<u>-</u>	<u>-</u>	<u>1,241,543</u>
Total Investments	<u>314,867,423</u>	<u>3,467,547</u>	<u>2,012,280</u>	<u>313,412,156</u>	<u>277,329,665</u>	<u>3,777,288</u>	<u>2,917,447</u>	<u>276,469,824</u>

* related parties

12.2 Bai Muajjal - gross
Less: deferred income
Less: profit receivable shown in other assets
Bai Muajjal - net

Un-audited March 31, 2021	Audited December 31, 2020
Rupees '000	
2,212,625	2,212,625
(144,346)	(194,895)
(471,231)	(420,682)
<u>1,597,048</u>	<u>1,597,048</u>

This represents Bai Muajjal with Government of Pakistan which carry mark-up at the rate of 12.84% per annum (December 31, 2020: 12.84%) maturing in December, 2021.

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

For the quarter ended March 31, 2021

Un-audited March 31, 2021	Audited December 31, 2020
Rupees '000	

12.3 Investments given as collateral

- Market treasury bills

35,000,000	-
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12.4 Provision for diminution in value of investments

12.4.1 Opening balance

Charge / (reversals)

Charge for the period / year

Reversals for the period / year

Reversals on disposals

Closing balance

3,777,288	3,849,281
-	379,785
(3,456)	(14,982)
(306,285)	(436,796)
(309,741)	(71,993)
3,467,547	3,777,288

12.4.3 Particulars of provision against debt securities

Category of classification

Domestic

- Loss

Un-audited March 31, 2021		Audited December 31, 2020	
Non-performing investments	Provision	Non-performing investments	Provision
Rupees '000			
2,084,946	2,084,946	2,088,403	2,088,403

12.5 The market value of securities classified as held-to-maturity as at March 31, 2021 amounted to Rs. 10,298,494 million (December 31, 2020: Rs. 10,029,170 million).

12.6 Movement of investment in associates

As at March 31, 2021						
Country of incorporation	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit	Dividend received	Investment at the end of the period
Rupees '000						

Associates

Faysal Income & Growth Fund	Pakistan	45.47%	267,056	66,360	2,771	-	336,187
Faysal Cash Fund	Pakistan	50.47%	-	102,367	2,081	(2,081)	102,367
Faysal Money Market Fund	Pakistan	20.08%	-	1,497,544	8,314	(7,278)	1,498,580
Faysal Islamic Stock Fund	Pakistan	0.00%	236,820	(261,520)	24,700	-	-
Faysal Asset Allocation Fund	Pakistan	8.89%	51,158	(56,196)	5,038	-	-
Faysal Saving Growth Fund	Pakistan	28.09%	686,509	-	8,811	-	695,320
			1,241,543	1,348,555	51,715	(9,359)	2,632,454

As at December 31, 2020						
Country of incorporation	% Holding	Investment at the beginning of the year	Investment / (redemption) during the year	Share of profit	Dividend received	Investment at the end of the year
Rupees '000						

Associates

Faysal Income & Growth Fund	Pakistan	40.67%	268,625	-	26,672	(28,241)	267,056
Faysal Islamic Stock Fund	Pakistan	37.64%	-	200,000	41,860	(5,040)	236,820
Faysal Asset Allocation Fund	Pakistan	28.12%	-	34,279	17,665	(786)	51,158
Faysal Saving Growth Fund	Pakistan	21.54%	693,247	-	69,973	(76,711)	686,509
			961,872	234,279	156,170	(110,778)	1,241,543

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

For the quarter ended March 31, 2021

13 ADVANCES

	Performing		Non performing		Total	
	Un-audited March 31, 2021	Audited December 31, 2020	Un-audited March 31, 2021	Audited December 31, 2020	Un-audited March 31, 2021	Audited December 31, 2020
----- Rupees '000 -----						
Loans, cash credits, running finances, etc.	101,885,843	119,418,082	20,544,491	24,454,468	122,430,334	143,872,550
Islamic financing and related assets	213,396,085	189,951,257	2,633,987	1,247,029	216,030,072	191,198,286
Bills discounted and purchased	2,995,592	4,150,522	423,749	523,928	3,419,341	4,674,450
Advances - gross	318,277,520	313,519,861	23,602,227	26,225,425	341,879,747	339,745,286
Provision against advances						
- specific	-	-	(18,783,311)	(20,649,632)	(18,783,311)	(20,649,632)
- general	(852,703)	(915,776)	-	-	(852,703)	(915,776)
	(852,703)	(915,776)	(18,783,311)	(20,649,632)	(19,636,014)	(21,565,408)
Advances - net of provision	317,424,817	312,604,085	4,818,916	5,575,793	322,243,733	318,179,878

13.1 Particulars of advances (gross)

	Un-audited March 31, 2021	Audited December 31, 2020
----- Rupees '000 -----		
- in local currency	341,251,405	339,106,568
- in foreign currencies	628,342	638,718
	341,879,747	339,745,286

13.2 Advances include Rs. 23,602 million (December 31, 2020: Rs. 26,225 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited March 31, 2021		Audited December 31, 2020	
	Non-performing loans	Provision	Non-performing loans	Provision
----- Rupees '000 -----				
Domestic				
- other assets especially mentioned	228,331	-	204,782	-
- substandard	693,723	71,078	2,727,006	541,529
- doubtful	2,633,477	1,124,117	900,979	237,209
- loss	20,046,696	17,588,116	22,392,658	19,870,894
Total	23,602,227	18,783,311	26,225,425	20,649,632

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

For the quarter ended March 31, 2021

13.3 Particulars of provision against advances

	Un-audited March 31, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
----- Rupees '000 -----						
Opening balance	20,649,632	915,776	21,565,408	23,475,724	761,951	24,237,675
Exchange adjustment	(30,543)	-	(30,543)	25,095	-	25,095
Charge for the period / year	586,208	-	586,208	3,610,762	250,000	3,860,762
Reversals during the period / year	(682,424)	(63,073)	(745,497)	(1,485,958)	(96,175)	(1,582,133)
	(96,216)	(63,073)	(159,289)	2,124,804	153,825	2,278,629
Amounts written off	(1,739,562)	-	(1,739,562)	(4,975,991)	-	(4,975,991)
Closing balance	18,783,311	852,703	19,636,014	20,649,632	915,776	21,565,408

13.3.1 General provision represents provision maintained against fully secured performing portfolio of consumer finance and unsecured performing portfolio of consumer and small enterprise finance, as required by the Prudential Regulations issued by the SBP.

In addition to the requirements of the Prudential Regulations, the management has exercised prudence and recognised a general provision amounting to Rs. 250 million keeping in view the impacts of COVID-19.

13.3.2 As allowed by the SBP, the Holding Company has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,564.482 million (December 31, 2020: Rs 2,632.364 million) relating to advances while determining the provisioning requirement against non-performing financing as at March 31, 2021. The additional profit arising from availing the FSV benefit (net of tax) as at March 31, 2021 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,564.334 million (December 31, 2020: Rs 1,605.742 million).

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

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

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

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

14	FIXED ASSETS	Note	Un-audited March 31, 2021	Audited December 31, 2020
			----- Rupees '000 -----	
	Capital work-in-progress	14.1	1,030,921	833,762
	Property and equipment		23,185,330	23,268,393
			24,216,251	24,102,155

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

For the quarter ended March 31, 2021

		Un-audited March 31, 2021	Audited December 31, 2020
		Rupees '000	
14.1 Capital work-in-progress			
Civil works		278,472	225,737
Equipment		654,078	561,345
Furniture and fixture		37,589	18,838
Vehicles		32,982	42
Land and building		27,800	27,800
		<u>1,030,921</u>	<u>833,762</u>
14.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		464,521	553,465
Property and equipment			
Furniture and fixture		1,254	64,711
Electrical, office and computer equipment		242,698	300,919
Vehicles		-	58,765
Right-of-use assets		325,407	-
Others		26,271	237,889
		<u>595,630</u>	<u>662,284</u>
Total		<u>1,060,151</u>	<u>1,215,749</u>
14.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		17	3
Electrical, office and computer equipment		600	3,777
Vehicles		9	29
Total		<u>626</u>	<u>3,809</u>
15 INTANGIBLE ASSETS			
		Un-audited March 31, 2021	Audited December 31, 2020
		Rupees '000	
Capital work-in-progress	15.1	524,766	567,658
Computer softwares		442,663	357,857
Customer relationship		595,074	615,605
Management rights		238,484	238,484
Goodwill		114,600	114,600
		<u>1,390,821</u>	<u>1,326,546</u>
Total		<u>1,915,587</u>	<u>1,894,204</u>
15.1 Capital work-in-progress			
Computer software		524,766	567,658
15.2 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Directly purchased		117,976	117,234

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

For the quarter ended March 31, 2021

		Un-audited March 31, 2021	Audited December 31, 2020
Note		Rupees '000	
16	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	7,672,678	7,291,340
	Income / mark-up accrued in foreign currencies - net of provision	4,640	1,314
	Advances, deposits, advance rent and other prepayments	1,029,352	796,101
	Advance taxation (payments less provisions)	-	25,301
	Non-banking assets acquired in satisfaction of claims	1,000,080	1,229,421
	Mark to market gain on forward foreign exchange contracts	1,351,527	649,361
	Fair value of derivative contracts	93,808	190,130
	Acceptances	9,606,434	10,726,305
	Credit cards and other products fee receivable	356,881	369,968
	Receivable from brokers against sale of shares	26,699	20,241
	Dividend receivable	97,804	84,632
	Receivable from 1Link (Private) Limited	512,968	515,944
	Rent and amenities receivable	8,942	33,159
	Rebate receivable - net	51,932	87,632
	Defined benefit plan asset	65,538	66,343
	Others	542,832	462,121
		22,422,115	22,549,313
	Less: provision held against other assets	(329,878)	(329,878)
	Other assets - net of provision	22,092,237	22,219,435
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,296,536	1,453,786
	Other assets - total	23,388,773	23,673,221
16.1	Provision held against other assets		
	Dividend receivable	75,348	75,348
	SBP penalties	51,050	51,050
	Fraud forgery theft and account receivable	20,867	20,867
	Security deposits	22,994	22,994
	Others	159,619	159,619
		329,878	329,878
16.1.1	Movement in provision held against other assets		
	Opening balance	329,878	256,222
	Charge for the period / year	-	74,536
	Reversals during the period / year	-	(795)
		-	73,741
	Amounts written off		(85)
	Closing balance	329,878	329,878
17	BILLS PAYABLE		
	In Pakistan	12,723,590	13,543,270

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

For the quarter ended March 31, 2021

Un-audited
March 31,
2021

Audited
December 31,
2020

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

18 BORROWINGS

Secured

Borrowings from the State Bank of Pakistan (SBP)

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

5,607,601	8,623,400
1,238,539	1,246,164
808,588	809,662
44,557	53,129
21,958,439	19,400,601
12,125,315	12,932,302
1,632,550	1,400,274
4,361,120	3,599,252
7,872,718	3,807,141
31,600	35,400
55,681,027	51,907,325
34,726,938	-
492,001	500,000
90,899,966	52,407,325
473,014	1,633,331
-	410,000
-	3,995,860
473,014	6,039,191
91,372,980	58,446,516

Repurchase agreement borrowings

Borrowing from other financial institution

Total secured

Unsecured

Overdrawn nostro accounts

Musharaka acceptances

Other borrowings

Total unsecured

19 DEPOSITS AND OTHER ACCOUNTS

Un-audited March 31, 2021			Audited December 31, 2020		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total

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

Customers

Current deposits	168,818,139	20,139,441	188,957,580	144,344,213	20,813,651	165,157,864
Savings deposits	174,605,011	17,360,337	191,965,348	184,977,342	17,643,501	202,620,843
Term deposits	135,806,341	2,403,650	138,209,991	143,287,216	3,141,533	146,428,749
Margin deposits	3,599,893	8,856	3,608,749	3,341,663	15,132	3,356,795
	482,829,384	39,912,284	522,741,668	475,950,434	41,613,817	517,564,251

Financial institutions

Current deposits	1,100,823	50,491	1,151,314	813,493	49,245	862,738
Savings deposits	22,398,815	-	22,398,815	15,880,218	-	15,880,218
Term deposits	3,097,578	-	3,097,578	6,325,010	-	6,325,010
	26,597,216	50,491	26,647,707	23,018,721	49,245	23,067,966
	509,426,600	39,962,775	549,389,375	498,969,155	41,663,062	540,632,217

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

For the quarter ended March 31, 2021

	Un-audited March 31, 2021	Audited December 31, 2020
Note	----- Rupees '000 -----	

20 DEFERRED TAX (LIABILITIES) / ASSETS

Deductible temporary differences on

- provision for diminution in the value of investments	277,106	152,577
- provision against advances, off balance sheet etc.	1,215,623	1,215,623
- provision against other assets	128,462	128,462
- Alternate Corporate Tax (ACT)	9,710	4,675
- defined benefit obligation	(387)	(620)
- unused tax losses	57,507	69,652
- others	298	537
	1,688,319	1,570,906

Taxable temporary differences on

- surplus on revaluation of fixed assets	(1,580,533)	(1,599,730)
- surplus on revaluation of non-banking assets	(14,113)	(14,113)
- surplus on revaluation of investments	(785,811)	(1,137,218)
- fair value adjustment relating to net assets acquired upon amalgamation	(232,079)	(240,087)
- fair value adjustment relating to net assets acquired upon business combination	(52,496)	(52,496)
- accelerated tax depreciation	(92,043)	(96,495)
- fair valuation of previously held equity interest in the Subsidiary Company	(13,118)	(13,118)
	(2,770,193)	(3,153,257)
	(1,081,874)	(1,582,351)

21 OTHER LIABILITIES

Mark-up / return / interest payable in local currency	2,817,264	3,792,193
Mark-up / return / interest payable in foreign currencies	10,559	6,344
Unearned commission and income on bills discounted	1,218,127	968,302
Accrued expenses	2,422,312	2,531,060
Acceptances	9,606,434	10,726,305
Unclaimed dividends	45,034	45,043
Mark to market loss on forward foreign exchange contracts	2,662,619	1,907,030
Current taxation (provision less payments)	829,229	-
Charity fund balance	1,050	1,070
Provision against off-balance sheet obligations	138,314	127,569
Security deposits against leases	438,461	586,301
Withholding tax payable	119,720	182,100
Federal excise duty payable	44,044	67,402
Payable to brokers against purchase of shares	88,678	35,001
Fair value of derivative contracts	653,448	964,671
Payable related to credit cards and other products	255,458	1,146,914
Lease liability against right-of-use assets	8,822,671	8,525,253
Advance against disposal of assets	22,040	459,467
Funds held as security	256,710	242,227
Payable to 1Link (Private) Limited	165,872	154,308
Insurance payable	138,501	115,012
Clearing and settlement accounts	2,695,683	2,706,765
Others	222,329	351,409
	33,674,557	35,641,746

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

For the quarter ended March 31, 2021

Note	Un-audited March 31, 2021	Audited December 31, 2020
	Rupees '000	
21.1 Provision against off-balance sheet obligations		
Opening balance	127,569	113,676
Charge for the period / year	20,425	25,132
Reversals during the period / year	(9,680)	(11,239)
	10,745	13,893
Closing balance	138,314	127,569
22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of		
- available for sale securities	2,014,898	2,915,943
- fixed assets	7,364,020	7,411,321
- non-banking assets acquired in satisfaction of claims	1,296,536	1,453,786
	10,675,454	11,781,050
Deferred tax on surplus on revaluation of:		
- available for sale securities	(785,810)	(1,137,218)
- fixed assets	(1,583,798)	(1,602,246)
- non-banking assets acquired in satisfaction of claims	(14,113)	(14,113)
	(2,383,721)	(2,753,577)
	8,291,733	9,027,473
23 CONTINGENCIES AND COMMITMENTS		
Guarantees	23.1 30,139,047	29,202,222
Commitments	23.2 216,874,848	183,850,529
Other contingent liabilities	23.3 4,122,244	4,122,244
	251,136,139	217,174,995
23.1 Guarantees:		
Financial guarantees	6,762,285	7,810,863
Performance guarantees	7,193,921	5,662,415
Other guarantees	16,182,841	15,728,944
	30,139,047	29,202,222
23.2 Commitments:		
Documentary credits and short-term trade-related transactions		
- letters of credit	57,782,273	50,571,999
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 90,357,991	93,025,986
- forward government securities transactions	23.2.2 37,811,069	2,989,036
- derivatives - cross currency and interest rate swaps (notional principal)	23.2.3 7,306,457	8,272,187
- extending credit (irrevocable)	23.4 23,478,566	28,859,840
Commitments for acquisition of:		
- operating fixed assets	36,971	49,303
- intangible assets	101,521	82,178
	216,874,848	183,850,529

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

For the quarter ended March 31, 2021

Note	Un-audited March 31, 2021	Audited December 31, 2020
	Rupees '000	
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	60,105,982	66,134,904
Sale	30,252,009	26,891,082
	<u>90,357,991</u>	<u>93,025,986</u>
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	34,776,387	-
Sale	3,034,682	2,989,036
	<u>37,811,069</u>	<u>2,989,036</u>
23.2.3 Commitments in respect of derivatives		
Sale	7,306,457	8,272,187
23.3 Other contingent liabilities		
23.3.1 Holding Company:		
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company has a strong case	2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases	457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan (i)	1,154,701	1,154,701
	<u>4,122,244</u>	<u>4,122,244</u>

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

The department and the Holding Company has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2020: Rs. 1,154.701 million). The Commissioner Inland Revenue (Appeals) [(CIR(A)] has deleted the said additional tax liability, however the income tax department has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). Recently, ATIR has passed an order and maintain the decision of CIR(A) in favor of Holding Company, confirming that gain on bargain purchase is not taxable. Accordingly, no provision has been recorded in these condensed interim consolidated financial statements in respect of this matter.

- (ii) There are certain claims against the Bank not acknowledged as debt amounting to Rs 31,354 million (December 31, 2020: Rs 31,374 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2020: 25,299 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

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

23.3.2 Subsidiary Company:

- (i) The income tax returns of the Subsidiary Company for the tax years 2004 to 2020 (financial year ended June 30, 2004 to December 31, 2019) have been filed and are deemed to have been assessed under the Income

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

For the quarter ended March 31, 2021

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

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

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

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

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

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

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

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

For the quarter ended March 31, 2021

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 consequently the demand for additional liability has been relinquished. The management has decided to file an appeal before the Appellate Tribunal Inland Revenue (ATIR) to contest the order passed by DCIR. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.

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

23.4 Commitments to extend credits

The Holding Company makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs 23,479 million (December 31, 2020: Rs 28,860 million) which are irrevocable in nature.

24 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)
Interest rate swap (notional principal)

Un-audited March 31, 2021	Audited December 31, 2020
----- Rupees '000 -----	
6,848,181	7,792,684
458,276	479,503

24.1 Product analysis

Counterparties	March 31, 2021 (Un-audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
----- Rupees '000 -----				
With banks for				
Hedging	-	-	-	-
Market making	2,869,111	(74,455)	458,276	6,901
With other entities for				
Hedging	-	-	-	-
Market making	3,979,070	(494,981)	-	-
Total				
Hedging	-	-	-	-
Market making	6,848,181	(569,436)	458,276	6,901
----- Rupees '000 -----				
Counterparties	December 31, 2020 (Audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain
----- Rupees '000 -----				
With banks for				
Hedging	-	-	-	-
Market making	3,218,043	62,289	479,503	7,048
With other entities for				
Hedging	-	-	-	-
Market making	4,574,641	(843,878)	-	-
Total				
Hedging	-	-	-	-
Market making	7,792,684	(781,589)	479,503	7,048

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

For the quarter ended March 31, 2021

Note	Un-audited	
	March 31, 2021	March 31, 2020
	Rupees '000	
25 MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	6,539,312	10,643,124
Investments	5,087,086	6,134,776
Lendings to financial institutions	372,018	22,923
Balances with banks	110	12,374
Securities purchased under resale agreements	30,420	388,745
	<u>12,028,946</u>	<u>17,201,942</u>
26 MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	4,754,578	8,303,591
Securities sold under repurchase agreements	208,165	66,669
Other short term borrowings	15,441	10,321
SBP borrowings	216,539	151,209
Short sale of Pakistan Investment Bonds	-	49,154
Bai Muajjal	-	102,405
Musharaka acceptances	382,432	409,092
Lease liability against right-of-use assets	354,067	250,592
Cost of foreign currency swaps against foreign currency deposits / borrowings	649,689	1,332,247
	<u>6,580,911</u>	<u>10,675,280</u>
27 FEE AND COMMISSION INCOME		
Branch banking customer fees	190,780	178,391
Consumer finance related fees	132,936	94,947
Card related fees (debit and credit cards)	456,525	441,642
Credit related fees	8,435	20,393
Investment banking fees	23,096	27,791
Commission on trade	93,729	69,113
Commission on guarantees	32,791	29,349
Commission on cash management	18,195	17,378
Commission on remittances including home remittances	60,186	12,322
Commission on bancassurance	68,406	104,459
Commission on sale of funds unit	52,825	34,166
Management fee	64,127	27,601
Advisory fee	1,012	224
Sales load	9,060	-
Others	3,407	2,543
	<u>1,215,510</u>	<u>1,060,319</u>
28 GAIN ON SECURITIES		
Realised - net	354,011	433,975
Unrealised - held for trading - net	(3,036)	37,471
	<u>350,975</u>	<u>471,446</u>
28.1 Realised gain on:		
Federal Government securities	195,229	226,942
Shares	78,403	192,365
Open end mutual funds	80,379	14,668
	<u>354,011</u>	<u>433,975</u>
29 OTHER INCOME / (LOSS)		
Rent on property	41,936	26,687
Gain on sale of fixed assets - net	2,210	5,654
Gain on sale of non-banking assets - net	49,650	-
Loss on short sale of Pakistan Investment Bonds (PIBs)	-	(88,139)
Notice pay	830	1,689
Scrap income	1,535	505
Others	-	677
	<u>96,161</u>	<u>(52,927)</u>

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

For the quarter ended March 31, 2021

		Un-audited		
		March 31, 2021	March 31, 2020	
Note		Rupees '000		
30	OPERATING EXPENSES			
	Total compensation expense	1,821,098	1,775,964	
	Property expense			
	Rent and taxes	105,084	50,823	
	Insurance	15,974	13,534	
	Utilities cost	148,330	149,221	
	Security (including guards)	148,943	187,829	
	Repair and maintenance (including janitorial charges)	126,660	108,935	
	Depreciation on owned fixed assets	127,329	126,047	
	Depreciation on non-banking assets	1,241	1,395	
	Depreciation on right-of-use assets	348,338	380,806	
	Others	22,852	18,740	
		1,044,751	1,037,330	
	Information technology expenses			
	Software maintenance	392,487	441,162	
	Hardware maintenance	63,529	75,948	
	Depreciation	84,976	87,784	
	Amortisation	33,168	38,159	
	Network charges	60,006	70,159	
	Others	302	2,025	
		634,468	715,237	
	Other operating expenses			
	Directors' fees and allowances	24,635	31,365	
	Legal and professional charges	28,644	19,310	
	Outsourced services costs - staff	101,385	83,950	
	Travelling and conveyance	17,843	29,628	
	NIFT clearing charges	10,598	13,840	
	Depreciation	117,424	100,357	
	Training and development	1,361	6,402	
	Postage and courier charges	34,901	46,380	
	Communication	34,573	26,521	
	Marketing, advertisement and publicity	57,175	168,021	
	Donations	79,917	-	
	Auditors remuneration	4,128	13,674	
	Insurance	240,128	173,760	
	Stationery and printing	79,872	102,677	
	Bank fees and charges	28,266	24,013	
	Brokerage and commission	25,330	20,214	
	Deposit protection premium	97,664	87,627	
	Credit card bonus points redemption	44,652	54,284	
	Others	113,167	132,097	
		1,141,663	1,134,120	
		4,641,980	4,662,651	
31	OTHER CHARGES			
	Penalties imposed by the State Bank of Pakistan	5	107,907	
32	PROVISIONS AND WRITE-OFFS - NET			
	Reversal of provision for diminution in value of investments	12.4	(309,741)	(83,978)
	(Reversal of provision) / provision against loans and advances	13.3	(159,289)	314,747
	Bad debts written off directly		11,726	3,017
	Recoveries of written off / charged off bad debts		(86,169)	(14,437)
	Provision against off balance sheet obligations	21.1	10,745	414
			(532,728)	219,763

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

For the quarter ended March 31, 2021

		Un-audited	
		March 31, 2021	March 31, 2020
		Rupees '000	
33 TAXATION			
	Current	1,565,330	1,365,628
	Prior years	-	40,000
	Deferred	(140,204)	(36,551)
		<u>1,425,126</u>	<u>1,369,077</u>
34 BASIC EARNINGS PER SHARE			
	Profit after tax for the period	<u>2,115,212</u>	<u>2,054,591</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>1.39</u>	<u>1.35</u>

34.1 Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue at March 31, 2021 and March 31, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

35 FAIR VALUE MEASUREMENTS

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

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

Fair value of financial assets

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

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

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

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

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

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

For the quarter ended March 31, 2021

March 31, 2021 (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	-	241,857,673	-	241,857,673
Shares	1,358,206	2,069,326	-	3,427,532
Non-Government debt securities	47,442,500	6,086,614	-	53,529,114
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	10,298,494	-	10,298,494
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,384,960	11,384,960
Non-banking assets acquired in satisfaction of claims	-	-	2,296,616	2,296,616
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	57,456,464	-	57,456,464
Forward sale of foreign exchange	-	28,913,584	-	28,913,584
Derivatives sales	-	7,306,457	-	7,306,457
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	202,016,327	-	202,016,327
Shares	5,631,735	2,077,503	-	7,709,238
Non-Government debt securities	47,510,000	6,092,828	-	53,602,828
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	10,029,170	-	10,029,170
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,323,744	11,323,744
Non-banking assets acquired in satisfaction of claims	-	-	2,683,207	2,683,207
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	64,514,335	-	64,514,335
Forward sale of foreign exchange	-	26,528,182	-	26,528,182
Derivatives sales	-	8,272,187	-	8,272,187

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.

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

For the quarter ended March 31, 2021

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV / PKFRV rates.
Ijarah Sukuk	Fair values of GoP Ijarah Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from different pre-defined / approved dealers / brokers.
Unlisted ordinary shares	Break-up value determined on the basis of the NAV of a company using the latest available audited financial statements.
Term Finance Certificates (TFCs) and Sukuk Certificates	Fair values of TFCs and Sukuk certificates are determined using the MUFAP rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivative instruments	The Bank enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly interest rate swaps, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.
Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announce by the Mutual Funds Association of Pakistan (MUFAP).

Valuation techniques used in determination of fair values within level 3

Item	Valuation approach and input used
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Holding Company for the year ended December 31 2020.
Non-banking assets acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in the financial statements of the Holding Company for the year ended December 31 2020.

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, 2021

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

	2021					
	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss for the quarter ended March 31, 2021 (Un-audited)	Rupees '000					
Net mark-up / return / profit	(2,576,048)	4,041,732	3,943,472	59,080	31,514	5,499,750
Inter segment revenue - net	6,479,072	(3,438,888)	(3,929,875)	9,357	880,334	-
Non mark-up / return / interest income	1,183,281	265,225	877,088	2,947	(102,439)	2,226,102
Total Income	5,086,305	868,069	890,685	71,384	809,409	7,725,852
Segment direct expenses	2,659,224	115,330	85,630	69,533	1,788,525	4,718,242
Inter segment expense allocation	1,565,739	155,472	36,803	30,511	(1,788,525)	-
Total expenses	4,224,963	270,802	122,433	100,044	-	4,718,242
Provisions	(123,998)	324,502	(306,285)	(459,556)	32,609	(532,728)
Profit before tax	985,340	272,765	1,074,537	430,896	776,800	3,540,338
Statement of financial position as at March 31, 2021 (Un-audited)						
Cash and bank balances	25,016,993	-	30,586,005	-	-	55,602,998
Lendings to financial institutions	-	-	9,234,030	-	-	9,234,030
Investments	-	16,308,248	296,584,879	3,298,820	687,756	316,879,703
- Investment provision	-	-	(1,382,601)	(2,084,946)	-	(3,467,547)
Net inter segment lending	432,625,170	-	-	-	(432,625,170)	-
Advances - performing	66,645,271	246,909,897	-	-	4,722,352	318,277,520
Advances - non-performing	3,843,223	6,739,022	-	12,981,070	38,912	23,602,227
- Advances - provisions	(3,107,537)	(2,763,489)	-	(13,533,905)	(231,083)	(19,636,014)
Others	13,619,455	3,765,730	522,629	(1,886,991)	33,499,788	49,520,611
Total assets	538,642,575	270,959,408	335,544,942	(1,225,952)	(393,907,445)	750,013,528
Borrowings	6,729,934	49,403,201	35,239,845	-	-	91,372,980
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	516,412,081	31,477,165	-	206,463	1,293,666	549,389,375
Net inter segment borrowing	-	189,565,042	297,434,199	(1,438,917)	(485,560,324)	-
Others	15,500,560	514,000	487,899	30,971,060	-	47,480,021
Total liabilities	538,642,575	270,959,408	333,161,943	(1,225,952)	(453,295,598)	688,242,376
Equity	-	-	2,382,999	-	59,388,153	61,771,152
Total equity and liabilities	538,642,575	270,959,408	335,544,942	(1,225,952)	(393,907,445)	750,013,528
Contingencies and commitments	15,087,866	72,147,006	-	1,143,991	-	88,378,863
	2020					
	Retail	CIBG	Treasury	SAM	Others	Total
Profit and loss for the quarter ended March 31, 2020 (Un-audited)	Rupees '000					
Net mark-up / return / profit	(5,399,079)	7,924,035	3,876,175	104,159	21,372	6,526,662
Inter segment revenue - net	9,396,729	(7,199,598)	(3,460,486)	(70,822)	1,334,177	-
Non mark-up / return / interest income	1,114,105	206,275	767,795	520	(126,769)	1,961,926
Total Income	5,111,755	930,712	1,183,484	33,857	1,228,780	8,488,588
Segment direct expenses	2,975,670	135,404	87,501	26,165	1,620,417	4,845,157
Inter segment expense allocation	1,384,847	145,058	29,967	28,209	(1,588,081)	-
Total expenses	4,360,517	280,462	117,468	54,374	32,336	4,845,157
Provisions	46,459	156,745	(79,147)	82,517	13,189	219,763
Profit before tax	704,779	493,505	1,145,163	(103,034)	1,183,255	3,423,668
Statement of financial position as at December 31, 2020 (Audited)						
Cash and bank balances	29,219,912	-	33,540,008	-	-	62,759,920
Lendings to financial institutions	-	-	2,985,000	-	-	2,985,000
Investments	-	16,430,902	259,865,978	3,298,820	651,412	280,247,112
- Investment provision	-	-	(1,688,885)	(2,088,403)	-	(3,777,288)
Net inter segment lending	412,879,111	-	-	-	(412,879,111)	-
Advances - performing	64,171,608	245,899,442	-	-	3,448,811	313,519,861
Advances - non-performing	6,647,456	3,489,249	-	16,049,685	39,035	26,225,425
- Advances - provisions	(5,245,632)	(2,755,805)	-	(13,299,212)	(264,759)	(21,565,408)
Others	10,290,418	3,793,772	4,945,294	(1,881,285)	32,521,381	49,669,580
Total assets	517,962,873	266,857,560	299,647,395	2,079,605	(376,483,231)	710,064,202
Borrowings	5,488,813	46,412,012	6,545,691	-	-	58,446,516
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	494,881,273	44,326,035	-	201,771	1,223,138	540,632,217
Net inter segment borrowing	-	175,499,595	289,997,780	1,871,334	(467,368,709)	-
Others	17,592,787	619,918	331,518	6,500	32,216,644	50,767,367
Total liabilities	517,962,873	266,857,560	296,874,989	2,079,605	(433,928,927)	649,846,100
Equity	-	-	2,772,406	-	57,445,696	60,218,102
Total equity and liabilities	517,962,873	266,857,560	299,647,395	2,079,605	(376,483,231)	710,064,202
Contingencies and commitments	14,672,741	64,309,145	-	1,249,878	-	80,231,764

RELATED PARTY TRANSACTIONS

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

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

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

	March 31, 2021 (Un-audited)				December 31, 2020 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees '000									
Investments										
Opening balance	-	-	-	1,241,543	4,056,857	-	-	-	961,872	3,780,238
Investment made during the period / year	-	-	-	2,429,555	5,620,648	-	-	-	717,090	31,074,157
Investment redeemed / sold during the period / year	-	-	-	(1,081,000)	(6,050,997)	-	-	-	(482,811)	(30,797,538)
Equity method adjustment	-	-	-	42,356	-	-	-	-	45,392	-
Closing balance	-	-	-	2,632,454	3,626,508	-	-	-	1,241,543	4,056,857
Provision for diminution in value of investments	-	-	-	-	2,039,337	-	-	-	-	2,041,890
Advances										
Opening balance	-	-	258,224	-	1,799,681	-	-	226,887	-	9,441,893
Addition during the period / year	-	-	46,361	-	-	-	-	83,064	-	6,496
Repaid during the period / year	-	-	(11,235)	-	-	-	-	(51,727)	-	(5,296,772)
Written off during the period / year	-	-	-	-	-	-	-	-	-	(2,351,936)
Closing balance	-	-	293,350	-	1,799,681	-	-	258,224	-	1,799,681
Provision held against advances	-	-	-	-	511,816	-	-	-	-	511,816

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

For the quarter ended March 31, 2021

	March 31, 2021 (Un-audited)				Other related parties	December 31, 2020 (Audited)				
	Parent	Directors	Key management personnel	Associates		Parent	Directors	Key management personnel	Associates	Other related parties
Rupees '000										
Other assets										
Interest / mark-up accrued	-	-	406	-	54,086	-	-	345	-	58,469
Commission income receivable	-	-	-	1,872	37,230	-	-	-	72	36,391
Defined benefit plan asset	-	-	-	-	65,538	-	-	-	-	66,343
Remuneration receivable	-	-	-	3,804	16,220	-	-	-	3,583	13,601
Receivable against reimbursement of expenses	-	-	-	17,804	74,231	-	-	-	10,301	50,426
Receivable from defined contribution plan	-	-	-	-	647	-	-	-	-	647
Front end load receivable	-	-	-	6	2,929	-	-	-	208	52,394
Preliminary expenses and floatation costs receivable	-	-	-	1,092	7,591	-	-	-	4,065	6,306
Dividend receivable	-	-	-	-	1,556	-	-	-	-	1,398
Others	-	-	-	-	512,968	-	-	-	-	515,944
	-	-	406	24,578	772,996	-	-	345	18,229	801,919
Deposits and other accounts										
Opening balance	182	44,456	139,814	14,910	10,509,734	182	37,985	156,482	-	3,074,185
Received during the period / year	250,849	9,940	456,495	2,087,085	76,038,095	-	46,969	1,723,877	1,178,039	235,409,751
Withdrawn during the period / year	-	(9,314)	(443,120)	(2,089,966)	(73,893,926)	-	(40,498)	(1,740,545)	(1,163,129)	(227,974,202)
Transfer in / (out) during the period / year	-	-	-	14,827	(14,827)	-	-	-	-	-
Closing balance	251,031	45,082	153,189	26,856	12,639,076	182	44,456	139,814	14,910	10,509,734
Other liabilities										
Interest / mark-up payable	-	124	89	-	52,143	-	129	217	11	38,703
Payable against reimbursement of expenses	-	-	-	-	(1,447)	-	-	-	-	2,864
Other liabilities	-	-	-	-	165,872	-	-	-	-	154,308
	-	124	89	-	216,568	-	129	217	11	195,875
Contingencies and commitments										
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	-	-	-	-	-	4,397
Trade related commitments	-	-	-	-	72,826	-	-	-	-	90,506
	-	-	-	-	72,826	-	-	-	-	94,903
represents outstanding guarantee										

* represents outstanding guarantee

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

37.1

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

For the quarter ended March 31, 2021

RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS

	March 31, 2021 (Un-audited)					March 31, 2020 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees 000										
Income										
Mark-up / return / interest earned	-	-	3,289	-	23,386	-	-	3,085	-	64,587
Fee and commission income	-	20	30	11,043	107,278	-	-	-	-	58,256
Dividend income	-	-	-	2,315	5,056	-	-	-	-	114
Net gain on sale of securities	-	-	2	61,520	18,859	-	-	-	-	17,289
Expense										
Mark-up / return / interest paid	-	393	686	570	127,561	-	18	2,029	-	75,475
Reimbursement of expenses	-	-	-	7,890	3,881	-	-	-	-	(186)
Director's fee and other expenses	-	24,635	-	-	-	-	31,365	-	-	-
Remuneration	-	-	277,007	-	370	-	-	229,869	-	-
Consultancy Fee	-	-	-	-	196	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	53,922	-	-	-	-	30,245
Contribution to defined contribution plan	-	-	-	-	62,917	-	-	-	-	52,872
Others										
Shares / units purchased during the period	-	-	-	2,429,555	5,620,648	-	-	-	-	4,331,015
Shares / units sold during the period	-	-	-	1,081,000	6,069,855	-	-	-	-	4,130,169
Government securities purchased during the period	-	-	120,270	-	782,476	-	-	213,494	-	4,331,015
Government securities sold during the period	-	-	131,612	-	870,226	-	-	186,302	-	4,147,458
Contribution to defined benefit plan	-	-	-	-	53,117	-	-	-	-	60,100

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

For the quarter ended March 31, 2021

Un-audited
March 31,
2021

Audited
December 31,
2020

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

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum capital requirement (MCR):

Paid-up capital (net of losses)

15,176,965

15,176,965

Capital adequacy ratio (CAR):

Eligible common equity tier 1 (CET 1) capital

51,907,060

49,609,041

Eligible additional tier 1 (ADT 1) capital

-

-

Total eligible tier 1 capital

51,907,060

49,609,041

Eligible tier 2 capital

7,862,013

8,503,577

Total eligible capital (tier 1 + tier 2)

59,769,073

58,112,618

Risk weighted assets (RWAs):

Credit risk

235,924,806

235,843,958

Market risk

18,063,298

22,173,745

Operational risk

51,622,995

51,622,995

Total

305,611,099

309,640,698

Common equity tier 1 capital adequacy ratio

16.98%

16.02%

Tier 1 Capital adequacy ratio

16.98%

16.02%

Total Capital adequacy ratio

19.56%

18.77%

Leverage ratio (LR):

Eligible tier-1 capital

51,907,060

49,609,041

Total exposures

901,978,274

833,658,911

Leverage ratio (in %)

5.75%

5.95%

Liquidity coverage ratio (LCR):

Total high quality liquid assets

302,211,071

265,799,775

Total net cash outflow

139,682,947

125,870,150

Liquidity coverage ratio (times)

2.164

2.112

Net stable funding ratio (NSFR):

Total available stable funding

505,084,609

493,515,307

Total required stable funding

297,885,790

291,597,390

Net stable funding ratio (in %)

169.56%

169.25%

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

For the quarter ended March 31, 2021

39 ISLAMIC BANKING BUSINESS

The Holding Company is operating 500 Islamic banking branches (December 31, 2020: 500) including 1 Islamic sub-branch (December 31, 2020: 1). The statement of financial position and profit and loss account of these branches for the period ended March 31, 2021 are as follows:

		Un-audited March 31, 2021	Audited December 31, 2020
Note		Rupees '000	
Statement of financial position			
		Restated	
ASSETS			
		19,678,103	21,763,033
		2,494,611	1,929,779
		23,200,000	28,000,000
	39.1	67,924,614	67,554,233
	39.2	214,400,675	190,066,639
		13,412,740	14,904,507
		163,004	136,688
		9,459,071	6,278,487
		350,732,818	330,633,366
LIABILITIES			
		6,469,217	6,029,790
		47,896,479	47,086,694
	39.3	258,534,045	248,090,892
		2,709,994	2,377,714
		10,959,226	11,198,497
		326,568,961	314,783,587
		24,163,857	15,849,779
NET ASSETS			
REPRESENTED BY			
		17,180,000	9,180,000
		1,308,203	1,468,656
	39.4	5,675,654	5,201,123
		24,163,857	15,849,779
CONTINGENCIES AND COMMITMENTS			
39.5			
		Un-audited	
		March 31, 2021	March 31, 2020
Note		Rupees '000	
Profit and loss account			
	39.6	5,299,363	5,147,552
	39.7	2,289,722	2,836,866
		3,009,641	2,310,686
Net profit / return			
Other income			
		369,228	245,879
		47,811	12,785
		16,372	-
		30,022	2,630
		463,433	261,294
		3,473,074	2,571,980
Total income			
Other expenses			
		2,197,328	1,371,342
		5	7
		2,197,333	1,371,349
		1,275,741	1,200,631
		497,821	(10,607)
		777,920	1,211,238
		303,389	472,383
		474,531	738,855

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

For the quarter ended March 31, 2021

39.1 Investments by segments:

	Un-audited March 31, 2021				Audited December 31, 2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----								
Federal Government securities:								
- Ijarah Sukuks	34,454,495	-	(206,961)	34,247,534	34,434,037	-	(27,948)	34,406,089
- Bai Muajjal Government of Pakistan	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
- Other Federal Government securities	931,344	-	-	931,344	466,435	-	-	466,435
	36,982,887	-	(206,961)	36,775,926	36,497,520	-	(27,948)	36,469,572
Shares								
- Listed companies	100,000	-	-	100,000	-	-	-	-
Non Government Debt securities:								
- Unlisted	30,614,406	-	434,282	31,048,688	30,663,124	-	421,537	31,084,661
Total investments	67,697,293	-	227,321	67,924,614	67,160,644	-	393,589	67,554,233

Un-audited
March 31,
2021

Audited
December 31,
2020

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

39.2 Islamic financing and related assets - net

	Un-audited March 31, 2021	Audited December 31, 2020
	----- Rupees '000 -----	Restated
Murabaha	15,151,484	2,802,616
Musharaka	7,164	7,194
Diminishing Musharaka	105,244,708	102,902,725
Istisna	18,511,821	17,760,768
Tawwaruq	246,621	55,002
Running Musharaka	37,870,460	37,086,503
Fixed assets Ijarah financing - net	78,056	78,056
Tijarah	118,757	232,113
Advance against Murabaha financing	304,619	1,267,610
Advanced against Diminishing Musharaka	17,947,316	16,552,367
Advance against Ijarah	937,383	937,383
Advance against Istisna	9,304,774	6,890,624
Advance against Islamic export refinance	5,648,668	2,650,700
Advance against Tijarah	19,000	-
Musawamah	23,603	-
Bai salam	173,909	-
Salam	10,000	-
Inventory related to Islamic financing	4,431,729	1,974,625
Gross Islamic financing and related assets	216,030,072	191,198,286
Less: provision against Islamic financings		
- specific	(1,443,271)	(969,130)
- general	(186,126)	(162,517)
	(1,629,397)	(1,131,647)
Islamic financing and related assets - net of provision	214,400,675	190,066,639

39.3 Deposits

	Un-audited March 31, 2021			Audited December 31, 2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	104,724,254	9,059,837	113,784,091	82,149,540	8,463,757	90,613,297
Savings deposits	88,510,013	6,426,371	94,936,384	95,053,032	6,078,395	101,131,427
Term deposits	36,464,510	188,721	36,653,231	45,612,885	245,025	45,857,910
	229,698,777	15,674,929	245,373,706	222,815,457	14,787,177	237,602,634
Financial institutions						
Current deposits	280,863	7,308	288,171	171,270	78	171,348
Savings deposits	11,217,118	-	11,217,118	8,426,214	7,646	8,433,860
Term deposits	1,655,050	-	1,655,050	1,883,050	-	1,883,050
	13,153,031	7,308	13,160,339	10,480,534	7,724	10,488,258
	242,851,808	15,682,237	258,534,045	233,295,991	14,794,901	248,090,892

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

For the quarter ended March 31, 2021

	Un-audited March 31, 2021	Audited December 31, 2020
	Rupees '000	
39.4 Islamic Banking Business Unappropriated Profit		Restated
Opening balance	5,201,123	2,794,403
Add: Islamic Banking profit for the period / year	777,920	3,945,444
Less: taxation	(303,389)	(1,538,724)
Closing balance	5,675,654	5,201,123
39.5 Contingencies and commitments		
Guarantees	16,134,593	12,003,581
Commitments	60,391,323	50,760,337
	76,525,916	62,763,918
	Un-audited	
	March 31, 2021	March 31, 2020
	Rupees '000	
39.6 Profit / return earned on financing, investments and placement		
Profit earned on:		
Financing	3,681,219	4,168,983
Investments	1,618,144	978,569
	5,299,363	5,147,552
39.7 Profit on deposits and other dues expensed		
Deposits and other accounts	1,631,151	1,783,030
Other short term borrowings	442,261	875,722
Lease liability against right-of-use assets	216,310	178,114
	2,289,722	2,836,866

40 GENERAL

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

41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 22, 2021 by the Board of Directors of the Holding Company.

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