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THIRD QUARTER
ENDED SEPTEMBER 30, 2024
UNAUDITED FINANCIAL STATEMENTS

faysalbank



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Corporate Information

Board of Directors

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

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Recruitment Nomination and Remuneration Committee

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

Board Strategy Committee

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

Corporate Information

Board IT Committee

Ms. Sadia Khan	Chairperson
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member
Mr. Yousaf Hussain	Member

Board Sustainability & Development Committee

Mian Muhammad Younis	Chairman
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member
Ms. Fatima Asad Khan	Member
Ms. Sadia Khan	Member
Mr. Yousaf Hussain	Member

Shariah Board

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

Note: The above Shariah Board members are appointed effective October 01, 2024.

Syed Majid Ali

Chief Financial Officer

Mr. Aurangzeb Amin

Company Secretary & Head of Legal

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

Auditors

M/s. Mohsin Tayebaly & Co, Advocate

Legal Advisors

Registered Office

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

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

Share Registrar

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

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

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

Directors' Review

Unconsolidated Financial Statements

For the Quarter and Nine Months ended September 30, 2024

On behalf of the Board of Directors, we are pleased to present the Directors' Review along with unaudited condensed interim financial statements of Faysal Bank Limited ("FBL" or "the Bank") for the quarter and nine months ended September 30, 2024.

Company Profile

FBL was incorporated in Pakistan on October 03, 1994, as a public limited company and its shares are listed on Pakistan Stock Exchange. FBL offers a wide range of Islamic banking services to all customer segments, i.e., Retail, Small & Medium Sized Enterprises, Commercial, Agri-based, and Corporate. The bank surrendered its conventional banking license on 31 December 2022 and effective 01 January 2023 began operations under an Islamic Banking License issued by the State Bank of Pakistan. Its footprint spreads over 308 cities across the country with 765 branches offering sharia-compliant banking services.

Holding Company

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

Economic Update

Pakistan's economy has shown sustained recovery, with improvements in both economic and financial conditions. Despite ongoing fiscal challenges, the country has made steady progress, particularly after securing a \$7 billion IMF loan in September '24. This agreement has instilled confidence in the economy and is expected to support reforms and enhance financial stability.

Large-Scale Manufacturing (LSM) output increased by 2.4% in July 2024, recovering from a 5.4% contraction in July 2023, with growth seen in 14 out of 22 sectors including textiles, food, beverages, and automobiles, with textiles turning positive after 24 months.

Inflation dropped to 6.9% in September 2024, the lowest since January 2021, aided by declining global commodity prices, a stable exchange rate, and high base effects. The State Bank of Pakistan (SBP) has maintained its accommodative monetary policy stance, further reducing the policy rate by 200 basis points to 17.5% in September 2024, reflecting confidence in declining inflation and a focus on stimulating investment and private sector credit growth.

The fiscal deficit remains a concern, tax collection increased by 20.5% in July-September, the first quarter amounted to Rs. 2,657 billion of FY25. However, the shortfall of revenue target remained at Rs. 96 billion. The government aims to achieve a 40% increase in tax revenue for FY25 through reforms, including broadening the tax base and reducing losses in public sector entities. However, despite the challenges, the fiscal sector managed to retain a primary surplus of 0.1% of GDP.

Pakistan Stock Market depicted robust momentum during September 2024 gaining 2,626 points i.e. 3.3% month-over-month, to close at 81,114 points. This reflects sustained investor confidence, fueled by IMF deal, declining inflation, improved external accounts, and the government's commitment to policy reforms.

The external account deficit shrank to \$0.2 billion in July-August 2024, down from \$0.9 billion in the same period last year despite a rise in imports. The improvement is attributed to growth in exports reaching \$6.1 billion, up from \$5.8 billion in July-August FY2024 and a surge in worker’s remittances to \$5.9 billion in the first two months of FY2025, compared to \$4.1 billion a year earlier.

Overall, Pakistan’s economy is showing positive signs in the first quarter of FY2025, with improvements in most economic indicators. This positive trajectory is expected to continue in the coming months, supported by the successful implementation of the IMF’s Extended Fund Facility (EFF). Inflation has dropped to single digit, industrial output has increased, and the current account deficit has contracted.

Bank’s Performance

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

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

Financial Highlights

Key Balance Sheet Numbers

	Rs. in million		
	September '24	December '23	Growth %
Investment	649,836	589,545	10.2
Financing	507,801	580,711	-12.6
Total Assets	1,447,029	1,370,074	5.6
Deposits	1,164,290	1,018,276	14.3

Profit & Loss Account

	Rs. in million		
	September '24	September '23	Growth %
Total Revenue	71,956	56,081	28.3
Total Expenses	(34,602)	(28,032)	23.4
Profit before tax and provisions	37,354	28,050	33.2
Net provisions	1,363	(3,937)	134.6
Profit before tax	38,717	24,113	60.6
Tax	(18,953)	(12,069)	57.0
Profit after tax	19,764	12,044	64.1
Earnings per share (Rupees)	13.02	7.94	64.1

FBL sustained its growth momentum and achieved excellent financial performance. On a standalone basis, Profit Before Tax (PBT) increased by 60.6% to PKR 38.7 billion. FBL has achieved a Profit After Tax (PAT) of PKR 19.8 billion, 64.1% higher than PKR 12.044 billion in the corresponding period last year, with Earnings Per Share increasing from PKR 7.94 to PKR 13.02.

The Bank, continuing its growth trajectory, increased total revenue by 28.3% over 9M'23 to PKR 71.9 billion. This growth was fueled by balance sheet expansion (9M'24 vs 9M'23) resulting in a 21.7% YoY increase in net spread earned, taking it to PKR 59.8 billion in 9M'24.

Non-fund income grew by 75.1% compared to the corresponding period last year and was at PKR 12.1 billion in 9M'24. Fee income also saw an uptick of 17.7%, to PKR 7.5 billion, with significant contributions from trade and remittance business solidifying the Bank's foothold in these key businesses. Trade and remittance volumes registered an exponential increase compared to the corresponding period last year. Consequently, FX income showed strong momentum, growing by 59.8%, to PKR 3.4 billion. The Bank also experienced a positive swing of PKR 2.8 billion YoY in capital gains, benefiting from the positive trajectory of the PSX.

Despite rising expenses due to high inflation and the bank's expanding branch network, FBL managed to improve its cost-to-income ratio, which declined from 50.0% in 9M'23 to 48.1% in 9M'24. There is a net reversal of PKR 1.4 billion in provisions for 9M'24, compared to a charge of PKR 3.9 billion in 9M'23. However, the NPL ratio increased to 4.2% in Sep'24, up from 3.8% at Dec'24 due to drop in financing. The total coverage stands at 117.0%.

The bank's total assets grew to PKR 1.4 trillion, driven by strong deposit mobilization. The upward trend in Current Accounts seen over past few years continued, taking them to PKR 382 billion i.e., 17.1% growth over December 2023. Total deposits also increased by 14.3% over December 2023 and were at PKR 1.2 trillion. The Current Account (CA) mix has slightly improved to 32.8% from 32.1% in December 2023 and CASA mix improved to 79.2% from 75.0% in December 2023.

Net financing decreased by 12.6% and stood at PKR 508 billion due to settlement of commodity financing exposure on GoP. Advance Deposit Ratio (ADR) reduced from 57.0% in December 2023 to 43.6% in September 2024. The liquidity generated was placed in investments, which increased by 10.2%, reaching PKR 650 billion.

With a strong foundation and a focus on sustainable growth, FBL remains committed to delivering value to all stakeholders. We are confident that, In Sha Allah, the bank will continue to scale new heights in the future.

Outlook

Looking forward, we are cognizant of the intense competition in financing and the expected compression in spreads due to decline in the policy rate. Despite these pressures, through FBL's prudent financial management, the bank will be able to navigate these challenges and sustain growth.

As part of our strategic vision, the Bank is committed to expanding its branch network to drive deposit growth and improve customer reach. Simultaneously, we are focused on improving the customer experience through streamlined processes and by investing in cutting-edge digital solutions that will elevate our digital offerings and enrich overall customer journey.

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

Change in Directors

Mr. Abdulla Abdulaziz Ali Taleb resigned from the Board of Directors effective March 31, 2024. The Board acknowledges and appreciates his valuable contributions during his tenure.

Board Committees

At its 163rd meeting held on April 25, 2024, the Board of Directors established the Board Sustainability & Development Committee (BSDC). This committee will assist the Board in overseeing Environmental, Social and Governance matters.

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+

PACRA has assigned a 'Stable' outlook, while VIS has upgraded the outlook to 'Positive'.

Dividend

The Board of Directors, in their meeting held on October 24, 2024, declared an interim cash dividend of Rs. 1.5 per share (15%) for the nine months ended September 30, 2024.

Acknowledgement

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

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

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report, with the recommendations of the Board Audit and Corporate Governance Committee, has been approved by the Directors in their meeting held on October 24, 2024 and signed by the Chief Executive Officer and a director.

President & CEO

Chairman

Karachi

Dated: October 24, 2024

طویل المدتی AA
قلیل المدتی A1+

PACRA کی جانب سے درجہ بندیوں کو مستحکم آؤٹ لک دیا گیا ہے، جبکہ VIS نے ”مثبت“ آؤٹ لک دیا ہے۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 24 اکتوبر 2024 کو منعقدہ اپنے اجلاس میں 30 ستمبر 2024 کو اختتام شدہ 9 ماہ کے لیے فی حصص 1.5 روپے (15%) عبوری نقد منافع دینے کا اعلان کیا ہے۔

اعتراف

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

ہمیشہ کی طرح، ہم شریعہ بورڈ کے لیے مخلصانہ تعریف کا اظہار کرتے ہیں اور FBL کی ترقی کے لیے اپنے ملازمین کی کوششوں کو تسلیم کرتے ہیں اور انکی انتھک محنت اور لگن کو دل سے سراہتے ہیں۔

منظوری

کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق، بورڈ کی آؤٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ ڈائریکٹرز کی اس رپورٹ کو ڈائریکٹرز نے 24 ستمبر 2024 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ڈائریکٹر نے دستخط کیے ہیں۔

چیئرمین

صدر اور سی ای او

کراچی

تاریخ: 24 اکتوبر 2024

نقطہ نظر (آؤٹ لُک)

مستقبل کے پیش نظر، ہم فنانسنگ میں بہت زیادہ مقابلے اور پالیسی ریٹ میں کمی کی وجہ سے اسپریڈز میں متوقع کمپریشن سے واقف ہیں۔ ایسے میں FBL کا بصیرت پر مبنی مالیاتی انتظام ان چیلنجز پر قابو پانے اور ترقی کو برقرار رکھنے کی بینک کی بھرپور صلاحیت پر یقین رکھتا ہے۔

اپنے اسٹریٹیجک وژن کے حصے کے طور پر، بینک اپنے برانچ نیٹ ورک کو توسیع دینے کے لیے عزم ہے تاکہ ڈپازٹ میں اضافہ ہو اور صارفین کی رسائی کو بہتر بنایا جاسکے۔ اس کے ساتھ ہی، ہم مربوط عمل کے ذریعے اور جدید ترین ڈیجیٹل پیشکشوں اور کسٹمر کے تجربے کو بہتر بنانے پر توجہ مرکوز کر رہے ہیں جس سے ہماری ڈیجیٹل پیشکش معیاری بنیں گی اور صارفین کی مجموعی سوچ پر مثبت اثر پڑے گا۔

طویل مدتی پائیداری پر ہماری توجہ کے مطابق، ہم اپنی افرادی قوت میں سرمایہ کاری جاری رکھیں گے اور ایسے ماحول کو فروغ دیں گے جو ہماری بنیادی اقدار یعنی ایمان اور یقین، صداقت اور امانت، باہمی تعاون، جدت اور خدمت کی حوصلہ افزائی کرتی ہے۔ ان اقدار کی ترویج سے، ہمارا مقصد مارکیٹ میں اپنی پوزیشن کو مضبوط بنانا اور آنے والے سالوں میں اپنے صارفین کی بڑھتی ہوئی ضروریات کو بہتر طریقے سے پورا کرنا ہے۔

ڈائریکٹرز میں تبدیلی

جناب عبداللہ عبدالعزیز علی طالب نے 31 مارچ 2024 کو بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا۔ بورڈ ان کے دور میں ان کی گرانقدر خدمات کو تسلیم کرتا ہے اور ان کا شکریہ ادا کرتا ہے۔

بورڈ کمیٹیاں

بورڈ آف ڈائریکٹرز نے اپنے 25 اپریل، 2024 کو منعقدہ 163 ویں اجلاس میں بورڈ سسٹین بلٹی اینڈ ڈیولپمنٹ کمیٹی (BSDC) کے قیام کی منظوری دی ہے۔ یہ کمیٹی ماحولیاتی، سماجی اور انتظامی معاملات میں بورڈ کی معاونت کرے گی۔

کریڈٹ ریٹنگ:

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

فصل بینک لمیٹڈ نے کامیابی کا سلسلہ جاری رکھا اور بہترین کارکردگی کا مظاہرہ کیا۔ انفرادی طور پر، بینک نے 60.6 فیصد اضافے سے 38.7 ارب روپے قبل از ٹیکس منافع (PBT) کے ساتھ متاثر کن کارکردگی فراہم کی ہے۔ بعد از ٹیکس منافع (PAT) گزشتہ سال اسی عرصے کے 12.044 ارب روپے کے مقابلے میں 19.8 ارب روپے ہو کر 64.1 فیصد اضافے سے ہمکنار ہوا۔ فی حصص آمدن 13.02 روپے رہی جو گزشتہ سال 7.94 روپے تھی۔

بینک نے اپنی ترقی کی رفتار کو جاری رکھا اور گزشتہ سال کی اسی مدت کی کل آمدنی میں 28.3 فیصد اضافہ کے ساتھ 71.9 ارب روپے ہو گئی۔ بیلنس شیٹ کی توسیع کے سہارے سے نیٹ اسپریڈ آمدنی 21.7 فیصد کے سال بہ سال اضافے کے ساتھ، مذکورہ مدت میں 59.8 ارب روپے تک پہنچ گئی ہے۔

نان فنڈ آمدنی میں گزشتہ سال کی اسی مدت سے 75.1% اضافے کے ساتھ 24.9M' میں 12.1 ارب روپے رہی۔ فیس آمدنی بھی 17.7 فیصد اضافہ کے ساتھ 7.5 بلین روپے تک جانچنی، بزنس ٹریڈ اور ترسیلات زر میں گزشتہ سال اسی عرصے کے مقابلے میں اضافہ دیکھا گیا۔ اسی طرح، فارن ایکسچینج کی آمدنی میں بھی شاندار اضافہ ہوا جو کہ 59.8 فیصد اضافے کے ساتھ 3.4 ارب روپے ریکارڈ کی گئی۔ بینک کو پاکستان اسٹاک ایکسچینج میں مثبت کاروباری سرگرمیوں کی وجہ سے بہترین منافع کی مد میں 2.8 ارب روپے سال بہ سال کی بنیاد پر آمدنی ہوئی۔

افراط زر میں اضافے اور برانچز کے نیٹ ورک میں اضافے کی وجہ سے بینک کا Cost to Income Ratio 23M' کے 50.0 فیصد کے مقابلے میں 48.1 فیصد کے ساتھ کم رہا۔ 24M' میں 1.4 ارب روپے کا خالص پروویژن ریورسل رکارڈ کیا گیا جبکہ 23M' میں 3.9 ارب روپے کا چارج تھا۔ NPL کا تناسب ستمبر 24 میں 4.2 فیصد بڑھ گیا جو فنانسنگ میں کمی کی وجہ سے ہے۔ مجموعی کوریج کا تناسب 117.0% رہا۔

مضبوط ڈپازٹ موبلائزیشن سے بینک نے اثاثہ جات کو بڑھا کر 1.4 ٹریلین روپے تک پہنچا دیا۔ گزشتہ چند برسوں سے کرنٹ اکاؤنٹس میں تیزی جاری رہی اور وہ 382 بلین روپے تک پہنچ گئے، جو دسمبر 23 سے 17.1% زیادہ کی عکاسی کرتے ہیں۔ مجموعی ڈپازٹس دسمبر 2023 سے 14.3% زیادہ بڑھ گئے اور 1.2 ٹریلین روپے تک پہنچ گئے۔ کرنٹ اکاؤنٹ (CA) کا تناسب دسمبر 2023 میں 32.1% سے بڑھ کر 32.8% ہو گیا اور CASA کا تناسب دسمبر 2023 میں 75.0% سے بڑھ کر 79.2% ہو گیا۔

حکومت پاکستان کے ساتھ کموڈٹی فنانسنگ ایکسپوزر کے تصفیہ سے نیٹ فنانسنگ 12.6 فیصد کمی کے ساتھ 508 ارب روپے تک پہنچ گئی۔ ایڈوانس ڈپازٹ ریشو (ADR) دسمبر 23 کے 57% کے مقابلے میں ستمبر 2024 میں 43.6 فیصد رہ گیا۔ اس سے پیدا ہونے والی لیکوئڈٹی سے سرمایہ کاری 10.2 فیصد بڑھ کر 650 ارب روپے تک پہنچ گئی۔

بینک اپنے اہداف کو حاصل کرنے اور اپنے تمام اسٹیک ہولڈرز کے لیے پائیدار منافع کے تسلسل کو قائم رکھنے کے لیے کوشاں ہے اور انشاء اللہ ترقی کا یہ سلسلہ جاری رہے گا اور مستقبل کی مستحکم ترقی کی بنیاد بنے گا۔

بینک کی کارکردگی

2023 میں بورڈ نے فیصل اسلامی کرنسی ایکسچینج کمپنی (پرائیویٹ) لمیٹڈ کے قیام کی منظوری دی ہے جو کہ مکمل طور پر فیصل بینک لمیٹڈ کا ذیلی ادارہ ہے۔ ایک سال کے دوران بینک نے ابتدائی طور پر ایک ارب روپے کا بنیادی سرمایہ ادا کر دیا ہے۔ 16 جنوری، 2024 کو کمپنی نے ایس ای سی پی سے ”سریٹیلیٹ آف ان کارپوریشن“ حاصل کر کے 26 مارچ 2024 کو اسٹیٹ بینک آف پاکستان سے آپریشنل لائسنس بھی حاصل کر لیا ہے۔

اس کے علاوہ، بینک نے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ ”9 (IFRS) فنانشل انسٹرومنٹس“ بھی حاصل کر لیا جو کہ یکم جنوری 2024 سے لاگو ہے، اس کے اثرات کی تفصیلات مالی گوشواروں کے نوٹ 4.1 میں دی گئی ہے۔

مالیاتی جھلکیاں

بیلنس شیٹ

(ملین روپے)			
نمو %	دسمبر ۲۰۲۳ء	ستمبر ۲۰۲۴ء	
10.2	589,545	649,836	سرمایہ کاری
(12.6)	580,711	507,801	فنانسنگ
5.6	1,370,074	1,447,029	کل اثاثہ جات
14.3	1,018,276	1,164,290	ڈپازٹس

(ملین روپے)

نفع اور نقصان اکاؤنٹ			
نمو %	ستمبر ۲۰۲۳ء	ستمبر ۲۰۲۴ء	
28.3	56,081	71,956	مجموعی آمدنی
23.4	(28,032)	(34,602)	آپریٹنگ اور دیگر اخراجات
33.2	28,050	37,354	منافع قبل از ٹیکس اور پروویژن
134.6	(3,937)	1,363	نیٹ پروویژن
60.6	24,113	38,717	منافع قبل از ٹیکس
57	(12,069)	(18,953)	ٹیکسز
64.1	12,044	19,764	منافع بعد از ٹیکس
64.1	7.94	13.02	فی حصص آمدن (روپے)

لارج اسکیل مینوفیکچرنگ (LSM) کی پیداوار میں جولائی 2024 میں 2.4 فیصد اضافہ دیکھا گیا جو جولائی 2023 میں 5.4 فیصد کمی کے ساتھ سکڑ کر رہ گیا تھا، ٹیکسٹائل، فوڈ، مشروبات اور آٹوموبائل سمیت 22 میں سے 14 شعبوں میں ترقی دیکھنے میں آئی، جس میں سے ٹیکسٹائل کے شعبے نے 24 ماہ بعد مثبت کارکردگی دکھائی۔

جنوری 2021 کے بعد ستمبر 2024 میں مہنگائی 6.9 فیصد تک کم ہو کر بہتر صورت حال پیش کر رہی ہے، جس کی وجہ عالمی اجناس کی قیمتوں میں کمی، ایک مستحکم شرح مبادلہ اور بنیادی اثرات بہتر ہوئے ہیں۔ ستمبر 2024 میں پالیسی ریٹ 200 بیسیں پوائنٹس سے کم ہو کر 17.5 فیصد ہو گیا، جو گرتی ہوئی افراط زر میں اعتماد کی علامت ہے اور سرمایہ کاری اور نجی شعبے کے قرضوں میں اضافے پر توجہ مرکوز کرتا ہے۔

مالیاتی خسارہ بدستور تشویشناک ہے، مالی سال 25 کی پہلی سہ ماہی جولائی سے ستمبر میں ٹیکس وصولی میں 20.5 فیصد اضافہ ہوا اور مالی سال 25 کی پہلی سہ ماہی میں ٹیکس وصولی 2,657 ارب روپے رہی تاہم هدف کے مقابلے میں 96 ارب روپے کی کمی رہی۔ حکومت اصلاحات کے ذریعے مالی سال 25 کے لیے ٹیکس ریونیو میں 40 فیصد اضافہ حاصل کرنے کے لیے کوشاں ہے، جس میں ٹیکس کی بنیاد کو وسیع کرنا اور پبلک سیکٹر کے اداروں میں ہونے والے نقصانات کو کم کرنا شامل ہے۔ تاہم ان مسائل کے باوجود، مالیاتی شعبہ جی ڈی پی کے 0.1 فیصد بنیادی سرپلس کو برقرار رکھنے میں کامیاب رہا۔

پاکستان اسٹاک مارکیٹ نے ستمبر 2024 کے دوران 2,626 پوائنٹس یعنی ماہانہ اعتبار سے 3.3 فیصد اضافے سے 81,114 پوائنٹس پر بند ہونے والی مضبوط رفتار کا مظاہرہ کیا۔ یہ سرمایہ کاروں کے مستقل اعتماد کی عکاسی کرتا ہے، اس میں آئی ایم ایف ڈیل، گرتی ہوئی افراط زر، بہتر ایکسٹرنل اکاؤنٹس اور پالیسی اصلاحات کے لیے حکومت کے عزم کی بدولت ہے۔

ایکسٹرنل اکاؤنٹس کا خسارہ جولائی سے اگست 2024 میں کم ہو کر 0.2 بلین ڈالر رہ گیا، جو درآمدات میں اضافے کی بدولت پچھلے سال کی اسی مدت میں 0.9 بلین ڈالر تھا۔ اس بہتری کی وجہ برآمدات کا 6.1 بلین ڈالر تک پہنچنا ہے جو کہ مالی سال 2024 میں جولائی تا اگست میں 5.8 بلین ڈالر تھی اور مالی سال 2025 کے پہلے 2 ماہ میں بیرون ملک سے ترسیلات زر میں اضافہ ہوا، جو پچھلے سال کی اسی مدت کے 4.1 بلین ڈالر کے مقابلے میں 5.9 بلین ڈالر تک پہنچ گئیں۔

مجموعی طور پر، پاکستان کی معیشت مالی سال 2025 کی پہلی سہ ماہی میں مثبت دیکھی جا رہی ہے، زیادہ تر اقتصادی عوامل میں بہتری کے ساتھ۔ یہ مثبت رفتار آنے والے مہینوں میں جاری رہنے کی توقع ہے، آئی ایم ایف کی توسیعی فنڈ سہولت (ای ایف ایف) کے کامیاب نفاذ سے اسے سہارا ملے گا۔ مہنگائی سنگل ڈجٹ پر آگئی ہے، صنعتی پیداوار میں اضافہ اور کرنٹ اکاؤنٹ خسارہ کم ہو گیا ہے۔

ڈائریکٹر زکا جائزہ

ان کنسولیڈیٹڈ مالیاتی گوشوارے
برائے سہ ماہی اور 9 ماہ ختم شدہ 30 ستمبر 2024

ہم بورڈ آف ڈائریکٹرز کی جانب سے فیصل بینک لمیٹڈ (”FBL“ یا ”بینک“) کی 30 ستمبر 2024 پر ختم شدہ سہ ماہی اور 9 ماہ کی مدت کے لیے ڈائریکٹر زکا جائزہ کے ساتھ غیر آڈٹ شدہ منجمد عبوری مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی پر وفاق:

FBL کا قیام پاکستان میں 3 اکتوبر 1994 کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا اور اس کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ FBL صارفین کے تمام طبقات جیسے ریٹیل، چھوٹے اور متوسط درجے کے کاروباری ادارے، کمرشل، ایگری بیسڈ اور کارپوریٹ کو اسلامی بینکنگ خدمات کی ایک وسیع رینج پیش کرتا ہے۔ بینک نے 31 دسمبر 2022 کو اپنا کنوینشنل بینکنگ لائسنس واپس کیا اور یکم جنوری 2023 کو اسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ اسلامی بینکاری لائسنس کے تحت آپریشنز کا آغاز کیا۔ بینک کی ملک بھر کے 308 شہروں میں 765 شاخیں شرعی اصولوں کے عین مطابق خدمات فراہم کر رہی ہیں۔

ہولڈنگ کمپنی

اتمار بینک (B.S.C. کلوزڈ)، ایک بینکنگ ادارہ ہے جو مرکزی بینک آف بحرین کے ذریعے ریگولیٹ کیا جاتا ہے، یہ مرکزی کمپنی ہے، جو فیصل بینک لمیٹڈ میں بالواسطہ یا بلاواسطہ 66.78% (2023: 66.78%) حصص کی حامل ہے۔ اتمار بینک (B.S.C. کلوزڈ) اتمار ہولڈنگز B.S.C. کا ملکیتی ذیلی ادارہ دارالmaal الاسلامی ٹرسٹ (DMIT) اتمار ہولڈنگ B.S.C. کی ہولڈنگ کمپنی اور گروپ کی سرپرست ہے۔ DMIT کو معاہدے کے ذریعے دولت مشترکہ بہاماس کے قوانین کے تحت اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور کو سرانجام دینے کے مقصد سے تشکیل دیا گیا تھا۔

تازہ ترین اقتصادی صورتحال:

پاکستانی معیشت نے اقتصادی اور مالی دونوں صورتوں میں بہتری کے ساتھ مسلسل بحالی کا مظاہرہ کیا ہے۔ موجودہ اقتصادی چیلنجز کے باوجود، ملک نے مستحکم ترقی کی ہے، خاص طور پر ستمبر 24 میں آئی ایم ایف سے 7 بلین ڈالر کا قرضہ حاصل کرنے کے بعد استحکام دیکھا جا رہا ہے۔ اس معاہدے سے معیشت میں اعتماد پیدا ہونے کے ساتھ اصلاحات میں مدد اور مالی استحکام میں اضافہ ہو گا۔

Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
ASSETS			
Cash and balances with treasury banks	9	100,714,404	84,036,558
Balances with other banks	10	3,470,557	1,812,399
Due from financial institutions	11	19,999,999	-
Investments	12	649,836,436	589,544,591
Islamic financing and related assets	13	507,800,816	580,711,316
Property and equipment	14	39,159,612	29,555,304
Right-of-use assets	15	11,976,178	10,713,046
Intangible assets	16	2,286,235	2,331,775
Deferred tax assets		-	-
Other assets	17	111,785,060	71,368,561
		1,447,029,297	1,370,073,550
LIABILITIES			
Bills payable	18	13,631,879	16,550,469
Due to financial institutions	19	75,930,643	166,886,803
Deposits and other accounts	20	1,164,290,198	1,018,275,737
Lease liabilities	21	14,537,407	12,868,103
Subordinated sukuk		-	-
Deferred tax liabilities	22	6,504,994	4,907,208
Other liabilities	23	68,318,416	60,386,869
		1,343,213,537	1,279,875,189
NET ASSETS			
		103,815,760	90,198,361
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		17,561,196	15,616,188
Surplus on revaluation of assets - net	24	19,409,990	15,151,071
Unappropriated profit		51,667,609	44,254,137
		103,815,760	90,198,361
CONTINGENCIES AND COMMITMENTS			
	25		

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter and nine months ended September 30, 2024

	Note	Quarter ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
		Rupees '000			
Profit / return earned	27	56,096,682	51,250,633	174,930,375	133,354,544
Profit / return expensed	28	34,512,972	32,838,975	115,123,444	84,211,318
Net profit / return		21,583,710	18,411,658	59,806,931	49,143,226
OTHER INCOME					
Fee and commission income	29	2,375,865	2,230,064	7,517,647	6,389,397
Dividend income		52,422	31,227	312,831	238,476
Foreign exchange income		619,404	454,793	3,398,410	2,126,468
Income / (loss) from derivatives		2,161	(143,762)	(3,786)	(27,420)
Gain / (loss) on securities	30	130,220	(390,658)	798,147	(1,992,260)
Net loss on derecognition of financial assets measured at amortised cost	17.1	-	-	(165,256)	-
Other income	31	77,975	76,759	290,910	203,560
Total other income		3,258,047	2,258,423	12,148,903	6,938,221
Total income		24,841,757	20,670,081	71,955,834	56,081,447
OTHER EXPENSES					
Operating expenses	32	12,215,515	9,804,384	33,740,516	27,496,248
Workers welfare fund		263,084	195,733	790,147	531,236
Other charges	33	33,963	1,586	70,860	4,146
Total other expenses		12,512,562	10,001,703	34,601,523	28,031,630
Profit before credit loss allowance		12,329,195	10,668,378	37,354,311	28,049,817
Credit loss allowance and write offs - net	34	(561,573)	1,612,187	(1,362,914)	3,937,291
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		12,890,768	9,056,191	38,717,225	24,112,526
Taxation	35	6,392,882	4,537,746	18,952,994	12,068,824
PROFIT AFTER TAXATION		6,497,886	4,518,445	19,764,231	12,043,702
Rupees					
Basic / diluted earnings per share	36	4.28	2.98	13.02	7.94

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter and nine months ended September 30, 2024

	Quarter ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	Rupees '000			
Profit after taxation for the period	6,497,886	4,518,445	19,764,231	12,043,702
Other comprehensive income / (loss)				
Items that may be reclassified to the profit and loss account in subsequent periods:				
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	7,348,192	-	6,063,144	-
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	327,992	-	193,984
	7,348,192	327,992	6,063,144	193,984
Items that will not be reclassified to the profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of equity investments - net of tax	(277,774)	-	(76,422)	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	(273,103)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	(275,651)
	(277,774)	-	(76,422)	(548,754)
Total comprehensive income	13,568,304	4,846,437	25,750,953	11,688,932

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

For the nine months ended September 30, 2024

Note													

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

DIRECTOR

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2024

	Note	September 30, 2024	September 30, 2023
----- Rupees '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		38,717,225	24,112,526
Less: dividend income		(312,831)	(238,476)
		38,404,394	23,874,050
Adjustments:			
Net profit / return income		(59,806,931)	(49,143,226)
Depreciation on owned property and equipment	32	2,265,107	1,526,628
Depreciation on right-of-use assets	32	1,521,244	1,432,676
Depreciation on non-banking assets	32	1,970	3,761
Amortisation of intangible assets	32	306,184	232,756
Workers welfare fund		790,147	531,236
Credit loss allowance against due from financial institutions	34	1	-
Credit loss allowance against cash and balances with treasury banks	34	(3,572)	-
Credit loss allowance against Islamic financing and related assets	34	(1,345,749)	3,395,755
Credit loss allowance against investments	34	(21,313)	611,770
Credit loss allowance against other assets	34	(2,817)	2,326
Credit loss allowance against off balance sheet obligations	34	222,409	202,460
Unrealised gain - FVTPL	30	(6,767)	-
Net gains loss on derecognition of financial assets measured at amortised cost		165,256	-
Gain on sale of Property and equipment - net	31	(10,621)	(14,446)
Gain on termination of leases (IFRS 16)	31	(65,819)	(13,404)
Charge for defined benefit plan		265,040	198,675
Loss / (income) from derivative contracts		3,786	27,420
Bad debts written off directly	34	15,760	44,462
		(55,706,685)	(40,961,151)
		(17,302,291)	(17,087,101)
Decrease / (increase) in operating assets			
Due from financial institutions		(20,000,000)	9,815,098
Securities classified as FVTPL		5,168,880	-
Financing		63,523,794	(40,008,993)
Others assets (excluding advance taxation)		(16,999,078)	(10,565,943)
		31,693,596	(40,759,838)
Increase / (decrease) in operating liabilities			
Bills Payable		(2,918,590)	(6,141,093)
Due to financial institutions		(89,201,697)	(17,625,783)
Deposits		146,014,461	167,996,135
Other liabilities (excluding current taxation)		17,951,995	17,982,303
		71,846,169	162,211,562
Income tax paid		(24,488,271)	(13,081,472)
Profit / return received		156,292,105	99,134,915
Profit / return paid		(114,199,396)	(79,114,837)
Contribution to gratuity fund		(174,234)	(198,675)
Net cash generated from operating activities		103,667,678	111,104,554
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in amortized cost securities		(726,754)	(2,455,995)
Net investments in securities classified as FVOCI		(54,859,607)	(78,915,428)
Net investments in subsidiary		(1,000,000)	-
Net divestments / (investments) in associates		1,514,509	(218,338)
Dividends received		277,775	227,187
Investment in property and equipment		(11,871,150)	(4,194,497)
Investment in intangible assets		(322,243)	(542,666)
Disposal of property and equipment		12,323	52,814
Net cash used in investing activities		(66,975,147)	(86,046,923)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease obligations against right-of-use assets		(2,432,109)	(1,713,067)
Dividend paid		(14,168,285)	(2,978,466)
Net cash used in financing activities		(16,600,394)	(4,691,533)
Increase in cash and cash equivalents during the period			
Cash and cash equivalents at the beginning of the period		83,635,740	58,816,816
Expected credit loss allowance on cash and cash equivalents		(1,670)	-
Effect of exchange rate changes on cash and cash equivalents		84,808	(1,563,408)
		83,718,878	57,253,408
Cash and cash equivalents at the end of the period		103,811,015	77,619,506

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the nine months ended September 30, 2024

1 STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is engaged in Shariah compliant modern Corporate, Commercial and Consumer banking activities. The Bank is operating through 765 branches (December 31, 2023: 722 branches) including 2 sub-branches (December 31, 2023: 2 sub-branches).

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

- 1.2** During the year, the Bank established a wholly owned subsidiary, Faysal Islami Currency Exchange Company (Private) Limited (FICEC). FICEC is a private limited company, incorporated in Pakistan with the objective of dealing in foreign exchange and facilitating remittances. The registered office of FICEC is at ST-02, Faysal House, Shahrah-e-Faisal, Karachi.
- 1.3** The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2023: 'AA') and the short term rating as 'A1+' (December 31, 2023: 'A1+') on June 24, 2024 and June 28, 2024 respectively.

2 BASIS OF PRESENTATION

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

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

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

3 STATEMENT OF COMPLIANCE

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;

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

For the nine months ended September 30, 2024

Provisions of, and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 3.2

As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended September 30, 2024, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 31.415 million (period ended September 30, 2023: Rs. 58.496 million) from the NCR.
- 3.3

These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 2 of 2023 dated February 9, 2023 and IAS 34 and should be read in conjunction with the annual unconsolidated financial statements for the financial year ended December 31, 2023.
- 3.4

Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current period
- 3.4.1

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2024 but are considered not to be relevant or do not have any significant effect on the Bank's operations except for the implementation of IFRS 9: 'Financial Instruments' as detailed in note 4.1.
- 3.5

Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective
- 3.5.1

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

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

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

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

For the nine months ended September 30, 2024

3.5.2 As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at September 30, 2024 are as follows:

	Note	--- Rupees in '000 ---
Assets		
Investments		706,608
Financing - net		709,131
Liabilities		
Deposits and other accounts		3,589,761
Other Liabilities	26.1	1,064,613

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 IFRS 9 - Financial Instruments

During the period, as directed by the SBP vide its BPRD Circular No. 07 of 2023 dated April 13, 2023, IFRS 9: 'Financial Instruments' (the Standard) became applicable to the Bank. To ensure smooth and consistent implementation of the standard across banks, SBP had previously issued detailed instructions in BPRD Circular No. 03 of 2022 dated July 05, 2022.

The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at January 1, 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9. The accounting policies applicable to the 2023 presented information is consistent with the policies mentioned in the annual audited financial statements for the year ended December 31, 2023.

SBP vide its BPRD Circular Letter No. 16 of 2024 dated July 29, 2024 have made certain amendments and extended timelines of application instructions for certain areas where the banking industry has sought more time. These amendments and relaxations include modification accounting for financial assets and liabilities as per the standard and recording and treatment of staff financing and other financings given at reduced rates with effect from October 1, 2024. Further, the banks have been asked to use existing practices of recordings of profit/return income using effective yield rate and ensure full recognition from 1 October 2024, this in turn also effects the reduced rate financing and modified assets accounting. Moreover, SBP have allowed an extension to Banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date. In addition the banks have also been allowed to continue existing practice of valuing unquoted equity investment at their cost or breakup value, whichever is lower, till 31 December 2024 and perform fair valuation of these securities afterwards.

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

For the nine months ended September 30, 2024

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

Financial Assets / Liabilities	Previous classification	Classification under IFRS 9	Balances as of December 31, 2023 (Audited)	Impact due to			Total impact - gross of tax	Taxation	Total impact - net of tax	Balances as of January 01, 2024
				Change in classification	Remeasurements	Reversal of provisions held	Recognition of expected credit losses (ECL)			
Cash and balances with treasury banks	Loans and receivables	Amortised Cost	84,036,558	-	-	-	(5,240)	-	(5,240)	84,031,318
Balances with other banks	Loans and receivables	Amortised Cost	1,812,399	-	-	-	(2)	-	(2)	1,812,397
Due from financial institutions	Loans and receivables	Amortised Cost	-	-	-	-	-	-	-	-
Investments*										
Held for trading	HFT	FVTPL	-	8,752,287	-	-	-	-	-	-
Available for sale	AFS	FVOCI	579,769,468	(8,752,287)	(39,854)	-	-	-	8,752,287	8,752,287
Held to maturity	HTM	Amortised Cost	6,765,570	-	-	-	(901,167)	-	(969,308)	570,076,160
Associates and subsidiaries	Cost	Amortised Cost	3,009,553	-	-	-	(6)	-	(6)	6,765,564
Islamic financing and related assets *	Loans and receivables	Amortised Cost	580,711,316	-	-	20,050,262	(27,897,279)	-	(7,847,017)	3,009,553
Property and equipment	Outside the scope of IFRS 9		29,555,304	-	-	-	-	-	-	29,555,304
Right-of-use assets	Outside the scope of IFRS 9		10,713,046	-	-	-	-	-	-	10,713,046
Intangible assets	Outside the scope of IFRS 9		2,331,775	-	-	-	-	-	-	2,331,775
Other assets										
Financial other assets	Loans and receivables	Amortised Cost	66,502,885	-	-	-	(3,657)	-	(3,657)	66,499,028
Non financial other assets	Outside the scope of IFRS 9		4,315,644	-	-	-	-	-	-	4,315,644
Forward foreign exchange contracts	Fair value	FVTPL	550,232	-	-	-	-	-	-	550,232
			1,370,073,550	-	(39,854)	20,050,262	(28,807,351)	(8,796,943)	-	1,361,276,807
Bills payable	Cost	Amortised Cost	16,550,469	-	-	-	-	-	-	16,550,469
Due to financial institutions	Cost	Amortised Cost	166,886,803	-	-	-	-	-	-	166,886,803
Deposits and other accounts	Cost	Amortised Cost	1,016,275,737	-	-	-	-	-	-	1,016,275,737
Lease liabilities	Outside the scope of IFRS 9		12,868,103	-	-	-	-	-	-	12,868,103
Deferred tax liabilities	Outside the scope of IFRS 9		4,907,208	-	-	-	-	(4,336,645)	(4,336,645)	570,563
Other liabilities										
Financial other liabilities	Cost	Amortised Cost	54,424,325	-	-	-	53,356	-	53,356	54,477,681
Non financial other liabilities	Outside the scope of IFRS 9		3,641,003	-	-	-	-	-	-	3,641,003
Derivatives, forward foreign exchange	Fair value	FVTPL	2,321,541	-	-	-	-	-	-	2,321,541
			1,279,875,189	-	-	-	53,356	(4,336,645)	(4,283,289)	1,275,591,900
Net Assets			90,198,361	-	(39,854)	20,050,262	(28,860,707)	4,336,645	(4,513,654)	85,684,707
REPRESENTED BY										
Share capital	Outside the scope of IFRS 9		15,176,965	-	-	-	-	-	-	15,176,965
Reserves	Outside the scope of IFRS 9		15,616,188	-	-	-	-	-	-	15,616,188
Surplus on revaluation of assets - net			15,151,071	(794,192)	(1,945,411)	-	(2,739,603)	1,342,403	(1,397,200)	13,753,871
Unappropriated profit			44,254,137	794,192	1,905,557	20,050,262	(28,860,707)	2,994,242	(3,116,454)	41,137,883
			90,198,361	-	(39,854)	20,050,262	(28,860,707)	4,336,645	(4,513,654)	85,684,707

* This includes management overlay of Rs. 3,607,544 million in Stage 2 ECL.

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

For the nine months ended September 30, 2024

4.1.1 Impact on regulatory capital

In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. The transitional arrangement applies only to provisions for stage 1 and stage 2 financial assets. The transitional arrangement must adjust CET1 capital.

Had IFRS 9 not been applied then CAR would have been lower by 6 bps from 20.94% to 20.88%

The Bank has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then CAR would have been higher by 17 bps from 20.94% to 21.11%. In September 2024, ECL for Stage 1 and Stage 2 decreased due to which IFRS 9 transitional benefit has been compromised.

The Bank has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then Leverage Ratio would have been lower by 18 bps from 5.24% to 5.06%.

4.1.2 Classification and measurement

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

Recognition / derecognition and initial measurement

Trade receivable and debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

The policy for derecognition of financial assets and liabilities are consistent with the annual unconsolidated financial statements of the Bank for the year ended December 31, 2023.

Classification of Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. A debt instrument is measured at FVOCI only if the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different basis. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.

Classification of Financial Liabilities

Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognized in profit and loss account. Financial liabilities classified at amortized cost are initially recorded at their fair value and subsequently measured using the effective yield rate method. Profit expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

4.1.3 Business model assessment

A financial asset is classified as either Held to collect, Held to collect and sale and Others based on Business model assessment. The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, historical sales information etc.

4.1.4 Assessment of whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

The Bank assesses whether the contractual cash flows of a financial asset meet the Solely Payments of Principal and Interest (SPPI) criterion by examining the contractual terms. This includes checking for terms that could alter the amount and timings of cash flows, such as contingent events, leverage, or prepayment features, etc.

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

For fixed-rate financings with periodic profit rate resets, the Bank considers these SPPI-compliant as the revised rates reflect time value, credit risk, and other associated risks.

4.1.5 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Profit and impairment are recognised in profit or loss.
Debt investments at FVOCI Financial assets at amortised cost	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Profit income is calculated using the effective yield method and includes amortization of premiums and accretion of discount and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss account.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.

4.1.6 Modification

Financial assets

The Bank renegotiates or otherwise modifies the contractual cash flows of financing to its customers. If the cash flows are substantially different, the Bank derecognizes the original asset and recognizes a new financial asset at fair value, plus any eligible transaction costs.

If a financial asset measured at amortized cost or FVOCI is modified but not derecognized, the bank recalculates its gross carrying amount using the original effective yield rate, with the adjustment recognized as a modification gain or loss in profit or loss.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. If the new cash flows are significantly different, the bank derecognizes the old liability and recognizes a new one at fair value, with the difference between the old carrying amount and new fair value recorded in profit and loss.

4.1.7 Impairment

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

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

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

PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).

EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.

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

Under SBP's instructions, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level for Corporate / Commercial / SME financing and at a segment / product basis for retail portfolio.

4.1.8 Significant increase in credit risk (SICR)

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

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

For the nine months ended September 30, 2024

A financial asset is transitioned to a backward stage in line with SBP instructions.

4.1.9 Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring multiple functions to effectively work together to ensure input from all business lines. The Risk Department defines the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department also take the ownership of the impact of ECL on bank's capital.

The Bank's Finance Division performs ECL calculation. As a result, the department then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios.

As per the Bank's policy, the Bank's Internal Audit function carries out periodic review of IFRS 9 methodology and impacts calculated by the Management.

4.2 Revised format of condensed interim financial statements

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

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

Right-of-use-assets (note 15) amounting to Rs 11,976.178 million (December 31, 2023: Rs 10,713.046 million) which were previously shown as part of fixed assets are now shown separately on the unconsolidated statement of financial position.

Lease liabilities (note 21) amounting to Rs 14,537.407 million (December 31, 2023: Rs 12,868.103 million) which were previously shown as part of other liabilities (note 23) are now shown separately on the unconsolidated statement of financial position.

5 BASIS OF MEASUREMENT

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

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

8 FINANCIAL RISK MANAGEMENT

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

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
9 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
local currency		23,408,913	18,287,506
foreign currencies		1,748,048	1,716,544
		25,156,961	20,004,050
With State Bank of Pakistan in			
local currency current accounts		64,014,976	47,120,181
foreign currency current accounts		2,423,047	2,684,723
foreign currency deposit accounts		4,453,844	4,323,955
		70,891,867	54,128,859
With National Bank of Pakistan in			
local currency current accounts		4,667,244	9,902,199
Prize bonds	9.1	-	1,450
Less: Credit loss allowance		(1,668)	-
Cash and balances with treasury banks - net of credit loss allowance		100,714,404	84,036,558

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

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
10 BALANCES WITH OTHER BANKS			
In Pakistan			
in current accounts		240,985	10,239
Outside Pakistan			
in current accounts		3,229,574	1,802,160
Less: Credit loss allowance		(2)	-
Balances with other banks - net of credit loss allowance		3,470,557	1,812,399

11 DUE FROM FINANCIAL INSTITUTIONS

Musharka Placements		20,000,000	-
Less: Credit loss allowance	11.1	(1)	-
Due from financial institutions - net of credit loss allowance		19,999,999	-

11.1 Due from financial institutions - Particulars of credit loss allowance

Un-audited September 30, 2024		Audited December 31, 2023	
Due from financial institutions	Credit loss allowance	Due from financial institutions	Provision
----- Rupees '000 -----			
Domestic			
Performing	Stage 1	20,000,000	1
		-	-

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

For the nine months ended September 30, 2024

12 INVESTMENTS

12.1 Investments by type:

Note	Un-audited September 30, 2024			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	Rupees '000			
FVTPL				
Federal Government securities	3,583,407	-	6,767	3,590,174
	3,583,407	-	6,767	3,590,174
FVOCI				
Federal Government securities	569,540,236	-	14,594,070	584,134,306
Shares	5,417,937	-	(1,081,185)	4,336,752
Non Government debt securities	47,570,932	(1,400,108)	1,616,055	47,786,879
	622,529,105	(1,400,108)	15,128,940	636,257,937
Amortised Cost				
Non Government debt securities	8,901,718	(1,408,437)	-	7,493,281
	8,901,718	(1,408,437)	-	7,493,281
Associates *	12.5			
Faysal Islamic Savings Growth Fund	205,151	-	-	205,151
Faysal Halal Amdani Fund	150,000	-	-	150,000
	355,151	-	-	355,151
Subsidiaries *	12.5			
Faysal Asset Management Limited	1,139,893	-	-	1,139,893
Faysal Islami Currency Exchange Company (Private) Limited	1,000,000	-	-	1,000,000
	2,139,893	-	-	2,139,893
Total Investments	637,509,274	(2,808,545)	15,135,707	649,836,436

* related parties

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

* related parties

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

	Un-audited September 30, 2024	Audited December 31, 2023
	----- Rupees '000 -----	

12.2 Investments given as collateral - at market value

Federal Government Securities

Ijarah Sukuk	-	73,587,500
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12.3 Credit loss allowance for diminution in value of investments

Opening balance	3,834,242	3,284,350
Impact of adopting IFRS 9 as at January 1, 2024	(1,004,384)	-
Restated balance as at January 1 , 2024	2,829,858	3,284,350
Charge / reversals		
Charge for the period / year	7,511	1,811,871
Reversals for the period / year	(28,824)	(58,113)
Reversal on disposals	-	(1,203,866)
	(21,313)	549,892
Transfers - net	-	-
Amounts written off	-	-
Closing balance	2,808,545	3,834,242

12.4 Particulars of credit loss allowance against debt securities

		Un-audited		Audited	
		September 30, 2024		December 31, 2023	
		Outstanding amount	Credit loss allowance	Non-performing investments	Provision
----- Rupees '000 -----					
Domestic					
Performing	Stage 1	622,871,017	1,890	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		1,215,105	879,891	-	-
Loss		1,926,764	1,926,764	1,928,685	1,928,685
		3,141,869	2,806,655	1,928,685	1,928,685
Total		626,012,886	2,808,545	1,928,685	1,928,685

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

For the nine months ended September 30, 2024

12.5 Investment in subsidiaries and associates

Note	As at September 30, 2024(Un-audited)				For the nine months ended September 30, 2024 (Un-audited)			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit after tax	Total comprehensive income	
		%	Rupees '000					
Associates								
Faysal Islamic Savings Growth Fund	Pakistan	14.46	1,524,646	16,567	283,452	251,770	251,770	
Faysal Halal Amdani Fund	Pakistan	0.21	71,369,095	607,067	9,885,049	9,127,884	9,127,884	
Subsidiaries								
Faysal Asset Management Limited	12.5.1	Pakistan	99.99	3,010,378	645,643	1,585,236	584,135	584,135
Faysal Islami Currency Exchange Company (Private) Limited	12.5.2	Pakistan	100.00	1,089,453	52,042	124,411	37,411	37,411

	As at December 31, 2023 (Audited)				For the nine months ended September 30, 2023 (Un-audited)		
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income
		%	Rupees '000				
Associates							
Faysal Islamic Savings Growth Fund	Pakistan	9.1	2,468,411	19,922	277,590	252,077	252,077
Faysal Islamic Stock Fund	Pakistan	28.6	494,748	57,173	20,829	4,025	4,025
Faysal Halal Amdani Fund	Pakistan	3.7	42,865,974	215,288	5,606,378	5,304,178	5,304,178
Subsidiary							
Faysal Asset Management Limited	Pakistan	99.99	2,308,798	528,198	745,040	282,784	282,784

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

12.5.2 Faysal Islami Currency Exchange Company (Private) Limited was incorporated in Pakistan on January 16, 2024 under the Companies Act, 2017 ('the Act'). The registered office of the Company is situated at ST-02, Faysal House, Sharah-e-Faisal, Karachi. The principal activities of the Company are to buy and sell foreign exchange. The Company has received operational license from State Bank of Pakistan on March 26, 2024. As at September 30, 2024, the Company has 10 branches all over Pakistan.

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

For the nine months ended September 30, 2024

13 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non-performing		Total	
	Un-audited September 30, 2024	Audited December 31, 2023	Un-audited September 30, 2024	Audited December 31, 2023	Un-audited September 30, 2024	Audited December 31, 2023
Rupees '000						
Murabaha financing and related assets						
Murabaha financing	40,627,210	38,284,881	96,898	166,424	40,724,108	38,451,305
Advance against Murabaha financing	4,114,688	3,219,979	5,000	5,000	4,119,688	3,224,979
Inventory related to Murabaha	2,009,014	2,174,051	-	-	2,009,014	2,174,051
	46,750,912	43,678,911	101,898	171,424	46,852,810	43,850,335
Running Musharaka						
	132,226,010	195,753,370	-	545,166	132,226,010	196,298,536
Istisna financing and related assets						
Istisna	36,165,974	36,501,975	1,173,240	551,792	37,339,214	37,053,767
Advance against Istisna	17,802,738	30,317,852	309,583	172,166	18,112,321	30,490,018
Inventory related to Istisna	10,933,247	7,382,419	49,871	-	10,983,118	7,382,419
	64,901,959	74,202,246	1,532,694	723,958	66,434,653	74,926,204
Tijarah financing and related assets						
Tijarah	2,666,835	2,455,035	415,107	316,722	3,081,942	2,771,757
Advance against Tijarah	1,168,627	766,202	-	-	1,168,627	766,202
Inventory related to Tijarah	1,662,836	4,136,549	-	3,500	1,662,836	4,140,049
	5,498,298	7,357,786	415,107	320,222	5,913,405	7,678,008
Musawamah financing and related assets						
Musawamah	3,880,333	2,788,837	158,950	100,516	4,039,283	2,889,353
Advance against Musawamah	10,770	4,190	-	-	10,770	4,190
Inventory related to Musawamah	393	7,408	-	-	393	7,408
	3,891,496	2,800,435	158,950	100,516	4,050,446	2,900,951
Salam financing and related assets						
Salam	-	100,000	1,200	1,200	1,200	101,200
Advance against Salam	8,876,501	9,850,771	-	-	8,876,501	9,850,771
	8,876,501	9,950,771	1,200	1,200	8,877,701	9,951,971
Diminishing Musharaka financing and related assets						
Diminishing Musharaka	216,990,794	210,560,169	6,650,093	5,624,139	223,640,887	216,184,308
Advance against Diminishing Musharaka	11,657,583	10,225,549	35,000	97,500	11,692,583	10,323,049
	228,648,377	220,785,718	6,685,093	5,721,639	235,333,470	226,507,357
Wakala Istithmar						
	6,302,669	6,302,669	-	-	6,302,669	6,302,669
Tawwaruq						
	16,862,492	13,673,003	152,219	98,423	17,014,711	13,771,426
Advance against Islamic export refinance						
	-	2,414,376	-	-	-	2,414,376
Musharaka						
	9,250	27,534	779	722	10,029	28,256
Bai salam						
	-	277,076	-	-	-	277,076
	513,967,964	577,223,895	9,047,940	7,683,270	523,015,904	584,907,165
Other financing	967,114	478,042	13,508,746	15,376,371	14,475,860	15,854,413
Gross Financing	514,935,078	577,701,937	22,556,686	23,059,641	537,491,764	600,761,578
Credit loss allowance against financing						
Stage 1	(1,325,585)	-	-	-	(1,325,585)	-
Stage 2	(4,528,950)	-	-	-	(4,528,950)	-
Stage 3	-	-	(20,531,302)	-	(20,531,302)	-
Specific provision	-	-	-	(19,172,592)	-	(19,172,592)
General provision	-	(877,670)	-	-	-	(877,670)
	(5,854,535)	(877,670)	(20,531,302)	(19,172,592)	(26,385,837)	(20,050,262)
Fair value loss	(3,305,111)	-	-	-	(3,305,111)	-
Financing - net of credit loss allowance	505,775,432	576,824,267	2,025,384	3,887,049	507,800,816	580,711,316

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
13.1	Murabaha receivable - gross	13.1.2 41,992,346	39,623,889
	Less: Deferred murabaha income	13.1.3 (288,375)	(29,223)
	Profit receivable shown in other assets	(979,863)	(1,143,361)
	Murabaha financings	13.1.1 40,724,108	38,451,305
13.1.1	The movement in Murabaha financing during the period / year is as follows:		
	Opening balance	38,451,305	10,837,970
	Sales during the period / year	137,803,413	218,668,554
	Adjusted during the period / year	(135,530,610)	(191,055,219)
	Closing balance	40,724,108	38,451,305
13.1.2	Murabaha sale price	41,992,346	39,623,889
	Murabaha purchase price	(40,724,108)	(38,451,305)
		1,268,238	1,172,584
13.1.3	Deferred murabaha income		
	Opening balance	29,223	350,063
	Arising during the period / year	4,345,894	4,874,300
	Less: recognised during the period / year	(4,086,742)	(5,195,140)
	Closing balance	288,375	29,223
13.2	Particulars of Islamic financing and related assets (gross)		
	in local currency	534,974,771	599,815,539
	in foreign currencies	2,516,993	946,039
		537,491,764	600,761,578
13.3	Islamic financing and related assets include Rs. 22,556.686 million (December 31, 2023: Rs. 23,059.641 million) which have been placed under non-performing / Stage 3 status as detailed below:		

Category of classification	Un-audited		Audited	
	September 30, 2024		December 31, 2023	
	Non-performing financing	Credit loss allowance	Non-performing financing	Provision
----- Rupees '000 -----				
Domestic				
other assets especially mentioned	244,459	9,297	204,748	448
substandard	807,197	373,088	883,657	104,142
doubtful	562,193	289,702	670,909	170,824
loss	20,942,837	19,859,215	21,300,327	18,897,178
Total	22,556,686	20,531,302	23,059,641	19,172,592

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

For the nine months ended September 30, 2024

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

	Un-audited						Audited		
	September 30, 2024						December 31, 2023		
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
	Rupees '000								
Opening balance	-	-	-	19,172,592	877,670	20,050,262	18,557,417	771,609	19,329,026
Impact of adopting IFRS 9 as of January 1, 2024	1,962,501	4,928,994	21,005,784	(19,172,592)	(877,670)	7,847,017	-	-	-
Restated balance as at January 1, 2024	1,962,501	4,928,994	21,005,784	-	-	27,897,279	18,557,417	771,609	19,329,026
Exchange adjustment	-	-	(9,603)	-	-	(9,603)	132,838	-	132,838
Charge for the period / year	-	-	1,378,485	-	-	1,378,485	1,960,357	106,061	2,066,418
Reversals during the period / year	(636,916)	(400,044)	(1,687,274)	-	-	(2,724,234)	(1,338,179)	-	(1,338,179)
	(636,916)	(400,044)	(308,789)	-	-	(1,345,749)	622,178	106,061	728,239
Amounts written off	-	-	(156,090)	-	-	(156,090)	(139,841)	-	(139,841)
Closing balance	1,325,585	4,528,950	20,531,302	-	-	26,385,837	19,172,592	877,670	20,050,262

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

13.4.2 As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,781.666 million (December 31, 2023: Rs 2,457.777 million) relating to financing and investment while determining the provisioning requirement against non-performing financing and investment as at September 30, 2024. The additional profit arising from availing the FSV benefit (net of tax) as at September 30, 2024 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,418.649 million (December 31, 2023: Rs 1,253.466 million).

13.4.3 During the period, non performing financing and credit loss allowance were reduced by Rs 52.000 million (December 31, 2023: Rs 114.000 million) due to debt property swap transactions.

13.4.4 A management overlay of Rs. 2,118.864 million has been made in Stage 2 ECL for specific borrowers within certain sectors arising from specific macroeconomic variables, such as energy, depressed demand and escalating financial stress, which have significantly affected those sectors. These factors are not fully captured in the modelled outcomes. The bank will continuously assess the appropriateness of this overlay in light of the evolving situation.

13.5 Islamic financing and related assets

- Particulars of credit loss allowance

	Un-audited		
	September 30, 2024		
	Stage 1	Stage 2	Stage 3
	Rupees '000		
Opening balance	-	-	-
Impact of adopting IFRS 9 as at January 1, 2024	1,962,501	4,928,994	21,005,784
Restated balance as at January 1, 2024	1,962,501	4,928,994	21,005,784
New Financing / Increase	164,730	387,097	669,846
Financing derecognised or repaid	(273,191)	(294,974)	(1,686,070)
Transfer to stage 1	364	(364)	-
Transfer to stage 2	(513,761)	514,965	(1,204)
Transfer to stage 3	(18,007)	(690,632)	708,639
	(639,865)	(83,908)	(308,789)
Amounts written off / charged off	-	-	(156,090)
Changes in risk parameters	2,949	(316,136)	-
Exchange adjustment	-	-	(9,603)
Closing balance	1,325,585	4,528,950	20,531,302

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

For the nine months ended September 30, 2024

13.6 Islamic financing and related assets - Category of classification

		Un-audited		Audited	
		September 30, 2024		December 31, 2023	
		Outstanding amount	Credit loss allowance	Outstanding amount	Provision
Domestic		Rupees '000			
Performing	Stage 1	379,168,495	1,325,585	577,701,937	877,670
Underperforming	Stage 2	135,766,583	4,528,950	-	-
Non-Performing					
Other assets especially mentioned	Stage 3	244,459	9,297	204,748	448
Substandard	Stage 3	807,197	373,088	883,657	104,142
Doubtful	Stage 3	562,193	289,702	670,909	170,824
Loss	Stage 3	20,942,837	19,859,215	21,300,327	18,897,178
Total		537,491,764	26,385,837	600,761,578	20,050,262

	Note	Un-audited September 30, 2024	Audited December 31, 2023
Rupees '000			

14 PROPERTY AND EQUIPMENT

Capital work-in-progress	14.1	8,238,577	4,115,708
Property and equipment		30,921,035	25,439,596
		39,159,612	29,555,304

14.1 Capital work-in-progress

Civil works	1,141,464	266,236
Equipment	3,458,003	2,968,971
Furniture and fixture	633,804	299,479
Vehicles	1,425,485	16,824
Building	1,579,821	564,198
	8,238,577	4,115,708

14.2 Additions to property and equipment

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

Capital work-in-progress - net	4,122,869	4,204,798
Property and equipment		
Freehold land	171,559	-
Leasehold land	595,000	132,800
Building on freehold land	60,358	-
Building on leasehold land	769,451	173,485
Furniture and fixture	322,362	351,724
Electrical, office and computer equipment	4,152,878	1,525,659
Vehicles	555,326	188,203
Leasehold improvements	1,121,347	960,920
	7,748,281	3,332,791
Total	11,871,150	7,537,589

14.3 Disposal of property and equipment

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

Furniture and fixture	-	14
Electrical, office and computer equipment	1,018	1,054
Vehicles	574	37,143
Leasehold improvements	110	171
Total	1,702	38,382

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

For the nine months ended September 30, 2024

15	RIGHT-OF-USE ASSETS	Note	Un-audited September 30, 2024	Audited December 31, 2023
			Rupees '000	
			Buildings	Buildings
	Opening balance			
	Cost		18,669,210	16,341,616
	Accumulated Depreciation		7,956,164	6,032,837
	Net carrying amount		10,713,046	10,308,779
	Additions during the period / year		3,000,319	2,435,802
	Modifications during the period / year		2,365	21,292
	Deletions during the period / year		(218,308)	(129,500)
	Depreciation charge for the period / year		(1,521,244)	(1,923,327)
	Net carrying amount		11,976,178	10,713,046
16 INTANGIBLE ASSETS				
	Capital work-in-progress	16.1	617,277	798,462
	Computer software		1,361,341	1,164,099
	Customer relationship		307,617	369,214
			1,668,958	1,533,313
	Total		2,286,235	2,331,775
16.1 Capital work-in-progress				
	Computer software		617,277	798,462
16.2 Additions to intangible assets				
The following additions have been made to intangible assets during the period:				
	Computer software - directly purchased		503,428	521,741
17 OTHER ASSETS				
	Profit / return accrued in local currency		62,779,860	44,142,282
	Profit / return accrued in foreign currencies		82,970	82,278
	Advances, deposits, advance rent and other prepayments		2,104,774	1,650,813
	Advance taxation (provision less payments)		1,738,115	-
	Non-banking assets acquired in satisfaction of claims		943,929	929,659
	Mark to market gain on forward foreign exchange contracts		228,286	550,232
	Acceptances	23	29,938,886	13,152,356
	Credit cards and other products fee receivable		3,175,615	1,235,999
	Receivable from brokers against sale of shares		48,982	89,252
	Dividend receivable		110,404	75,348
	Receivable from 1Link (Private) Limited		639,258	4,407,978
	Deferred fair value loss	17.1	3,139,855	-
	Rebate receivable - net		562,894	280,127
	Receivable from defined benefit plan asset		-	90,806
	Others		4,885,547	3,273,839
			110,379,375	69,960,969
	Less: credit loss allowance held against other assets	17.2	(328,420)	(327,580)
	Other assets - net of credit loss allowance		110,050,955	69,633,389
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,734,105	1,735,172
	Other assets - total		111,785,060	71,368,561

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

For the nine months ended September 30, 2024

17.1 This amount represents deferred fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its circular BPRD/BRD/PIAHCL/733688-2024 dated August 01, 2024 has allowed staggering of such fair value impact over a period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6, accordingly, the Bank has amortized 5% in the current year.

	Un-audited September 30, 2024	Audited December 31, 2023
	----- Rupees '000 -----	
17.2 Credit loss allowance held against other assets		
Dividend receivable	74,342	75,348
Receivable from customers	51,172	52,799
Security deposits	22,994	22,994
Acceptances	3,473	-
Others	176,439	176,439
	<u>328,420</u>	<u>327,580</u>
17.2.1 Movement in credit loss allowance held against other assets		
Opening balance	327,580	325,254
Impact of adopting IFRS 9 as at January 1, 2024	3,657	-
Restated balance as at January 1, 2024	<u>331,237</u>	<u>325,254</u>
Charge for the period / year	-	2,731
Reversals during the period / year	(2,817)	(405)
	<u>(2,817)</u>	<u>2,326</u>
Closing balance	<u>328,420</u>	<u>327,580</u>
18 BILLS PAYABLE		
In Pakistan	<u>13,631,879</u>	<u>16,550,469</u>
19 DUE TO FINANCIAL INSTITUTIONS		
Secured		
To the State Bank of Pakistan (SBP) under:		
Long term financing facility for Renewable Power Energy (RPE)	-	230
Islamic export refinance scheme - part I and II	25,219,286	30,665,904
Islamic financing for renewable energy	7,724,386	6,641,671
Islamic long term financing facility	9,754,300	11,126,779
Islamic temporary economic refinance scheme	28,151,516	31,034,309
Islamic refinance facility for combating COVID-19	116,111	166,111
Islamic refinance facility for storage of agricultural produce	550,472	513,439
Scheme of Islamic Rupee-based discounting facility under EFS / IERS	679,984	708,777
	<u>72,196,055</u>	<u>80,857,220</u>
Due to SBP under shariah compliant Open Market Operations (OMO) and Mudarabah based Financing Facility (MFF)	-	73,594,497
Due to other financial institutions	3,360,642	3,402,344
Total secured	<u>75,556,697</u>	<u>157,854,061</u>
Unsecured		
Overdrawn nostro accounts	373,946	2,128,409
Musharaka acceptances	-	6,904,333
Total unsecured	<u>373,946</u>	<u>9,032,742</u>
	<u>75,930,643</u>	<u>166,886,803</u>

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

For the nine months ended September 30, 2024

20 DEPOSITS AND OTHER ACCOUNTS

	Un-audited			Audited		
	September 30, 2024			December 31, 2023		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	298,858,183	31,211,467	330,069,650	271,673,365	30,468,754	302,142,119
Savings deposits	346,555,078	21,122,751	367,677,829	246,343,937	21,489,149	267,833,086
Term deposits	239,254,974	2,794,888	242,049,862	244,250,942	1,484,842	245,735,784
Margin deposits	8,935,016	55,128	8,990,144	12,175,267	48,071	12,223,338
	893,603,251	55,184,234	948,787,485	774,443,511	53,490,816	827,934,327
Financial institutions						
Current deposits	42,393,498	746,358	43,139,856	11,726,778	275,306	12,002,084
Savings deposits	171,903,070	24,787	171,927,857	169,738,777	-	169,738,779
Term deposits	435,000	-	435,000	8,600,549	-	8,600,547
	214,731,568	771,145	215,502,713	190,066,104	275,306	190,341,410
	<u>1,108,334,819</u>	<u>55,955,379</u>	<u>1,164,290,198</u>	<u>964,509,615</u>	<u>53,766,122</u>	<u>1,018,275,737</u>

21 LEASE LIABILITIES

	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
Outstanding amount at the start of the period / year	12,868,103	11,827,762
Additions during the period / year	3,000,319	1,232,013
Lease payments including profit	(2,432,109)	(1,672,349)
Profit expense for the period / year	1,367,420	1,528,718
Modifications during the period / year	(268,691)	-
Termination / deletion during the period / year	2,365	(48,041)
Outstanding amount at the end of the period / year	<u>14,537,407</u>	<u>12,868,103</u>

21.1 Liabilities Outstanding

Not later than one year	4,273	218,318
Later than one year and upto five years	3,081,807	2,896,857
Over five years	11,451,327	9,752,928
Total at the period / year end	<u>14,537,407</u>	<u>12,868,103</u>

21.2 This carries average effective charge rate of 13.12% per annum (December 31, 2023: 12.7%).

22 DEFERRED TAX LIABILITIES

	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
Taxable temporary differences on		
surplus on revaluation of property and equipment	1,990,849	2,093,908
surplus on revaluation of non-banking assets	15,678	16,201
surplus on revaluation of investments	7,413,180	3,217,694
fair value adjustment relating to net assets acquired upon amalgamation	150,732	180,916
accelerated tax depreciation	744,180	350,473
	10,314,619	5,859,192
Deductible temporary differences on		
credit loss allowance investments	(341,252)	(847,159)
credit loss allowance against financing, off balance sheet etc.	(3,342,767)	20,472
credit loss allowance against other assets	(125,606)	(125,297)
	(3,809,625)	(951,984)
	<u>6,504,994</u>	<u>4,907,208</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
23 OTHER LIABILITIES			
Profit / return payable in local currency		12,763,394	13,233,050
Profit / return payable in foreign currencies		36,012	9,728
Unearned commission and income on bills discounted		1,673,281	1,496,869
Accrued expenses		7,408,246	6,392,588
Acceptances	17	29,938,886	13,152,356
Dividend payable including unclaimed dividends		498,879	7,078,679
Mark to market loss on forward foreign exchange contracts		1,166,367	664,315
Current taxation (provision less payments)		-	3,219,685
Credit loss allowance against off-balance sheet obligations	23.1	367,062	91,297
Charity fund balance		-	93,385
Withholding tax payable		250,550	261,322
Federal excise duty payable		171,716	159,996
Payable to brokers against purchase of shares		27,512	91,311
Fair value of derivative contracts		1,064,613	1,657,226
Payable related to credit cards and other products		227,222	540,153
Funds held as security		347,426	321,357
Takaful payable		29,232	59,974
Clearing and settlement accounts		11,308,583	10,836,330
Others		1,039,435	1,027,248
		<u>68,318,416</u>	<u>60,386,869</u>
23.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		91,297	87,700
Impact of adopting IFRS 9 as at January 1, 2024		53,356	-
Restated balance as at January 1, 2024		144,653	87,700
Charge for the period / year		222,409	3,597
Reversals during the period / year		-	-
		222,409	3,597
Closing balance		<u>367,062</u>	<u>91,297</u>
24 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus on revaluation of:			
Securities measured at FVOCI - Debt		16,210,125	4,321,608
Securities measured at FVOCI - Equity		(1,081,185)	2,245,115
Property and equipment		11,966,652	12,176,979
Non-banking assets acquired in satisfaction of claims		1,734,105	1,735,172
		28,829,697	20,478,874
Deferred tax on surplus on revaluation of:			
Securities measured at FVOCI - Debt		(7,942,961)	(2,117,588)
Securities measured at FVOCI - Equity		529,781	(1,100,106)
Property and equipment		(1,990,849)	(2,093,908)
Non-banking assets acquired in satisfaction of claims		(15,678)	(16,201)
		(9,419,707)	(5,327,803)
		<u>19,409,990</u>	<u>15,151,071</u>

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

For the nine months ended September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
25 CONTINGENCIES AND COMMITMENTS			
Guarantees	25.1	54,520,810	39,050,948
Commitments	25.2	184,053,892	225,759,797
Other contingent liabilities	25.3	4,122,244	4,122,244
		<u>242,696,946</u>	<u>268,932,989</u>
25.1 Guarantees			
Financial guarantees		4,234,710	4,523,565
Performance guarantees		11,372,431	9,201,571
Other guarantees		38,913,669	25,325,812
		<u>54,520,810</u>	<u>39,050,948</u>
25.2 Commitments			
Documentary credits and short-term trade-related transactions letters of credit		101,512,148	80,258,955
Commitments in respect of:			
forward foreign exchange contracts	25.2.1	77,294,373	65,125,446
forward government securities transactions	25.2.2	-	73,777,500
derivatives - cross currency swaps (notional principal)	25.2.3	1,055,954	1,678,515
extending credit (irrevocable)	25.5	2,603,859	3,429,739
Commitments for acquisition of:			
property and equipment		1,468,154	1,180,860
intangible assets		119,404	308,782
		<u>184,053,892</u>	<u>225,759,797</u>
25.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		61,487,804	55,514,935
Sale		15,806,569	9,610,511
		<u>77,294,373</u>	<u>65,125,446</u>
25.2.2 Commitments in respect of forward government securities transactions			
Purchase		-	73,777,500
25.2.3 Commitments in respect of derivatives			
Cross currency swaps			
Sale	26.1	1,055,954	1,678,515

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

For the nine months ended September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			

25.3 Other contingent liabilities

Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case.		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	25.3.1	1,154,701	1,154,701
		<u>4,122,244</u>	<u>4,122,244</u>

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

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

25.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 31,841.970 million (December 31, 2023: Rs 29,647.217 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299.030 million (December 31, 2023: Rs 25,299.030 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

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

25.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 2,603.859 million (December 2023: Rs. 3,429.739 million) which are irrevocable in nature.

	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		

26 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)	<u>1,055,954</u>	<u>1,678,515</u>
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Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

26.1 Product analysis

Counterparties	September 30, 2024 (Un-audited)	
	Cross currency swaps	
	Notional principal	Mark to market loss
	----- Rupees '000 -----	
With banks for		
Hedging	-	-
Market making	45,799	(48,489)
With other entities for		
Hedging	-	-
Market making	1,010,155	(1,016,124)
Total		
Hedging	-	-
Market making	1,055,954	(1,064,613)

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

Un-audited	
For the nine months ended	
September 30, 2024	September 30, 2023
----- Rupees '000 -----	

27 PROFIT / RETURN EARNED

On:		
Financing	79,775,500	66,121,543
Investments	94,777,449	66,153,785
Due from financial institutions	375,187	1,072,593
Balances with banks	2,239	6,623
	<u>174,930,375</u>	<u>133,354,544</u>

28 PROFIT / RETURN EXPENSED

On:		
Deposits	88,141,685	59,707,194
Due to financial institutions	20,661,605	19,617,726
Lease liability against right-of-use assets	1,367,420	1,131,541
Cost of foreign currency swaps against foreign currency deposits / Due to FIs	4,952,734	3,754,857
	<u>115,123,444</u>	<u>84,211,318</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

		Un-audited	
		For the nine months ended	
Note		September 30, 2024	September 30, 2023
		----- Rupees '000 -----	
29	FEE AND COMMISSION INCOME		
	Branch banking customer fees	965,120	812,808
	Consumer finance related fees	447,663	465,459
	Card related fees	3,112,387	3,166,063
	Credit related fees	46,871	29,904
	Investment banking fees	172,271	188,740
	Commission on trade	945,692	489,739
	Commission on guarantees	114,809	150,962
	Commission on cash management	122,734	113,163
	Commission on remittances including home remittances	1,046,709	582,802
	Commission on bancatakaful	77,796	99,331
	Commission on sale of funds units	402,865	200,708
	Others	62,730	89,718
		<u>7,517,647</u>	<u>6,389,397</u>
30	GAIN / (LOSS) ON SECURITIES		
	Realised	791,380	(1,992,260)
	Unrealised - Measured at FVTPL	6,767	-
		<u>798,147</u>	<u>(1,992,260)</u>
30.1	Realised Gain / (loss) on:		
	Federal Government securities	215,788	(305,347)
	Shares	546,897	(1,711,496)
	Associates	28,695	(23,605)
	Open end mutual funds	-	44,188
		<u>791,380</u>	<u>(1,996,260)</u>
30.2	Net gain / (loss) on financial assets / liabilities		
	Net gain / (loss) on financial assets / liabilities measured at FVTPL:		
	Designated upon initial recognition	-	-
	Mandatorily measured at FVTPL	537,669	-
		<u>537,669</u>	<u>-</u>
	Net gain / (loss) on financial assets / liabilities measured at amortised cost	-	-
	Net gain / (loss) on financial assets measured at FVOCI	231,783	-
		<u>231,783</u>	<u>-</u>
	Net gain on investments in associates	28,695	-
		<u>798,147</u>	<u>-</u>
31	OTHER INCOME		
	Rent on property	197,105	170,509
	Gain on disposal of property and equipment- net	10,621	14,446
	Gain on termination of leases (IFRS 16)	65,819	13,404
	Notice pay recovered	6,484	4,651
	Scrap income	8,271	-
	Others	2,610	550
		<u>290,910</u>	<u>203,560</u>

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

For the nine months ended September 30, 2024

Note	Un-audited For the nine months ended	
	September 30, 2024	September 30, 2023
----- Rupees '000 -----		
32 OPERATING EXPENSES		
Total compensation expense	13,713,750	10,855,706
Property expense		
Rent and taxes	221,641	177,642
Takaful	37,059	26,326
Utilities cost	1,541,682	1,346,403
Security (including guards)	925,274	660,951
Repair and maintenance (including janitorial charges)	693,589	538,818
Depreciation on owned property and equipment	740,107	624,198
Depreciation on non-banking assets	1,970	3,761
Depreciation on right-of-use assets	1,521,244	1,432,676
Others	230,130	187,803
	5,912,696	4,998,578
Information technology expenses		
Software maintenance	1,630,984	1,250,700
Hardware maintenance	323,771	369,894
Depreciation	745,269	400,235
Amortisation	306,184	232,756
Network charges	248,649	233,609
	3,254,857	2,487,194
Other operating expenses		
Directors' fees and allowances	96,320	120,480
Legal and professional charges	405,701	290,991
Outsourced services costs - staff	685,077	543,629
Travelling and conveyance	301,320	196,342
NIFT clearing charges	58,311	60,318
Depreciation	779,731	502,195
Training and development	122,670	52,250
Postage and courier charges	168,642	235,946
Communication	1,085,295	697,587
Marketing, advertisement and publicity	1,589,838	1,268,025
Donations	140,930	113,215
Auditors' remuneration	36,015	13,633
Takaful	610,229	657,480
Stationery and printing	793,466	469,280
Bank fees and charges	2,057,913	1,855,778
Brokerage and commission	35,793	28,136
Deposit protection premium	628,099	532,404
Repair and maintenance	290,876	282,297
Subscriptions and publications	113,918	96,600
Cash handling charges	474,593	368,472
Others	384,476	769,712
	10,859,213	9,154,770
	33,740,516	27,496,248
33 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	70,860	4,146
34 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET		
Credit loss allowance against cash and balances with treasury banks	(3,572)	-
Credit loss allowance against due from financial institutions	11.1 1	-
Credit loss allowance against investments	12.3 (21,313)	611,770
Credit loss allowance against Islamic financing and related assets	13.4 (1,345,749)	3,395,755
Credit loss allowance against other assets	17.2.1 (2,817)	2,326
Credit loss allowance against off balance sheet obligations	23.1 222,409	202,460
Bad debts written off directly	15,760	44,462
Recoveries of written off / charged off bad debts	(227,633)	(361,007)
Impairment charged for non banking asset	-	41,525
	(1,362,914)	3,937,291

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

35 TAXATION

	Un-audited	
	For the nine months ended September 30, 2024	September 30, 2023
	----- Rupees '000 -----	
Current	18,137,116	12,754,975
Prior years	-	125,000
Deferred	815,878	(811,151)
	<u>18,952,994</u>	<u>12,068,824</u>

For the quarter ended		For the nine months ended	
September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
----- Rupees '000 -----			

36 BASIC EARNINGS PER SHARE

Profit after tax for the period	<u>6,497,886</u>	<u>4,518,445</u>	<u>19,764,231</u>	<u>12,043,702</u>
	----- Number of shares in thousands -----			
Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>	<u>1,517,697</u>	<u>1,517,697</u>
	----- Rupees -----			
Basic earnings per share	<u>4.28</u>	<u>2.98</u>	<u>13.02</u>	<u>7.94</u>

36.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at September 30, 2024 and September 30, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

37 FAIR VALUE MEASUREMENTS

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

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

37.1 Fair value of financial assets

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

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

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

For the nine months ended September 30, 2024

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

September 30, 2024 (Un-audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	104,195,000	483,529,480	-	587,724,480
Shares	4,269,066	67,686	-	4,336,752
Non-Government debt securities		47,786,879	-	47,786,879
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	7,514,240	-	7,514,240
Non-financial assets - measured at fair value				
Property and equipment (land and buildings)	-	-	19,168,115	19,168,115
Non-banking assets acquired in satisfaction of claims	-	-	2,678,034	2,678,034
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	60,417,335	-	60,417,335
Forward sale of foreign exchange	-	15,674,181	-	15,674,181
Derivatives sales	-	1,055,954	-	1,055,954

December 31, 2023 (Audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	524,145,204	-	524,145,204
Shares	5,746,460	107,539	-	5,853,999
Non-Government debt securities	-	49,770,265	-	49,770,265
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	6,779,489	-	6,779,489
Non-financial assets - measured at fair value				
Property and equipment (land and buildings)	-	-	17,855,189	17,855,189
Non-banking assets acquired in satisfaction of claims	-	-	2,667,419	2,667,419
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	55,514,935	-	55,514,935
Forward sale of foreign exchange	-	9,610,511	-	9,610,511
Derivatives sales	-	1,678,515	-	1,678,515

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

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

For the nine months ended September 30, 2024

Valuation techniques used in determination of fair values within level 2

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

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

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

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

38.1 Segment details with respect to business activities

Net return / profit	(65,828,794)	54,402,968	72,735,884	91,212	(1,594,329)	59,806,931
Inter segment revenue - net	125,614,202	(49,103,062)	(73,487,275)	91,624	(3,115,489)	-
Other income	6,893,278	2,828,327	4,660,556	14,098	(2,247,356)	12,148,903
Total income	66,678,686	8,128,223	3,909,165	196,934	(6,957,174)	71,955,834
Segment direct expenses	21,554,553	1,284,007	361,081	235,360	11,166,522	34,601,523
Inter segment expense allocation	9,638,672	1,114,414	225,299	188,137	(11,166,522)	-
Total expenses	31,193,225	2,398,421	586,380	423,497	-	34,601,523
Credit loss allowance	221,513	989,978	(161,985)	(1,066,834)	(1,345,586)	(1,362,914)
Profit before tax	35,263,948	4,739,824	3,484,770	840,271	(5,611,588)	38,717,225
Statement of financial position						
as at September 30, 2024						
(Un-audited)						
Cash and bank balances	30,616,747	-	73,568,214	-	-	104,184,961
Due from financial institutions	-	-	19,999,999	-	-	19,999,999
Investments	150,000	9,556,258	638,528,231	1,915,447	2,495,045	652,644,981
Investment - credit loss allowance	-	(881,304)	(500)	(1,926,741)	-	(2,808,545)
Net inter segment lending	1,036,377,516	394,212,809	-	-	(1,036,377,516)	-
Financing- performing	107,103,169	4,827,352	-	13,045,355	178,244	511,629,967
Financing- non-performing	-	4,505,735	-	-	22,556,686	26,385,837
Financing- credit loss allowance	(3,695,060)	(9,590,284)	-	(12,969,479)	(130,994)	(26,385,837)
Others	(20,761,484)	14,285,102	36,428,117	241,005	135,014,345	165,207,085
Total assets	1,154,618,220	412,088,316	768,524,061	305,587	(888,506,887)	1,447,029,297
Due to financial institutions	8,297,196	67,633,447	-	-	-	75,930,643
Subordinated sukuk	-	-	-	-	-	-
Deposits and other accounts	1,094,117,449	69,677,102	-	495,647	-	1,164,290,198
Net inter segment borrowing	-	273,595,246	766,483,678	(191,035)	(1,039,887,889)	-
Others	52,203,575	1,182,521	959,198	975	48,646,427	102,992,696
Total liabilities	1,154,618,220	412,088,316	767,442,876	305,587	(991,241,462)	1,343,213,537
Equity	-	-	1,081,185	-	102,734,575	103,815,760
Total equity and liabilities	1,154,618,220	412,088,316	768,524,061	305,587	(888,506,887)	1,447,029,297
Contingencies and commitments	63,312,481	96,276,585	78,350,327	1,693,247	3,064,306	242,696,946

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

	2023				
	Retail	CIBG	Treasury	SAM	Others
Rupees '000					
Profit and loss account for the nine months ended September 30, 2023 (Un-audited)					
Net return / profit	(35,899,244)	47,031,444	46,720,093	152,349	(8,861,416)
Inter segment revenue - net	73,071,001	(44,701,922)	(44,507,032)	(147,920)	16,285,873
Other income	5,724,665	1,107,977	1,304,162	4,961	(1,203,544)
Total income	42,896,422	3,437,499	3,517,223	9,390	6,220,913
Segment direct expenses	16,842,884	844,934	234,242	163,474	9,946,096
Inter segment expense allocation	8,898,316	744,737	157,079	145,968	(9,946,096)
Total expenses	25,741,200	1,589,671	391,321	309,438	-
Credit loss allowance	(13,496)	281,531	660,951	(534,961)	3,543,266
Profit before tax	17,168,718	1,566,297	2,464,951	234,913	2,677,647
Statement of financial position as at December 31, 2023 (Audited)					
Cash and bank balances	30,486,904	-	55,362,053	-	-
Due from financial institutions	-	-	-	-	-
Investments	150,000	9,166,074	580,117,122	2,805,744	1,139,893
Investment provision	-	-	(1,028,498)	-	-
Net inter segment lending	846,815,880	-	-	-	(846,815,880)
Financing - performing	126,927,551	442,189,965	-	-	8,584,421
Financing - non-performing	5,137,297	6,013,184	-	11,721,277	187,883
Financing - provisions	(3,554,912)	(4,720,383)	-	(11,644,505)	(130,462)
Others	21,892,608	12,862,528	35,499,058	227,367	43,487,125
Total assets	1,027,855,328	465,511,368	669,949,735	304,139	(793,547,020)
Due to financial institutions	11,110,677	75,277,296	-	-	-
Subordinated sukuk	-	-	80,498,830	-	-
Deposits and other accounts	947,772,275	70,100,426	-	403,036	-
Net inter segment borrowing	-	319,258,252	584,231,018	(99,779)	-
Others	68,972,376	875,394	1,870,858	882	22,993,139
Total liabilities	1,027,855,328	465,511,368	666,600,706	304,139	(880,396,352)
Equity	-	-	3,349,029	-	86,849,332
Total equity and liabilities	1,027,855,328	465,511,368	669,949,735	304,139	(793,547,020)
Contingencies and commitments	45,666,205	78,801,025	140,581,461	1,797,031	2,087,267
					268,932,989

RELATED PARTY TRANSACTIONS

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

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

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

September 30, 2024 (Un-audited)						December 31, 2023 (Audited)					
Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
-	-	-	1,139,893	1,869,660	2,309,998	-	-	-	1,139,893	1,751,322	3,371,053
-	-	-	-	5,600,000	49,674	-	-	-	-	18,601,771	-
-	-	-	-	(7,114,509)	-	-	-	-	-	(18,483,433)	(1,259,427)
-	-	-	-	-	(2,234,998)	-	-	-	-	-	-
-	-	-	-	-	(20,998)	-	-	-	-	-	198,372
-	-	-	2,139,893	355,151	103,676	-	-	-	1,139,893	1,869,660	2,309,998
-	-	-	-	-	-	-	-	-	-	-	1,951,094
-	54	652,579	-	-	6,684,998	-	7	523,065	-	-	1,392,371
-	1,807	192,879	-	-	2,095,258	-	49	602,609	-	-	16,958,966
-	(1,728)	(261,618)	-	-	(2,350,262)	-	(2)	(473,095)	-	-	(11,666,339)
-	-	-	-	-	(245,371)	-	-	-	-	-	-
-	133	583,840	-	-	6,184,623	-	54	652,579	-	-	6,684,998
-	-	-	-	-	162,316	-	-	-	-	-	407,688
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	16,138	-	-
-	-	-	-	-	-	-	-	-	(13,015)	-	-
-	-	-	-	-	-	-	-	-	(3,123)	-	-
-	-	-	-	-	-	-	-	-	-	-	-

Rupees '000

Investments

Opening balance
Investment made during the period / year
Investment redeemed / sold during the period / year
Transfer in / (out) - net
Other movements
Closing balance

Credit loss allowance for diminution in value of Investments

Islamic financing and related assets - net

Opening balance
Addition during the period / year
Repaid during the period / year
Transfer in / (out) - net
Closing balance

Credit loss allowance held against Islamic financing and related assets

Right-of-use assets

Opening balance
Disposals during the period / year
Depreciation for the period / year
Closing balance

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

For the nine months ended September 30, 2024

	September 30, 2024 (Un-audited)					December 31, 2023 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
Other assets												
Profit / return accrued	-	-	18,131	-	-	64,524	-	-	9,829	-	-	152,624
Commission income receivable	-	-	-	52,131	-	-	-	-	-	-	-	-
Receivable from defined benefit plan	-	-	-	-	-	-	-	-	-	-	-	90,806
Rent receivable	-	-	-	11,180	-	-	-	-	-	-	-	-
Maintenance and other receivables	-	-	-	-	-	-	-	-	-	11,773	-	-
Acceptances	-	-	-	-	-	8,163	-	-	-	-	-	-
Receivable from 1Link (Private) Limited	-	-	-	-	-	639,258	-	-	-	-	-	2,320,075
Deposits and other accounts												
Opening balance	182	103,947	78,116	11,203	45,920,675	2,404,823	182	58,666	105,177	20,087	57,393	26,039,101
Received during the period / year	-	416,920	2,075,375	24,843,792	1,375,058,510	44,396,638	-	232,893	1,623,827	27,819,887	991,268,019	49,964,512
Withdrawn during the period / year	-	(457,836)	(2,058,034)	(24,638,388)	(1,374,298,996)	(44,175,809)	-	(187,602)	(1,650,888)	(27,828,771)	(945,404,737)	(73,597,790)
Transfer in / (out) - net	-	-	-	-	-	(79,629)	-	-	-	-	-	-
Closing balance	182	63,031	95,457	216,607	46,690,189	2,546,023	182	103,947	78,116	11,203	45,920,675	2,404,823
Other liabilities												
Profit / return payable	-	476	118	1,908	533,955	22,567	-	931	326	109	684,274	24,669
Dividend payable	-	-	-	-	-	-	-	-	-	-	-	1,811,176
Payable to 1Link (Private) Limited	-	-	-	-	-	41,160	4,923,232	-	-	-	-	595,002
Customer Promise contracts	-	-	-	-	-	1,852	-	-	-	-	-	-
Other payable	-	-	-	28,417	-	-	-	-	-	-	-	-
Contingencies and commitments												
Trade related commitments	-	-	-	-	-	196,221	-	-	-	-	-	330,829

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

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

For the nine months ended September 30, 2024

RELATED PARTY TRANSACTIONS

	September 30, 2024 (Un-audited)					September 30, 2023 (Un-audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Income												
Profit / return earned	-	8	58,742	-	-	504,205	-	-	24,067	-	-	86,446
Fee and commission income	-	85	90	402,912	310	27,597	-	297	291	200,889	15,864	12,178
Dividend income	-	-	-	-	37,339	100,000	-	-	-	-	12,315	49,661
Net gain / (loss) on sale of securities	-	-	235	8,350	28,695	12,498	-	-	57	-	(13,671)	26,660
Maintenance income	-	-	-	7,296	-	-	-	-	-	6,131	-	-
Rent on property	-	-	-	28,929	-	-	-	-	-	22,625	-	-
Other income	-	-	46	3,757	-	-	-	-	-	-	-	-
Expense												
Profit / return expensed	-	8,150	2,764	50,623	5,385,984	216,911	-	5,795	4,335	2,591	1,678,338	113,575
Exchange Loss	-	-	-	-	-	1,852	-	-	-	-	-	-
Charges on lease liability	-	-	-	-	-	-	-	-	-	885	-	-
Director's fee and allowances	-	96,320	-	-	-	-	-	120,535	-	-	-	-
Compensation expense	-	-	882,202	-	-	3,917	-	-	591,174	-	-	2,755
Fee and subscription	-	-	-	-	-	4,474	-	-	-	-	-	5,346
Commission expense	-	-	-	6,278	-	-	-	-	-	25,000	-	-
Charge for defined benefit plan	-	-	-	-	-	265,040	-	-	-	-	-	198,675
Contribution to defined contribution plan	-	-	-	-	-	353,468	-	-	-	-	-	281,366
Donations made during the period	-	-	-	-	-	140,930	-	-	-	-	-	113,215
Reversal of provision against Investment	-	-	-	-	-	-	-	-	-	-	-	(44,300)
Others												
Shares / units purchased during the period	-	-	-	10,000	47,983	676	-	-	-	-	124,150	-
Shares / units sold during the period	-	-	-	-	61,420	-	-	-	-	-	130,151	103,890
Government securities purchased during the period	-	-	156,230	-	-	113,231	-	-	26,800	-	-	-
Government securities sold during the period	-	-	239,106	751,133	-	1,972,349	-	-	86,301	-	-	1,932,162
Acquisition of property and equipment	-	-	-	-	-	-	-	-	-	85,339	-	-

000 - Rupees

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

	Un-audited September 30, 2024	Audited December 31, 2023
	----- Rupees '000 -----	
40 CAPITAL ADEQUACY, LEVERAGE RATIO AND 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	85,006,706	72,868,421
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	85,006,706	72,868,421
Eligible tier 2 capital	18,299,364	14,309,769
Total eligible capital (tier 1 + tier 2)	103,306,070	87,178,190
Risk weighted assets (RWAs):		
Credit risk	338,741,624	338,652,592
Market risk	49,097,380	55,101,145
Operational risk	105,584,800	105,584,800
Total	493,423,804	499,338,537
Common equity tier 1 capital adequacy ratio (in %)	17.23%	14.59%
Tier 1 Capital adequacy ratio (in %)	17.23%	14.59%
Total Capital adequacy ratio (in %)	20.94%	17.46%
Leverage ratio (LR):		
Eligible tier-1 capital	85,006,706	72,868,421
Total exposures	1,623,611,404	1,593,114,720
Leverage ratio (in %)	5.24%	4.57%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	688,499,898	517,873,833
Total net cash outflow	426,185,431	339,165,609
Liquidity coverage ratio (Ratio)	1.615	1.527
Net stable funding ratio (NSFR):		
Total available stable funding	949,883,574	837,268,976
Total required stable funding	465,163,639	481,779,578
Net stable funding ratio (in %)	204.20%	173.79%

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

41 GENERAL

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

42 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 24, 2024 has proposed a interim cash dividend of Rs. 1.5 per share (September 30, 2023: Re. 1 per share). These interim condensed unconsolidated financial statements for the nine months ended September 30, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the period end. The Board had earlier declared and paid an interim cash dividend of Rs. 3 per share.

43 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on October 24, 2024 by the Board of Directors of the Bank.

Directors' Review

Consolidated Financial Statements

For the Quarter and Nine Months ended September 30, 2024

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 and nine months ended September 30, 2024.

Group Profile

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

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

FBL Group structure is as follows:

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

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

Associates

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

Faysal Islamic Cash Fund
Faysal MTS Fund
Faysal Islamic Sovereign Plan - II
Faysal Islamic Mehdood Muddat Plan - I

Financial Highlights:

Key Balance Sheet Numbers

	Rs. in million		
	September '24	December '23	Growth %
Investment	650,530	589,955	10.3
Financing	507,986	580,832	-12.5
Total Assets	1,448,769	1,371,285	5.7
Deposits	1,164,075	1,018,265	14.3

Profit & Loss Account

	Rs. in million		
	September '24	September '23	Growth %
Total Revenue	73,500	56,652	29.7
Total Expenses	(35,596)	(28,274)	25.9
Profit before tax and provisions	37,904	28,378	33.6
Net Provisions	1,360	(3,937)	134.5
Share of profit / (loss) on associates	292	81	260.5
Profit before tax	39,556	24,521	61.3
Tax	(19,209)	(12,212)	57.3
Profit after tax	20,347	12,309	65.3
Earnings per share (Rupees)	13.41	8.11	65.3

In the nine months of 2024, FBL maintained its growth trajectory, achieving remarkable financial performance despite challenges posed by the prevailing economic conditions. On a consolidated basis, Profit Before Tax (PBT) increased by 61.3% to PKR 39.6 billion. FBL achieved a Profit After Tax (PAT) of PKR 20.3 billion, 65.3% higher than PKR 12.3 billion in the corresponding period last year, with Earnings Per Share climbing from PKR 8.11 to PKR 13.41.

FAML continued to show improvement in performance and Assets Under Management (AUMs) as of September 30, 2024, were PKR 184 billion (September 2023: PKR 110 billion). FAML made Profit After Tax of PKR 584 million during the nine months under review, registering 107% growth over the same period last year. The commendable financial performance of FAML underscores its resilience and effectiveness in navigating current economic conditions.

FICECL successfully commenced operations in 2024 and now operating with 10 branches. FICECL plans to expand further by opening an additional 30 branches across the country by the end of 2024.

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+

PACRA has assigned a 'Stable' outlook, while VIS has upgraded the outlook to 'Positive'.

VIS has assigned Management Quality rating of AM1 to FAML in September 2024. The rating signifies asset manager exhibiting very good management characteristics.

Holding Company

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

Dividend

The Board of Directors, in their meeting held on October 24, 2024 declared an interim cash dividend of Rs. 1.5 per share (15%) for the nine months ended September 30, 2024.

Heartfelt Thanks: Acknowledging Our Pillars of Strength

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

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

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report, with the recommendation of the Board Audit and Corporate Governance Committee, has been approved by the Directors in their meeting held on October 24, 2024 and signed by the Chief Executive Officer and a director.

President & CEO

Karachi
Dated: October 24, 2024

Chairman

ہماری طاقت کے ستونوں کے لیے دلی اظہارِ تشکر

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

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

منظوری

کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق، بورڈ کی آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ ڈائریکٹرز کی اس رپورٹ کو ڈائریکٹرز نے 24 اکتوبر 2024 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ڈائریکٹر نے دستخط ثبت کیے ہیں۔

چیئرمین

صدر اور سی ای او

کراچی

تاریخ: 24 اکتوبر 2024

FICECL نے 2024 میں کامیابی کے ساتھ آغاز کیا اور اس وقت 10 برانچز کے ساتھ مصروف عمل ہے۔
FICECL 2024 کے آخر تک ملک بھر میں مزید 30 برانچز کے ساتھ توسیع کرنے کا ارادہ رکھتا ہے۔

کریڈٹ ریٹنگ:

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

طویل المدتی AA

قلیل المدتی A1+

PACRA نے درجہ بندیوں کو 'مستحکم' قرار دیا جبکہ VIS نے 'مثبت' آئوٹ لک کے ساتھ اپ گریڈ کیا ہے۔

VIS نے ستمبر 2024 میں FAML کی مینجمنٹ کو الٹی ریٹنگ کو AM1 ریٹنگ دی ہے۔ یہ درجہ بندی نشاندہی کرتی ہے کہ اثاثہ منجمد بہت اچھی انتظامی خصوصیات کا مظاہرہ کر رہا ہے۔

ہولڈنگ کمپنی

اتمار بینک بی۔ ایس۔ سی (کلوزڈ)، جو کہ سینٹرل بینک آف بحرین کا لائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلاواسطہ طور پر بینکنگ کے 66.78 فیصد (2023 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۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 24 اکتوبر 2024 کو منعقدہ اپنے اجلاس میں 30 ستمبر 2024 کو اختتام شدہ 9 ماہ کے لیے فی حصص 1.5 روپے (15%) عبوری نقد منافع دینے کا اعلان کیا ہے۔

مالیاتی جھلکیاں بیلنس شیٹ

(ملین روپے)			
نمو %	دسمبر ۲۰۲۳ء	ستمبر ۲۰۲۴ء	
10.3	589,955	650,530	سرمایہ کاری
(12.5)	580,832	507,986	فنانسنگ
5.7	1,371,285	1,448,769	کل اثاثہ جات
14.3	1,018,265	1,164,075	ڈپازٹس

(ملین روپے)			
نمو %	ستمبر ۲۰۲۳ء	ستمبر ۲۰۲۴ء	نفع اور نقصان اکاؤنٹ
29.7	56,652	73,500	مجموعی آمدنی
25.9	(28,274)	(35,596)	آپریٹنگ اور دیگر اخراجات
33.6	28,378	37,904	منافع قبل از ٹیکس اور پروویژن
134.5	(3,937)	1,360	نیٹ پروویژن
260.5	81	292	ایسوسی ایٹس کے منافع کا حصہ
61.3	24,521	39,556	منافع قبل از ٹیکس
57.3	(12,212)	(19,209)	ٹیکسز
65.3	12,309	20,347	منافع بعد از ٹیکس
65.3	8.11	13.41	فی حصص آمدن (روپے)

2024 کی ۹ ماہ کی مدت میں، FBL نے اپنی ترقی کی رفتار کو برقرار رکھا، موجودہ معاشی حالات سے درپیش چیلنجز کے باوجود شاندار مالی کارکردگی حاصل کی۔ ایک مضبوط بنیاد پر، قبل از ٹیکس منافع 61.3 فیصد بڑھ کر 39.6 بلین روپے ہو گیا۔ FBL نے 20.3 بلین روپے کا بعد از ٹیکس منافع (PAT) حاصل کیا، جو پچھلے سال کی اسی مدت میں 12.3 بلین روپے سے 65.3 فیصد زیادہ ہے، جس میں فی شیئر آمدنی 8.11 روپے سے بڑھ کر 13.41 روپے ہو گئی۔

FAML نے 30 ستمبر 2024 تک کارکردگی میں بہتری اور ایسیٹ انڈر مینجمنٹ 184 (AUMs) بلین (ستمبر 2023: 110 بلین روپے) کو ظاہر کیا۔ FAML نے زیر جائزہ 9 ماہ کے دوران 584 بلین روپے کا بعد از ٹیکس منافع حاصل کیا جو پچھلے سال کی اسی مدت کے مقابلے میں 107% اضافہ کو ظاہر کرتا ہے۔ FAML کی قابل متائش مالی کارکردگی موجودہ معاشی حالات کو نیوگیٹ کرنے میں اس کی مضبوطی اور متاثر کو واضح کرتی ہے۔

فیصل حلال آمدنی فنڈ

فیصل اسلامک ساورن فنڈ FISP-I

فیصل اسلامک پنشن فنڈ - منی مارکیٹ

فیصل اسلامک سیونگز گرو تھ فنڈ

فیصل اسلامک سپیشل انکم فنڈ FISIP-I

فیصل اسلامک اسٹاک فنڈ

فیصل پنشن فنڈ - ڈیٹ

فیصل پنشن فنڈ - ایکویٹی

فیصل پنشن فنڈ - منی مارکیٹ

فیصل اسپیشل سیونگ فنڈ FSSP-I

فیصل اسلامک فنانشل گرو تھ فنڈ FIFGP

فیصل اسلامک KPK گورنمنٹ پنشن فنڈ - منی مارکیٹ سب فنڈ

فیصل اسلامک KPK گورنمنٹ پنشن فنڈ - ایکویٹی سب فنڈ

فیصل اسلامک KPK گورنمنٹ پنشن فنڈ - ڈیٹ سب فنڈ

فیصل اسلامک KPK گورنمنٹ پنشن فنڈ - ایکویٹی انڈیکس سب فنڈ

فیصل اسپیشل سیونگ فنڈ FSSP-II

فیصل اسپیشل سیونگ فنڈ FSSP-III

فیصل اسٹاک فنڈ

فیصل فنانشل سیکٹر اپرچوٹی فنڈ

فیصل اسلامک کیش فنڈ

فیصل MTS فنڈ

فیصل اسلامک ساورن پلان-II

فیصل اسلامک محدود مدت پلان-I

ڈائریکٹرز کا جائزہ

کنسلوڈیٹڈ مالیاتی گوشوارے

برائے سہ ماہی اور 9 ماہ ختم شدہ 30 ستمبر 2024

ہم بورڈ آف ڈائریکٹرز کی جانب سے، فیصل بینک لمیٹڈ گروپ کی 30 ستمبر 2024 کو ختم شدہ سہ ماہی اور 9 ماہ کے لیے ڈائریکٹرز کے جائزہ کے ساتھ غیر آڈٹ شدہ منجمد عبوری مجموعی مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

گروپ پروفائل

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

فیصل اسلامی کرنسی ایکسچینج کمپنی (پرائیویٹ) لمیٹڈ (FICECL) کی مکمل ملکیتی ذیلی کمپنی کے طور پر کام کرتی ہے۔ اسے پاکستان میں کمپنیز ایکٹ 2017 کے تحت 16 جنوری 2024 کو قائم کیا گیا۔ کمپنی نے 16 جنوری 2024 کو SECP سے اپنا ”انکارپوریشن سرٹیفکیٹ“ حاصل کیا اور 26 مارچ 2024 کو اسٹیٹ بینک سے آپریشنل لائسنس بھی حاصل کیا۔ کمپنی فارن ایکسچینج (غیر ملکی کرنسی کا کاروبار) کر رہی ہے اور ریگیمینسٹر (ترسیلات زر) کی سہولت فراہم کر رہی ہے۔

FBL گروپ درج ذیل پر مشتمل ہے:

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

FBL کو FAML کے زیر انتظام مندرجہ ذیل ”اوپن اینڈ میوچل فنڈز“ میں ہولڈنگ کی بنیاد پر نمایاں اثر و رسوخ کا حامل ہے۔

ایسوسی ایٹس

فیصل اسلامک پنشن فنڈ - ڈیٹ

فیصل اسلامک پنشن فنڈ - ایکویٹی

Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2024

Un-audited
September 30,
2024

Audited
December 31,
2023

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

ASSETS

Cash and balances with treasury banks	10	100,745,526	84,036,564
Balances with other banks	11	3,470,656	1,812,507
Due from financial institutions	12	19,999,999	-
Investments	13	650,530,302	589,954,839
Islamic financing and related assets	14	507,985,787	580,832,461
Property and equipment	15	39,285,986	29,625,380
Right-of-use assets	16	12,023,390	10,771,515
Intangible assets	17	2,426,897	2,452,387
Deferred tax assets		-	-
Other assets	18	112,300,597	71,799,261
		1,448,769,140	1,371,284,914

LIABILITIES

Bills payable	19	13,631,879	16,550,469
Due to financial institutions	20	75,930,643	166,886,803
Deposits and other accounts	21	1,164,075,352	1,018,264,979
Lease liabilities	22	14,576,383	12,865,125
Subordinated sukuk		-	-
Deferred tax liabilities	23	6,575,481	4,940,115
Other liabilities	24	68,854,294	60,852,160
		1,343,644,032	1,280,359,651

NET ASSETS

		105,125,108	90,925,263
--	--	-------------	------------

REPRESENTED BY

Share capital		15,176,965	15,176,965
Reserves		17,561,196	15,616,188
Surplus on revaluation of assets - net	25	19,429,736	15,170,817
Unappropriated profit		52,956,898	44,961,035
Total equity attributable to the equity holders of the Bank		105,124,795	90,925,005
Non-controlling interest		313	258
		105,125,108	90,925,263

CONTINGENCIES AND COMMITMENTS

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter and nine months ended September 30, 2024

		Quarter ended		Nine months ended	
Note		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
----- Rupees '000 -----					
Profit / return earned	28	56,131,522	51,251,885	174,989,520	133,358,372
Profit / return expensed	29	34,481,209	32,839,065	115,058,673	84,207,717
Net profit / return		21,650,313	18,412,820	59,930,847	49,150,655
OTHER INCOME					
Fee and commission income	30	3,006,543	2,447,083	9,019,231	6,960,499
Dividend income		52,422	21,663	275,492	231,646
Foreign exchange income		622,813	454,793	3,402,272	2,126,468
Income / (loss) from derivatives		2,161	(143,762)	(3,786)	(27,420)
Gain / (loss) on securities	31	130,220	(409,661)	769,452	(1,945,145)
Net loss on derecognition of financial assets measured at amortised cost	18.1	-	-	(165,256)	-
Other income	32	70,230	64,424	271,667	168,412
Total other income		3,884,389	2,434,540	13,569,072	7,514,460
Total income		25,534,702	20,847,360	73,499,919	56,665,115
OTHER EXPENSES					
Operating expenses	33	12,687,447	9,883,430	34,721,129	27,752,478
Workers welfare fund		267,860	195,733	804,478	531,236
Other charges	34	33,963	1,586	70,860	4,146
Total other expenses		12,989,270	10,080,749	35,596,467	28,287,860
Share of profit of associates	13.5	110,084	112,892	292,201	80,827
Profit before credit loss allowance		12,655,516	10,879,503	38,195,653	28,458,082
Credit loss allowance and write offs - net	35	(562,237)	1,612,187	(1,360,016)	3,937,291
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		13,217,753	9,267,316	39,555,669	24,520,791
Taxation	36	6,432,245	4,618,285	19,208,992	12,212,119
PROFIT AFTER TAXATION		6,785,508	4,649,031	20,346,677	12,308,672
Attributable to:					
Equity holders of the Bank		6,785,480	4,648,900	20,346,622	12,308,407
Non-controlling interest		28	131	55	265
		6,785,508	4,649,031	20,346,677	12,308,672
----- Rupees -----					
Basic / diluted earnings per share	37	4.47	3.06	13.41	8.11

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter and nine months ended September 30, 2024

	Quarter ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	Rupees '000			
Profit after taxation for the period	6,785,508	4,649,031	20,346,677	12,308,672
Other comprehensive income / (loss)				
Items that may be reclassified to the profit and loss account in subsequent periods:				
- Movement in surplus on revaluation of debt investments through FVOCI - net of tax	7,348,192	-	6,063,144	-
- Movement in (deficit) / surplus on revaluation of investments - net of tax	-	327,992	-	193,984
	7,348,192	327,992	6,063,144	193,984
Items that will not be reclassified to the profit and loss account in subsequent periods:				
- Movement in (deficit) / surplus on revaluation of equity investments - net of tax	(277,775)	-	(76,422)	-
- Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	(253,356)
- Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	(275,651)
	(277,775)	-	(76,422)	(529,007)
Total comprehensive income	13,855,925	4,977,023	26,333,399	11,973,649
Attributable to:				
Equity holders of the Bank	13,855,897	4,976,892	26,333,344	11,973,384
Non-controlling interest	28	131	55	265
	13,855,925	4,977,023	26,333,399	11,973,649

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

Condensed Interim Consolidated Statement of Changes In Equity

For the nine months ended September 30, 2024

	Share capital	Reserves				Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total	
		Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation	Statutory reserve	Total	Investments	Property and equipment / non-banking assets				Total
Note												
	Rupees '000											
Balance as at January 1, 2023 (Audited)	15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,824,764)	12,494,426	10,669,662	33,091,551	57	70,614,203
Profit after taxation for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	12,308,407	265	12,308,672	
Other comprehensive income - net of tax												
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	-	-	-	-	-	193,984	-	193,984	-	-	193,984
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	(253,356)	(253,356)	-	-	(253,356)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	(275,651)	-	-	(275,651)
Total other comprehensive income - net of tax	-	-	-	-	-	-	193,984	(529,007)	(335,023)	-	-	(335,023)
Transfer to statutory reserve	-	-	-	-	2,408,740	2,408,740	-	-	-	(2,408,740)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(107,707)	(107,707)	107,707	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(58,496)	-	-	(58,496)	-	-	-	-	-	(58,496)
Transaction with owners, recorded directly in equity												
Final cash dividend declared on February 23, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
1st interim cash dividend declared on August 24, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
Balance as at September 30, 2023 (Un-audited)	15,176,965	10,131	198,773	23,952	13,793,356	14,026,212	(1,630,780)	11,857,712	10,226,932	40,063,531	322	79,493,962
Profit after taxation for the period from July 1, 2023 to December 31, 2023	-	-	-	-	-	-	-	-	-	7,938,066	(64)	7,938,002
Other comprehensive income - net of tax												
Movement in (deficit) / surplus on revaluation of investments - net of tax	-	-	-	-	-	-	4,979,809	-	4,979,809	-	-	4,979,809
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	41,660	-	41,660
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	115,990	115,990	-	-	115,990
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(115,991)	(115,991)	-	-	(115,991)
Total other comprehensive income - net of tax	-	-	-	-	-	-	4,979,809	(1)	4,979,808	41,660	-	5,021,468
Transfer to statutory reserve	-	-	-	-	1,600,448	1,600,448	-	-	-	(1,600,448)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(35,923)	(35,923)	35,923	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(10,472)	-	-	(10,472)	-	-	-	-	-	(10,472)
Transaction with owners recorded directly in equity												
2nd Interim cash dividend declared on October 26, 2023 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
Balance as at December 31, 2023 (Audited)	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	3,349,029	11,821,788	15,170,817	44,961,035	258	90,925,263
Impact of adopting IFRS 9 as at January 1, 2024 - net of tax	-	-	-	-	-	-	(1,397,200)	-	(1,397,200)	(3,116,454)	-	(4,513,654)
Restated balance as at January 1, 2024	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	1,951,829	11,821,788	13,773,617	41,844,581	258	86,411,609
Profit after taxation for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	-	20,346,622	55	20,346,677
Other comprehensive income - net of tax												
Movement in surplus / (deficit) on revaluation of equity investments through FVOCI - net of tax	-	-	-	-	-	-	(76,422)	-	(76,422)	-	-	(76,422)
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	-	-	6,063,144	-	6,063,144	-	-	6,063,144
Total other comprehensive income - net of tax	-	-	-	-	-	-	5,986,722	-	5,986,722	-	-	5,986,722
Gain on sale of equity instruments classified as FVOCI - net of tax	-	-	-	-	-	-	(222,791)	-	(222,791)	222,791	-	-
Transfer to statutory reserve	-	-	-	-	1,976,423	1,976,423	-	-	-	(1,976,423)	-	-
Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	-	-	-	(107,812)	(107,812)	107,812	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(31,415)	-	-	(31,415)	-	-	-	-	-	(31,415)
Transaction with owners, recorded directly in equity												
Final cash dividend declared on February 23, 2024 at Rs 2 per share	-	-	-	-	-	-	-	-	-	(3,035,394)	-	(3,035,394)
First interim cash dividend declared on April 25, 2024 at Re 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
Second interim cash dividend declared on August 28, 2024 at Rs 2 per share	-	-	-	-	-	-	-	-	-	(3,035,394)	-	(3,035,394)
Balance as at September 30, 2024 (Un-audited)	15,176,965	10,131	156,886	23,952	17,370,227	17,561,196	7,715,760	11,713,976	19,429,736	62,996,898	313	105,125,108

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2024

	Note	September 30, 2024	September 30, 2023
----- Rupees '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		39,555,669	24,520,791
Less: dividend income		(275,492)	(231,646)
Less: share of profit of associates		(292,201)	(80,827)
		38,987,976	24,208,318
Adjustments:			
Net profit / return income		(59,930,847)	(49,150,655)
Depreciation on owned property and equipment	33	2,284,490	1,532,579
Depreciation on right-of-use assets	33	1,526,739	1,432,676
Depreciation on non-banking assets	33	1,970	3,761
Amortisation of intangible assets	33	308,883	233,295
Workers welfare fund		804,478	531,236
Credit loss allowance against due from financial institutions	35	1	-
Credit loss allowance against cash and balances with treasury banks	35	(3,572)	-
Credit loss allowance against Islamic financing and related assets	35	(1,345,749)	3,395,755
Credit loss allowance against investments	35	(21,313)	611,770
Credit loss allowance against other assets	35	(2,817)	2,326
Credit loss allowance against off balance sheet obligations	35	225,307	202,460
Unrealised gain - FVTPL		(6,767)	-
Net gains loss on derecognition of financial assets measured at amortised cost		165,256	-
Gain on sale of Property and equipment - net	32	(15,367)	(14,765)
Gain on termination of leases (IFRS 16)	32	(65,819)	(13,404)
Charge for defined benefit plan		265,040	132,450
Loss from derivative contracts		3,786	27,420
Bad debts written off directly	35	15,760	44,462
		(55,790,541)	(41,028,634)
		(16,802,565)	(16,820,316)
Decrease / (increase) in operating assets			
Due from financial institutions		(20,000,000)	9,815,098
Securities classified as FVTPL		5,168,880	234,475
Financing		63,644,939	(40,008,993)
Others assets (excluding advance taxation)		(17,346,896)	(10,750,862)
		31,466,923	(40,710,282)
Increase / (decrease) in operating liabilities			
Bills Payable		(2,918,590)	(6,141,093)
Due to financial institutions		(89,201,697)	(17,625,783)
Deposits		145,810,373	168,004,411
Other liabilities (excluding current taxation)		17,609,190	17,887,164
		71,299,276	162,124,699
Income tax paid		(24,795,812)	(13,144,441)
Net profit / return received		156,295,459	99,138,743
Net profit / return paid		(114,136,550)	(79,111,236)
Contribution to gratuity fund		(175,495)	(293,519)
Net cash generated from operating activities		103,151,236	111,183,648
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in amortized cost securities		(876,754)	(78,868,752)
Net investments in securities classified as FVOCI		(54,881,559)	(786,246)
Net divestments / (investments) in associates		1,272,364	(2,455,995)
Dividends received		240,436	220,357
Investments in property and equipment		(11,916,066)	(4,204,863)
Investments in intangible assets		(325,042)	(546,345)
Disposal of property and equipment		17,069	52,814
Net cash used in investing activities		(66,469,552)	(86,589,030)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(2,390,155)	(1,250,018)
Dividend paid		(14,168,285)	(2,978,466)
Net cash used in financing activities		(16,558,440)	(4,228,484)
Increase in cash and cash equivalents during the period			
Cash and cash equivalents at the beginning of the period		20,123,244	20,366,134
Expected credit loss allowance on cash and cash equivalents		83,613,533	58,887,461
Effect of exchange rate changes on cash and cash equivalents		(1,670)	-
		107,129	(1,633,926)
		83,718,992	57,253,535
Cash and cash equivalents at the end of the period		103,842,236	77,619,669

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the nine months ended September 30, 2024

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

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

1.1.1 Holding Company - Faysal Bank Limited

Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Holding is engaged in Shariah compliant modern Corporate, Commercial and Consumer banking activities. The Holding is operating through 765 branches (December 31, 2023: 722 branches) including 2 sub-branches (December 31, 2023: 2 sub-branches).

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

The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2023: 'AA') and the short term rating as 'A1+' (December 31, 2023: 'A1+') on June 24, 2024 and June 28, 2024 respectively.

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

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

1.1.3 Subsidiary Company - Faysal Asset Management Limited

	Percentage of holding	
	September 30, 2024	December 31, 2023
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

Faysal Asset Management Limited (the Subsidiary Company) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Subsidiary Company commenced its operations on November 14, 2003. The registered office of the Subsidiary Company is located at 7th Floor, West Wing, Faysal House, ST-02, 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 AM1 to the Subsidiary Company.

2 BASIS OF PRESENTATION

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

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

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

For the nine months ended September 30, 2024

3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Bank and the financial statements of the Subsidiary Companies from the date from which control of the Subsidiary Companies by the Group commences until the date on which control ceases. The financial statements of the Subsidiary Companies 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 Companies in the consolidated financial statements.

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

Material intra-group balances and transactions are eliminated.

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

4 STATEMENT OF COMPLIANCE

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017.

Provisions of, and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017, and

Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 4.2** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Group to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended September 30, 2024, the Group has adjusted amortisation of intangible assets net of tax amounting to Rs. 31.415 million (period ended September 30, 2023: Rs. 58.496 million) from the NCR.
- 4.3** These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual audited consolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 2 of 2023 dated February 9, 2023 and IAS 34 and should be read in conjunction with the annual consolidated financial statements for the financial year ended December 31, 2023.
- 4.4 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current period**
- 4.4.1** There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2024 but are considered not to be relevant or do not have any significant effect on the Group's operations except for the implementation of IFRS 9 Financial Instruments as detailed in note 5.1.
- 4.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective**
- 4.5.1** The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

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

For the nine months ended September 30, 2024

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- Amendments to IAS 21- Lack of Exchangeability	January 1, 2025
The above amendments are not expected to have any material impact on the condensed interim consolidated financial statements of the Group.	

4.5.2 As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at September 30, 2024 are as follows:

	Note	--- Rupees in '000 ---
Assets		
Investments		706,608
Financing - net		709,131
Liabilities		
Deposits and other accounts		3,589,761
Other Liabilities	27.1	1,064,613

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

5 MATERIAL ACCOUNTING POLICY INFORMATION

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

5.1 IFRS 9 - Financial Instruments

During the period, as directed by the SBP vide its BPRD Circular No. 07 of 2023 dated April 13, 2023, IFRS 9: 'Financial Instruments' (the Standard) became applicable to the Bank. To ensure smooth and consistent implementation of the standard across banks, SBP had previously issued detailed instructions in BPRD Circular No. 03 of 2022 dated July 05, 2022.

The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at January 1, 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9. The accounting policies applicable to the 2023 presented information is consistent with the policies mentioned in the annual audited financial statements for the year ended December 31, 2023.

SBP vide its BPRD Circular Letter No. 16 of 2024 dated July 29, 2024 have made certain amendments and extended timelines of application instructions for certain areas where the banking industry has sought more time. These amendments and relaxations include modification accounting for financial assets and liabilities as per the standard and recording and treatment of staff financing and other financings given at reduced rates with effect from October 1, 2024. Further, the banks have been asked to use existing practices of recordings of profit/return income using effective yield rate and ensure full recognition from 1 October 2024, this in turn also effects the reduced rate financing and modified assets accounting. Moreover, SBP have allowed an extension to Banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date. In addition the banks have also been allowed to continue existing practice of valuing unquoted equity investment at their cost or breakup value, whichever is lower, till 31 December 2024 and perform fair valuation of these securities afterwards.

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

For the nine months ended September 30, 2024

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

Financial Assets / Liabilities		Previous classification	Classification under IFRS 9	Balances as of December 31, 2023 (Audited)	Impact due to			Total impact - gross of tax	Taxation	Total impact - net of tax	Balances as of January 01, 2024
					Change in classification	Re-measure-ments	Reversal of provisions held	Recognition of expected credit losses (ECL)			
Cash and balances with treasury banks Balances with other banks Due from financial institutions Investments *	Loans and receivables		Amortised Cost	84,036,694	-	-	-	(5,240)	-	(5,240)	84,031,324
	Loans and receivables		Amortised Cost	1,812,507	-	-	-	(2)	-	(2)	1,812,505
	Loans and receivables		Amortised Cost	-	-	-	-	-	-	-	-
	HFT	Held for trading	FVTPL	3	8,752,287	-	-	-	-	8,752,287	8,752,280
	AFS	Available for sale	FVOCI	579,759,724	(8,752,287)	(39,854)	-	(901,167)	-	(9,693,308)	570,076,426
	HTM	Held to maturity	Amortised Cost	6,785,370	-	-	-	(6)	-	(6)	6,785,364
	Cost	Associates and subsidiaries	Cost	3,419,532	-	-	-	(6)	-	-	3,419,532
	Loans and receivables	Islamic financing and related assets *	Amortised Cost	580,711,316	-	-	20,050,262	(27,897,279)	-	(7,847,017)	572,864,299
	Outside the scope of IFRS 9	Property and equipment	Amortised Cost	29,625,380	-	-	-	-	-	-	29,625,380
	Right-of-use assets	Outside the scope of IFRS 9	Amortised Cost	10,771,515	-	-	-	-	-	-	10,771,515
Intangible assets Other assets	Intangible assets	Outside the scope of IFRS 9	Amortised Cost	2,452,387	-	-	-	-	-	-	2,452,387
	Loans and receivables		Amortised Cost	66,890,940	-	-	-	(3,657)	-	(3,657)	66,887,183
	Outside the scope of IFRS 9		Amortised Cost	4,479,334	-	-	-	-	-	-	4,479,334
	Forward foreign exchange contracts		FVTPL	550,232	-	-	-	-	-	-	550,232
				1,371,294,914	-	(39,854)	20,050,262	(28,807,351)	-	(8,796,943)	1,362,487,971
Bills payable Due to financial institutions Deposits and other accounts Lease liabilities Deferred tax liabilities Other liabilities	Cost		Amortised Cost	16,550,469	-	-	-	-	-	-	16,550,469
	Cost		Amortised Cost	166,896,803	-	-	-	-	-	-	166,896,803
	Cost		Amortised Cost	1,019,264,979	-	-	-	-	-	-	1,019,264,979
	Outside the scope of IFRS 9		Amortised Cost	12,865,125	-	-	-	-	-	-	12,865,125
	Outside the scope of IFRS 9		Amortised Cost	4,940,115	-	-	-	-	-	-	4,940,115
	Other liabilities		Amortised Cost	54,656,058	-	-	-	53,356	-	53,356	54,709,414
	Non financial other liabilities		Amortised Cost	3,874,561	-	-	-	-	-	-	3,874,561
	Derivatives, forward foreign exchange		FVTPL	2,321,541	-	-	-	-	-	-	2,321,541
				1,280,359,651	-	-	-	53,356	(4,336,645)	(4,283,289)	1,276,076,362
				90,925,263	-	(39,854)	20,050,262	(28,860,707)	4,336,645	(4,513,654)	86,411,609
REPRESENTED BY Share capital Reserves Surplus on revaluation of assets - net Unappropriated profit Non-controlling interest	Outside the scope of IFRS 9		Amortised Cost	15,176,965	-	-	-	-	-	-	15,176,965
	Outside the scope of IFRS 9		Amortised Cost	15,616,188	-	-	-	-	-	-	15,616,188
	Outside the scope of IFRS 9		Amortised Cost	15,170,917	(794,192)	(1,945,411)	-	(2,739,603)	1,342,403	(1,397,200)	13,773,617
	Unappropriated profit		Amortised Cost	44,961,035	794,192	1,905,557	20,050,262	(28,860,707)	2,994,242	(3,116,454)	41,844,581
	Non-controlling interest		Amortised Cost	258	-	-	-	-	-	-	258
				90,925,263	-	(39,854)	20,050,262	(28,860,707)	4,336,645	(4,513,654)	86,411,609
				90,925,263	-	(39,854)	20,050,262	(28,860,707)	4,336,645	(4,513,654)	86,411,609
				90,925,263	-	(39,854)	20,050,262	(28,860,707)	4,336,645	(4,513,654)	86,411,609
				90,925,263	-	(39,854)	20,050,262	(28,860,707)	4,336,645	(4,513,654)	86,411,609
				90,925,263	-	(39,854)	20,050,262	(28,860,707)	4,336,645	(4,513,654)	86,411,609

* This includes management overlay of Rs. 3,607.544 million in Stage 2 ECL.

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

For the nine months ended September 30, 2024

5.1.1 Impact on regulatory capital

In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. The transitional arrangement applies only to provisions for stage 1 and stage 2 financial assets. The transitional arrangement must adjust CET1 capital.

Had IFRS 9 not been applied then CAR would have been lower by 06 bps from 21.22% to 21.16%.

The Group has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then CAR would have been higher by 15 bps from 21.22% to 21.37%. In September 2024, ECL for Stage 1 and Stage 2 decreased due to which IFRS 9 transitional benefit has been compromised.

The Group has applied the transitional arrangement on Regulatory Capital. Had the transitional arrangement not been applied then Leverage Ratio would have been lower by 17 bps from 5.23% to 5.06%.

5.1.2 Classification and measurement

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

Recognition / Derecognition and initial measurement

Trade receivable and debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

The policy for derecognition of financial assets and liabilities are consistent with the annual consolidated financial statements of the Group for the year ended December 31, 2023.

Classification of Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. A debt instrument is measured at FVOCI only if the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different basis. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.

Classification of Financial Liabilities

Financial liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVTPL are measured at fair value and all the fair value changes are recognized in profit and loss account. Financial liabilities classified at amortized cost are initially recorded at their fair value and subsequently measured using the effective yield rate method. Profit expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

5.1.3 Business model assessment

A financial asset is classified as either Held to collect, Held to collect and sale and Others based on Business model assessment. The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, historical sales information etc.

5.1.4 Assessment of whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

The Bank assesses whether the contractual cash flows of a financial asset meet the Solely Payments of Principal and Interest (SPPI) criterion by examining the contractual terms. This includes checking for terms that could alter the amount and timings of cash flows, such as contingent events, leverage, or prepayment features, etc.

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

For fixed-rate financings with periodic profit rate resets, the Bank considers these SPPI-compliant as the revised rates reflect time value, credit risk, and other associated risks.

5.1.5 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Profit and impairment are recognised in profit or loss.
Debt investments at FVOCI Financial assets at amortised cost	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Profit income is calculated using the effective yield method and includes amortization of premiums and accretion of discount and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss account.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.

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

For the nine months ended September 30, 2024

5.1.6 Modification

Financial assets

The Bank renegotiates or otherwise modifies the contractual cash flows of financing to its customers. If the cash flows are substantially different, the Bank derecognizes the original asset and recognizes a new financial asset at fair value, plus any eligible transaction costs.

If a financial asset measured at amortized cost or FVOCI is modified but not derecognized, the bank recalculates its gross carrying amount using the original effective yield rate, with the adjustment recognized as a modification gain or loss in profit or loss.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. If the new cash flows are significantly different, the bank derecognizes the old liability and recognizes a new one at fair value, with the difference between the old carrying amount and new fair value recorded in profit and loss.

5.1.7 Impairment

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

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

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

PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).

EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.

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

Under SBP's instructions, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level for Corporate / Commercial / SME financing and at a segment / product basis for retail portfolio.

5.1.8 Significant increase in credit risk (SICR)

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

A financial asset is transitioned to a backward stage in line with SBP instructions.

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

For the nine months ended September 30, 2024

5.1.9 Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring multiple functions to effectively work together to ensure input from all business lines. The Risk Department defines the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department also take the ownership of the impact of ECL on bank's capital.

The Bank's Finance Division performs ECL calculation. As a result, the department then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios.

As per the Bank's policy, the Bank's Internal Audit function carries out periodic review of IFRS 9 methodology and impacts calculated by the Management.

5.2 Revised format of condensed interim financial statements

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

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

Right-of-use-assets (note 16) amounting to Rs 12,023.390 million (December 31, 2023: Rs 10,771.515 million) which were previously shown as part of fixed assets are now shown separately on the consolidated statement of financial position.

Lease liabilities (note 22) amounting to Rs 14,576.383 million (December 31, 2023: Rs 12,865.125 million) which were previously shown as part of other liabilities (note 23) are now shown separately on the consolidated statement of financial position.

6 BASIS OF MEASUREMENT

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

7 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

9 FINANCIAL RISK MANAGEMENT

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

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

For the nine months ended September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
10 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
local currency		23,417,714	18,287,512
foreign currencies		1,770,369	1,716,544
		25,188,083	20,004,056
With State Bank of Pakistan in			
local currency current accounts		64,014,976	47,120,181
foreign currency current accounts		2,423,047	2,684,723
foreign currency deposit accounts		4,453,844	4,323,955
		70,891,867	54,128,859
With National Bank of Pakistan in			
local currency current accounts		4,667,244	9,902,199
Prize bonds	10.1	-	1,450
Less: Credit loss allowance		(1,668)	-
Cash and balances with treasury banks - net of credit loss allowance		100,745,526	84,036,564

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

	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
11 BALANCES WITH OTHER BANKS		
In Pakistan		
in current accounts	240,996	10,251
in saving accounts	86	96
Outside Pakistan		
in current account	3,229,576	1,802,160
Less: Credit loss allowance	(2)	-
Balances with other banks - net of credit loss allowance	3,470,656	1,812,507

12 DUE FROM FINANCIAL INSTITUTIONS

Musharka Placements	20,000,000	-
Less: Credit loss allowance	(1)	-
Due from financial institutions - net of credit loss allowance	19,999,999	-

12.1 Due from financial institutions - Particulars of credit loss allowance

	Un-audited September 30, 2024	Audited December 31, 2023
	Due from financial institutions	Due from financial institutions
	Credit loss allowance	Provision
----- Rupees '000 -----		
Domestic		
Performing	20,000,000	1
		-
		-

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

13 INVESTMENTS

Note

13.1 Investments by type:

Un-audited

September 30, 2024

Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
-----------------------------	--------------------------	------------------------	-------------------

Rupees '000

FVTPL

Federal Government securities

3,583,407	-	6,767	3,590,174
3,583,407	-	6,767	3,590,174

FVOCI

Federal Government securities

570,139,777	-	14,594,070	584,733,847
-------------	---	------------	-------------

Shares

5,417,937	-	(1,081,185)	4,336,752
-----------	---	-------------	-----------

Non Government debt securities

47,570,932	(1,400,108)	1,616,055	47,786,879
------------	-------------	-----------	------------

623,128,646	(1,400,108)	15,128,940	636,857,478
-------------	-------------	------------	-------------

Amortised Cost

Federal Government securities

150,000	-	-	150,000
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Non Government debt securities

8,901,718	(1,408,437)	-	7,493,281
-----------	-------------	---	-----------

9,051,718	(1,408,437)	-	7,643,281
-----------	-------------	---	-----------

Associates *

13.5

2,439,369	-	-	2,439,369
-----------	---	---	-----------

Total Investments

638,203,140	(2,808,545)	15,135,707	650,530,302
-------------	-------------	------------	-------------

Audited

December 31, 2023

Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
-----------------------------	--------------------------------	------------------------	-------------------

Rupees '000

Held-for-trading securities

Shares

3	-	-	3
---	---	---	---

3

-

-

3

Available-for-sale securities

Federal Government securities

522,195,325	-	1,949,879	524,145,204
-------------	---	-----------	-------------

Shares

5,514,707	(1,905,557)	2,245,115	5,854,265
-----------	-------------	-----------	-----------

Non Government debt securities

47,917,827	(519,291)	2,371,729	49,770,265
------------	-----------	-----------	------------

575,627,859	(2,424,848)	6,566,723	579,769,734
-------------	-------------	-----------	-------------

Held-to-maturity securities

Non Government debt securities

8,174,964	(1,409,394)	-	6,765,570
-----------	-------------	---	-----------

Associates *

3,419,532	-	-	3,419,532
-----------	---	---	-----------

Total Investments

587,222,358	(3,834,242)	6,566,723	589,954,839
-------------	-------------	-----------	-------------

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

For the nine months ended September 30, 2024

Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----	

13.2 Investments given as collateral - at market value

Federal Government Securities

Ijarah Sukuk

-	73,587,500
---	------------

13.3 Credit loss allowance for diminution in value of investments

Opening balance

3,834,242 3,284,350

Impact of adopting IFRS 9 as at January 1, 2024

(1,004,384) -

Restated balance as at January 1, 2024

2,829,858 3,284,350

Charge / reversals

Charge for the year

7,511 1,811,871

Reversals for the year

(28,824) (58,113)

Reversals on disposals

- (1,203,866)

(21,313) 549,892

Transfers - net

- -

Amounts written off

- -

Closing Balance

2,808,545 3,834,242

13.4 Particulars of credit loss allowance against debt securities

Un-audited September 30, 2024		Audited December 31, 2023	
Outstanding amount	Credit loss allowance	Non-performing investments	Provision

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

Domestic

Performing

Stage 1

624,835,663 1,890 - -

Underperforming

Stage 2

- - - -

Non-performing

Stage 3

Substandard

- - - -

Doubtful

1,215,105 879,891 - -

Loss

1,926,764 1,926,764 (1,928,685) (1,928,685)

3,141,869 2,806,655 (1,928,685) (1,928,685)

Total

627,977,532 2,808,545 (1,928,685) (1,928,685)

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

For the nine months ended September 30, 2024

13.5 Movement of investment in associates

As at September 30, 2024 - Unaudited						
Country of incorporation	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit / (loss)	Dividend received	Investment at the end of the year
	%					
						Rupees '000
Pakistan	58.95	40,178	-	6,036	-	46,214
Pakistan	81.69	43,254	-	10,253	-	53,507
Pakistan	0.21	1,560,101	(1,414,544)	29,966	(4,237)	171,286
Pakistan	2.45	3,046	743,855	88,846	(42,968)	792,779
Pakistan	17.92	40,893	-	6,175	-	47,068
Pakistan	14.46	1,289,001	(745,409)	88,410	(52,795)	579,207
Pakistan	57.72	1,702	74,444	9,244	(6,182)	79,208
Pakistan	14.46	125,253	(125,253)	-	-	-
Pakistan	95.77	39,562	-	5,724	-	45,286
Pakistan	98.28	42,204	-	11,966	-	54,170
Pakistan	83.09	39,972	-	6,128	-	46,100
Pakistan	99.98	13,170	(12,402)	651	(58)	1,361
Pakistan	0.03	114,230	(115,486)	8,642	(4,063)	3,323
Pakistan	96.67	30,201	-	4,225	-	34,426
Pakistan	100.00	503	-	54	-	557
Pakistan	100.00	503	-	56	-	559
Pakistan	100.00	503	-	57	-	560
Pakistan	-	12,672	(12,055)	808	(1,240)	185
Pakistan	-	15,739	(16,158)	1,018	-	599
Pakistan	-	6,845	(7,317)	472	-	-
Pakistan	-	-	(240)	240	-	-
Pakistan	1.17	-	470,000	8,756	(116)	478,640
Pakistan	0.00	-	-	-	-	-
Pakistan	0.01	-	(3,124)	4,202	(2)	1,076
Pakistan	0.10	-	3,081	272	(95)	3,258
		3,419,532	(1,160,608)	292,201	(111,756)	2,439,369

As at December 31, 2023 - Audited						
Country of incorporation	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit / (loss)	Dividend received	Investment at the end of the year
	%					
						Rupees '000
Pakistan	-	97,449	(97,449)	-	-	-
Pakistan	69.89	33,633	-	6,545	-	40,178
Pakistan	92.23	28,439	-	14,815	-	43,254
Pakistan	3.66	-	1,550,000	13,092	(2,991)	1,560,101
Pakistan	0.01	-	2,987	14,717	(14,658)	3,046
Pakistan	28.81	33,639	-	7,254	-	40,893
Pakistan	52.64	844,471	400,555	56,290	(12,315)	1,289,001
Pakistan	5.02	107,601	(105,972)	82	(9)	1,702
Pakistan	28.62	96,437	18,072	10,744	-	125,253
Pakistan	87.02	33,215	-	6,347	-	39,562
Pakistan	89.89	27,905	-	14,299	-	42,204
Pakistan	71.21	33,791	-	6,181	-	39,972
Pakistan	-	720,379	(720,379)	-	-	-
Pakistan	98.72	-	12,083	1,087	-	13,170
Pakistan	28.72	-	106,350	9,486	(1,606)	114,230
Pakistan	100.00	-	30,000	201	-	30,201
Pakistan	100.00	-	500	3	-	503
Pakistan	99.96	-	500	3	-	503
Pakistan	100.00	-	500	3	-	503
Pakistan	0.31	-	11,499	1,173	-	12,672
Pakistan	75.27	108,161	(93,792)	1,370	-	15,739
Pakistan	11.16	264,353	(255,102)	(2,406)	-	6,845
		2,429,473	860,352	161,286	(31,579)	3,419,532

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

For the nine months ended September 30, 2024

14 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non performing		Total	
	Un-audited September 30, 2024	Audited December 31, 2023	Un-audited September 30, 2024	Audited December 31, 2023	Un-audited September 30, 2024	Audited December 31, 2023
Rupees '000						
Murabaha financing and related assets						
Murabaha financing	40,627,210	38,284,881	96,898	166,424	40,724,108	38,451,305
Advance against Murabaha financing	4,114,688	3,219,979	5,000	5,000	4,119,688	3,224,979
Inventory related to Murabaha	2,009,014	2,174,051	-	-	2,009,014	2,174,051
	46,750,912	43,678,911	101,898	171,424	46,852,810	43,850,335
Running Musharaka						
	132,226,010	195,753,370	-	545,166	132,226,010	196,298,536
Istisna financing and related assets						
Istisna	36,165,974	36,501,975	1,173,240	551,792	37,339,214	37,053,767
Advance against Istisna	17,802,738	30,317,852	309,583	172,166	18,112,321	30,490,018
Inventory related to Istisna	10,933,247	7,382,419	49,871	-	10,983,118	7,382,419
	64,901,959	74,202,246	1,532,694	723,958	66,434,653	74,926,204
Tijarah financing and related assets						
Tijarah	2,666,835	2,455,035	415,107	316,722	3,081,942	2,771,757
Advance against Tijarah	1,168,627	766,202	-	-	1,168,627	766,202
Inventory related to Tijarah	1,662,836	4,136,549	-	3,500	1,662,836	4,140,049
	5,498,298	7,357,786	415,107	320,222	5,913,405	7,678,008
Musawamah financing and related assets						
Musawamah	3,880,333	2,788,837	158,950	100,516	4,039,283	2,889,353
Advance against Musawamah	10,770	4,190	-	-	10,770	4,190
Inventory related to Musawamah	393	7,408	-	-	393	7,408
	3,891,496	2,800,435	158,950	100,516	4,050,446	2,900,951
Salam financing and related assets						
Salam	-	100,000	1,200	1,200	1,200	101,200
Advance against Salam	8,876,501	9,850,771	-	-	8,876,501	9,850,771
	8,876,501	9,950,771	1,200	1,200	8,877,701	9,951,971
Diminishing Musharaka financing and related assets						
Diminishing Musharaka	217,175,765	210,681,314	6,650,093	5,624,139	223,825,858	216,305,453
Advanced against Diminishing Musharaka	11,657,583	10,225,549	35,000	97,500	11,692,583	10,323,049
	228,833,348	220,906,863	6,685,093	5,721,639	235,518,441	226,628,502
Wakala Istithmar						
	6,302,669	6,302,669	-	-	6,302,669	6,302,669
Tawwaruq						
	16,862,492	13,673,003	152,219	98,423	17,014,711	13,771,426
Advance against Islamic export refinance						
	-	2,414,376	-	-	-	2,414,376
Musharaka						
	9,250	27,534	779	722	10,029	28,256
Bai salam						
	-	277,076	-	-	-	277,076
Islamic financing and related assets - Gross						
	514,152,935	577,345,040	9,047,940	7,683,270	523,200,875	585,028,310
Other financing	967,114	478,042	13,508,746	15,376,371	14,475,860	15,854,413
Gross Financing	515,120,049	577,823,082	22,556,686	23,059,641	537,676,735	600,882,723
Credit loss allowance against financing						
Stage 1	(1,325,585)	-	-	-	(1,325,585)	-
Stage 2	(4,528,950)	-	-	-	(4,528,950)	-
Stage 3	-	-	(20,531,302)	-	(20,531,302)	-
Specific provision	-	-	-	(19,172,592)	-	(19,172,592)
General provision	-	(877,670)	-	-	-	(877,670)
	(5,854,535)	(877,670)	(20,531,302)	(19,172,592)	(26,385,837)	(20,050,262)
Fair value loss	(3,305,111)	-	-	-	(3,305,111)	-
Financing - net of credit loss allowance	505,960,403	576,945,412	2,025,384	3,887,049	507,985,787	580,832,461

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

For the nine months ended September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
14.1	Murabaha receivable - gross	14.1.2 41,992,346	39,623,889
	Less: Deferred murabaha income	14.1.3 (288,375)	(29,223)
	Profit receivable shown in other assets	(979,863)	(1,143,361)
	Murabaha financings	14.1.1 40,724,108	38,451,305
14.1.1	The movement in Murabaha financing during the period / year is as follows:		
	Opening balance	38,451,305	10,837,970
	Sales during the period / year	137,803,413	218,668,554
	Adjusted during the period / year	(135,530,610)	(191,055,219)
	Closing balance	40,724,108	38,451,305
14.1.2	Murabaha sale price	41,992,346	39,623,889
	Murabaha purchase price	(40,724,108)	(38,451,305)
		1,268,238	1,172,584
14.1.3	Deferred murabaha income		
	Opening balance	29,223	350,063
	Arising during the period / year	4,345,894	4,874,300
	Less: recognised during the period / year	(4,086,742)	(5,195,140)
	Closing balance	288,375	29,223
14.2	Particulars of Islamic financing and related assets (gross)		
	in local currency	535,159,742	599,936,684
	in foreign currencies	2,516,993	946,039
		537,676,735	600,882,723

14.3 Islamic financing and related assets include Rs. 22,556.686 million (December 31, 2023: Rs. 23,059.641 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification	Un-audited September 30, 2024		Audited December 31, 2023	
	Non-performing financing	Credit loss allowance	Non-performing financing	Provision
----- Rupees '000 -----				
Domestic				
other assets especially mentioned	244,459	9,297	204,748	448
substandard	807,197	373,088	883,657	104,142
doubtful	562,193	289,702	670,909	170,824
loss	20,942,837	19,859,215	21,300,327	18,897,178
Total	22,556,686	20,531,302	23,059,641	19,172,592

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

For the nine months ended September 30, 2024

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

	Un-audited September 30, 2024						Audited December 31, 2023		
	Stage 1	Stage 2	Stage 3	Specific	General Provision	Total	Specific	General Provision	Total
	Rupees '000								
Opening balance	-	-	-	19,172,592	877,670	20,050,262	18,557,417	771,609	19,329,026
Impact of adopting IFRS 9 as of January 1, 2024	1,962,501	4,928,994	21,005,784	(19,172,592)	(877,670)	7,847,017	-	-	-
Restated balance as at January 1, 2024	1,962,501	4,928,994	21,005,784	-	-	27,897,279	18,557,417	771,609	19,329,026
Exchange adjustment	-	-	(9,603)	-	-	(9,603)	132,838	-	132,838
Charge for the period / year	-	-	1,378,485	-	-	1,378,485	1,960,357	106,061	2,066,418
Reversals during the period / year	(636,916)	(400,044)	(1,687,274)	-	-	(2,724,234)	(1,338,179)	-	(1,338,179)
	(636,916)	(400,044)	(308,789)	-	-	(1,345,749)	622,178	106,061	728,239
Amounts written off	-	-	(156,090)	-	-	(156,090)	(139,841)	-	(139,841)
Closing balance	1,325,585	4,528,950	20,531,302	-	-	26,385,837	19,172,592	877,670	20,050,262

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

14.4.2 As allowed by the SBP, the Group has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,781.666 million (December 31, 2023: Rs 2,457.777 million) relating to financing and investment while determining the provisioning requirement against non-performing financing and investment as at September 30, 2024. The additional profit arising from availing the FSV benefit (net of tax) as at September 30, 2024 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,418.649 million (December 31, 2023: Rs 1,253.466 million).

14.4.3 During the period, non performing financing and credit loss allowance were reduced by Rs 52.000 million (December 31, 2023: Rs 114.000 million) due to debt property swap transactions.

14.4.4 A management overlay of Rs. 2,118.864 million has been made in Stage 2 ECL for specific borrowers within certain sectors arising from specific macroeconomic variables, such as energy, depressed demand and escalating financial stress, which have significantly affected those sectors. These factors are not fully captured in the modelled outcomes. The bank will continuously assess the appropriateness of this overlay in light of the evolving situation.

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

	Un-audited September 30, 2024		
	Stage 1	Stage 2	Stage 3
	Rupees '000		
Opening balance	-	-	21,005,784
Impact of adopting IFRS 9 as at January 1, 2024	1,962,501	4,928,994	-
Restated balance as at January 1, 2024	1,962,501	4,928,994	21,005,784
New Financing / Increase	164,730	387,097	669,846
Financing derecognised or repaid	(273,191)	(294,974)	(1,686,070)
Transfer to stage 1	364	(364)	-
Transfer to stage 2	(513,761)	514,965	(1,204)
Transfer to stage 3	(18,007)	(690,632)	708,639
	(639,865)	(83,908)	(308,789)
Amounts written off / charged off	-	-	(156,090)
Changes in risk parameters	2,949	(316,136)	-
Exchange adjustment	-	-	(9,603)
Closing balance	1,325,585	4,528,950	20,531,302

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

For the nine months ended September 30, 2024

14.6 Islamic financing and related assets - Category of classification

		Un-audited		Audited	
		September 30, 2024		December 31, 2023	
		Outstanding amount	Credit loss allowance	Outstanding amount	Provision
Domestic		Rupees '000			
Performing	Stage 1	379,353,466	1,325,585	577,823,082	877,670
Underperforming	Stage 2	135,766,583	4,528,950	-	-
Non-Performing					
Other assets especially mentioned	Stage 3	244,459	9,297	204,748	448
Substandard	Stage 3	807,197	373,088	883,657	104,142
Doubtful	Stage 3	562,193	289,702	670,909	170,824
Loss	Stage 3	20,942,837	19,859,215	21,300,327	18,897,178
Total		537,676,735	26,385,837	600,882,723	20,050,262

Note	Un-audited September 30, 2024	Audited December 31, 2023
	Rupees '000	

15 PROPERTY AND EQUIPMENT

Capital work-in-progress	15.1	8,238,577	4,115,708
Property and equipment		31,047,409	25,509,672
		39,285,986	29,625,380

15.1 Capital work-in-progress

Civil works	1,141,464	266,236
Equipment	3,458,003	2,968,971
Furniture and fixture	633,804	299,479
Vehicles	1,425,485	16,824
Building	1,579,821	564,198
	8,238,577	4,115,708

Un-audited	
For the nine months ended	
September 30, 2024	September 30, 2023
Rupees '000	

15.2 Additions to property and equipment

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

Capital work-in-progress - net	4,122,869	4,204,798
Property and equipment		
Freehold land	171,559	-
Leasehold land	595,000	133,111
Building on freehold land	60,358	-
Building on leasehold land	769,451	173,485
Furniture and fixture	323,385	353,812
Electrical, office and computer equipment	4,196,771	1,533,405
Vehicles	555,326	188,423
Leasehold improvements	1,121,347	960,920
	7,793,197	3,343,156
Total	11,916,066	7,547,954

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

For the nine months ended September 30, 2024

15.3 Disposal of property and equipment

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

	Un-audited For the nine months ended	
	September 30, 2024	September 30, 2023
	----- Rupees '000 -----	
Furniture and fixture	-	14
Electrical, office and computer equipment	1,018	1,611
Vehicles	574	37,700
Leasehold improvements	110	171
Total	1,702	39,496

16 RIGHT-OF-USE ASSETS

	Note	Un-audited September 30, 2024	Audited December 31, 2023
		----- Rupees '000 -----	
		Buildings	Buildings
Opening balance			
Cost		18,790,212	16,462,619
Accumulated Depreciation		8,018,697	6,056,045
Net carrying amount		10,771,515	10,406,574
Additions during the period		3,000,319	2,435,801
Modifications during the period		2,365	21,292
Deletions during the period		(224,070)	(129,500)
Depreciation Charge for the period / year		(1,526,739)	(1,962,652)
Net carrying amount		12,023,390	10,771,515

17 INTANGIBLE ASSETS

Capital work-in-progress	17.1	618,744	799,929
Computer softwares		1,385,936	1,168,644
Customer relationship		307,617	369,214
Management rights		114,600	114,600
		1,808,153	1,652,458
Total		2,426,897	2,452,387

17.1 Capital work-in-progress

Computer software		618,744	799,929
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17.2 Additions to intangible assets

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

	Un-audited For the nine months ended	
	September 30, 2024	September 30, 2023
	----- Rupees '000 -----	
Computer software - directly purchased	506,227	523,953

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

For the nine months ended September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
18 OTHER ASSETS			
Profit / return accrued in local currency		62,835,651	44,142,282
Profit / return accrued in foreign currencies		82,970	82,278
Advances, deposits, advance rent and other prepayments		2,150,035	1,693,358
Advance taxation (payments less provisions)		1,785,587	-
Non-banking assets acquired in satisfaction of claims		943,929	929,659
Mark to market gain on forward foreign exchange contracts		228,286	550,232
Acceptances	24	29,938,886	13,152,356
Credit cards and other products fee receivable		3,175,615	1,235,999
Receivable from brokers against sale of shares		48,982	89,252
Dividend receivable		110,404	75,348
Receivable from 1Link (Private) Limited		639,258	4,407,978
Deferred fair value loss	18.1	3,139,855	-
Rebate receivable - net		562,894	280,127
Receivable from defined benefit plan asset		-	89,545
Others		5,253,943	3,664,638
		<u>110,896,295</u>	<u>70,393,052</u>
Less: Credit loss allowance held against other assets	18.2	(329,803)	(328,963)
Other assets - net of credit loss allowance		<u>110,566,492</u>	<u>70,064,089</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,734,105	1,735,172
Other assets - total		<u><u>112,300,597</u></u>	<u><u>71,799,261</u></u>

- 18.1** This amount represents deferred fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its circular BPRD/BRD/PIAHCL/733688-2024 dated August 01, 2024 has allowed staggering of such fair value impact over a period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6, accordingly, the Bank has amortized 5% in the current year.

	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----		
18.2 Credit loss allowance held against other assets		
Dividend receivable	74,342	75,348
Receivable from customers	51,172	50,473
Security deposits	22,994	22,994
Acceptances	3,473	-
Others	177,822	180,148
	<u>329,803</u>	<u>328,963</u>

18.2.1 Movement in credit loss allowance held against other assets

Opening balance	328,963	326,637
Impact of adopting IFRS 9 as at January 1, 2024	3,657	-
Restated balance as at January 1, 2024	<u>332,620</u>	<u>326,637</u>
Charge for the period / year	-	2,731
Reversals during the period / year	<u>(2,817)</u>	<u>(405)</u>
	<u>(2,817)</u>	<u>2,326</u>
Closing balance	<u><u>329,803</u></u>	<u><u>328,963</u></u>

19 BILLS PAYABLE

In Pakistan	<u><u>13,631,879</u></u>	<u><u>16,550,469</u></u>
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Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)

For the nine months ended September 30, 2024

20 DUE TO FINANCIAL INSTITUTIONS

Secured

To the State Bank of Pakistan (SBP) under;

Long term financing facility for Renewable Power Energy (RPE)
Islamic export refinance scheme part I and II
Islamic financing for renewable energy
Islamic long term financing facility
Islamic temporary economic refinance scheme
Islamic refinance facility for combating COVID19
Islamic refinance facility for storage of agricultural produce
Scheme of Islamic Rupeebased discounting facility under EFS / IERS

Due to SBP under Shariah Compliant Open Market Operations (OMO)

and Mudarabah based Financing Facility (MFF)

Due to other financial institutions

Total secured

Unsecured

Overdrawn nostro accounts

Musharaka acceptances

Total unsecured

Un-audited
September 30,
2024

Audited
December 31,
2023

Rupees '000

-	230
25,219,286	30,665,904
7,724,386	6,641,671
9,754,300	11,126,779
28,151,516	31,034,309
116,111	166,111
550,472	513,439
679,984	708,777
72,196,055	80,857,220
-	73,594,497
3,360,642	3,402,344
75,556,697	157,854,061
373,946	2,128,409
-	6,904,333
373,946	9,032,742
75,930,643	166,886,803

21 DEPOSITS AND OTHER ACCOUNTS

Un-audited September 30, 2024			Audited December 31, 2023		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total

Rupees '000

Customers

Current deposits	298,858,183	31,211,467	330,069,650	271,673,365	30,468,754	302,142,119
Savings deposits	346,555,078	21,122,751	367,677,829	246,343,937	21,489,149	267,833,086
Term deposits	239,254,974	2,794,888	242,049,862	244,250,942	1,484,842	245,735,784
Margin deposits	8,935,016	55,128	8,990,144	12,175,267	48,071	12,223,338
	893,603,251	55,184,234	948,787,485	774,443,511	53,490,816	827,934,327

Financial institutions

Current deposits	42,393,498	746,358	43,139,856	11,726,778	275,306	12,002,084
Savings deposits	171,688,224	24,787	171,713,011	169,728,021	-	169,728,021
Term deposits	435,000	-	435,000	8,600,547	-	8,600,547
	214,516,722	771,145	215,287,867	190,055,346	275,306	190,330,652
	1,108,119,973	55,955,379	1,164,075,352	964,498,857	53,766,122	1,018,264,979

Un-audited
September 30,
2024

Audited
December 31,
2023

Rupees '000

22 LEASE LIABILITIES

Outstanding amount at the start of the period / year
Additions during the period / year
Lease payments including profit
Profit expense for the period / year
Modifications during the period / year
Termination / deletion during the period / year
Outstanding amount at the end of the period / year

12,865,125	11,824,784
3,000,319	1,962,697
(2,390,155)	(1,672,349)
1,367,420	798,034
(268,691)	-
2,365	(48,041)
14,576,383	12,865,125

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

For the nine months ended September 30, 2024

	Un-audited September 30, 2024	Audited December 31, 2023
	Rupees '000	
22.1 Liabilities Outstanding		
Not later than one year	4,273	218,318
Later than one year and upto five years	3,081,807	2,896,857
Over five years	11,490,303	9,749,950
Total at the year end	<u>14,576,383</u>	<u>12,865,125</u>

22.2 This carries average effective charge rate of 13.12% per annum (December 31, 2023: 12.7%).

Note	Un-audited September 30, 2024	Audited December 31, 2023
	Rupees '000	

23 DEFERRED TAX LIABILITIES

Taxable temporary differences on;

surplus on revaluation of property and equipment	1,990,848	2,093,908
surplus on revaluation of non-banking assets	15,678	16,201
surplus on revaluation of investments	7,417,196	3,203,408
fair value adjustment relating to net assets acquired upon amalgamation	150,733	180,916
fair value adjustment relating to net assets acquired upon business combination	53,364	52,496
accelerated tax depreciation	744,180	349,641
fair valuation of previously held equity interest in the Subsidiary Company	13,107	13,118
	<u>10,385,106</u>	<u>5,909,687</u>

Deductible temporary differences on;

credit loss allowance investments	(341,252)	(847,584)
credit loss allowance against financing, off balance sheet etc.	(3,342,767)	(16,248)
credit loss allowance against other assets	(125,606)	(105,740)
	<u>(3,809,625)</u>	<u>(969,572)</u>
	<u>6,575,481</u>	<u>4,940,115</u>

24 OTHER LIABILITIES

Profit / return payable in local currency	12,783,268	13,233,050
Profit / return payable in foreign currencies	14,213	9,728
Unearned commission and income on bills discounted	1,669,429	1,493,017
Accrued expenses	7,740,444	6,498,018
Acceptances	29,938,886	13,152,356
Dividend payable including unclaimed dividends	498,879	7,078,679
Mark to market loss on forward foreign exchange contracts	1,166,367	664,315
Current taxation (provision less payments)	-	3,256,604
Charity fund balance	22,711	126,297
Credit loss allowance against off-balance sheet obligations	369,960	91,297
Withholding tax payable	313,727	341,182
Federal excise duty payable	171,716	159,996
Payable to brokers against purchase of shares	27,512	91,311
Fair value of derivative contracts	1,064,613	1,657,226
Payable related to credit cards and other products	232,377	545,308
Funds held as security	347,426	321,357
Takaful payable	29,232	59,974
Clearing and settlement accounts	11,280,166	10,836,330
Others	1,183,368	1,236,115
	<u>68,854,294</u>	<u>60,852,160</u>

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

For the nine months ended September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
Rupees '000			
24.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		91,297	87,700
Impact of adopting IFRS 9 at January 1, 2024		53,356	-
Adjusted balance at January 1, 2024		144,653	87,700
Charge for the period / year		225,307	3,597
Reversals during the period / year		-	-
		225,307	3,597
Closing balance		369,960	91,297
25 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus on revaluation of			
Securities measured at FVOCI - Debt		16,210,125	4,321,608
Securities measured at FVOCI - Equity		(1,081,185)	2,245,115
Property and equipment		11,986,398	12,196,725
Non-banking assets acquired in satisfaction of claims		1,734,103	1,735,172
		28,849,441	20,498,620
Deferred tax on surplus on revaluation of:			
Securities measured at FVOCI - Debt		(7,942,961)	(2,117,588)
Securities measured at FVOCI - Equity		529,782	(1,100,106)
Property and equipment		(1,990,848)	(2,093,908)
nonbanking assets acquired in satisfaction of claims		(15,678)	(16,201)
		(9,419,705)	(5,327,803)
		19,429,736	15,170,817
26 CONTINGENCIES AND COMMITMENTS			
Guarantees	26.1	54,520,810	39,050,948
Commitments	26.2	184,053,892	225,759,797
Other contingent liabilities	26.3	4,122,244	4,122,244
		242,696,946	268,932,989
26.1 Guarantees:			
Financial guarantees		4,234,710	4,523,565
Performance guarantees		11,372,431	9,201,571
Other guarantees		38,913,669	25,325,812
		54,520,810	39,050,948
26.2 Commitments:			
Documentary credits and short-term trade-related transactions			
letters of credit		101,512,148	80,258,955
Commitments in respect of:			
forward foreign exchange contracts	26.2.1	77,294,373	65,125,446
forward government securities transactions	26.2.2	-	73,777,500
derivatives - cross currency swaps (notional principal)	26.2.3	1,055,954	1,678,515
extending credit (irrevocable)	26.4	2,603,859	3,429,739
Commitments for acquisition of:			
property and equipment		1,468,154	1,180,860
intangible assets		119,404	308,782
		184,053,892	225,759,797

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

For the nine months ended September 30, 2024

	Note	Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----			
26.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		61,487,804	55,514,935
Sale		15,806,569	9,610,511
		<u>77,294,373</u>	<u>65,125,446</u>
26.2.2 Commitments in respect of forward government securities transactions			
Purchase		-	73,777,500
26.2.3 Commitments in respect of derivatives			
Cross currency swaps			
Sale	27.1	<u>1,055,954</u>	<u>1,678,515</u>
26.3 Other contingent liabilities			
26.3.1 Holding Company			
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company has a strong case		2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan (i)		<u>1,154,701</u>	<u>1,154,701</u>
		<u>4,122,244</u>	<u>4,122,244</u>

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

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

- (ii) There are certain claims against the Holding Company not acknowledged as debt amounting to Rs 31,841.970 million (December 31, 2023: Rs 29,647.217 million). These mainly represent counter claims filed by the borrowers for restricting the Group from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Group 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 Group for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299.030 million (December 31, 2023: Rs 25,299.030 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

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

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For the nine months ended September 30, 2024

26.3.2 Subsidiary Company - Faysal Asset Management Limited

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

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

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

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

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

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

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Revenue (ATIR). The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.

- (v) During the year ended December 31, 2020, the audit of the tax year 2014 (financial year ended June 30, 2014) was completed by the taxation authorities. The tax authorities have passed an order under section 122(5A) of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 2.673 million for the tax year 2014 on account of apportionment of expenses, time barred payables, expenses claimed on provisional basis, salary expenses, marketing and advertising expenses, brokerage and commission expenses, legal and professional charges and hardware and software expenses. The management had decided to file an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on the grounds of disallowances made by the Additional Commissioner Inland Revenue. During the current period the CIR(A) issued an order whereby the earlier order passed by the tax authorities under section 122(5A) of the Income Tax Ordinance, 2001, has been annulled on the basis of being time barred, and consequentially the demand for additional liability has been relinquished. The management has decided to file an appeal before the Appellate Tribunal Inland Revenue (ATIR) to contest the order passed by DCIR. The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.
- (vi) During the year ended December 31, 2020, the Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 182(1) of the Income Tax Ordinance, 2001 for the tax year 2018, whereby the DCIR has imposed a penalty of Rs. 0.833 million on account of non submission of statement required to be filed by the Subsidiary Company under bilateral or multilateral convention under section 165B of the Income Tax Ordinance, 2001. The management has filed an appeal before the CIR(A) on the subject matter and has paid an amount of Rs 0.083 million being 10% of the total amount of penalty imposed under the order and has thus obtained an automatic stay on the subject matter. The management of the Subsidiary Company is confident that the matter will be decided in the Subsidiary Company's favour and accordingly no provision in respect of this penalty has been made in these condensed interim consolidated financial statements.

26.4 Commitments to extend credits

The Holding Company makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 2,603.859 million (December 2023: Rs. 3,429.739 million) which are irrevocable in nature.

Un-audited September 30, 2024	Audited December 31, 2023
----- Rupees '000 -----	

27 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)	1,055,954	1,678,515
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Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

27.1 Product analysis

Counterparties	September 30, 2024 (Un-audited)	
	Cross currency swaps	
	Notional principal	Mark to market loss
	Rupees '000	
With banks for		
Hedging	-	-
Market making	45,799	(48,489)
With other entities for		
Hedging	-	-
Market making	1,010,155	(1,016,124)
Total		
Hedging	-	-
Market making	1,055,954	(1,064,613)

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

Un-audited	
For the nine months ended	
September 30, 2024	September 30, 2023
Rupees '000	

28 PROFIT / RETURN EARNED

On:		
Financing	79,780,443	66,125,366
Investments	94,831,650	66,153,785
Due from financial institutions	375,188	1,072,593
Balances with banks	2,239	6,628
	<u>174,989,520</u>	<u>133,358,372</u>

29 PROFIT / RETURN EXPENSED

On:		
Deposits	88,076,915	59,706,812
Due to financial institutions	20,661,604	19,617,726
Lease liability against right-of-use assets	1,367,420	1,128,322
Cost of foreign currency swaps against foreign currency deposits / Due to FIS	4,952,734	3,754,857
	<u>115,058,673</u>	<u>84,207,717</u>

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

For the nine months ended September 30, 2024

Note	Un-audited	
	For the nine months ended	
	September 30, 2024	September 30, 2023
	----- Rupees '000 -----	
30 FEE AND COMMISSION INCOME		
Branch banking customer fees	965,120	812,808
Consumer finance related fees	447,663	465,459
Card related fees	3,112,387	3,166,063
Credit related fees	46,871	29,904
Investment banking fees	172,271	188,740
Commission on trade	945,692	489,739
Commission on guarantees	114,809	150,962
Commission on cash management	122,734	113,163
Commission on remittances including home remittances	1,046,709	582,802
Commission on bancatakaful	77,796	99,331
Commission on sale of funds unit	402,865	200,708
Management fee	1,218,620	418,605
Sales load	282,713	152,205
Others	62,981	90,010
	<u>9,019,231</u>	<u>6,960,499</u>
31 GAIN / (LOSS) ON SECURITIES		
Realised - net	31.1 762,685	(1,945,145)
Unrealised - Measured at FVTPL	6,767	-
	<u>769,452</u>	<u>(1,945,145)</u>
31.1 Realised gain / (loss) on:		
Federal Government securities	215,788	(305,347)
Shares	546,897	(1,639,798)
	<u>762,685</u>	<u>(1,945,145)</u>
31.2 Net gain / (loss) on financial assets / liabilities		
Net gain / loss on financial assets / liabilities measured at FVTPL:		
Designated upon initial recognition	-	-
Mandatorily measured at FVTPL	537,669	-
	<u>537,669</u>	<u>-</u>
Net gain / (loss) on financial assets / liabilities measured at amortised cost	-	-
Net gain / (loss) on financial assets measured at FVOCI	231,783	-
	<u>231,783</u>	<u>-</u>
	<u>769,452</u>	<u>-</u>

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

For the nine months ended September 30, 2024

32 OTHER INCOME

	Un-audited	
	For the nine months ended	
	September 30, 2024	September 30, 2023
	----- Rupees '000 -----	
Rent on property	173,116	135,043
Gain on sale of fixed assets - net	15,367	14,765
Gain on termination of leases (IFRS 16)	65,819	13,404
Notice pay recovered	6,484	4,651
Scrap income	8,271	-
Others	2,610	549
	<u>271,667</u>	<u>168,412</u>

33 OPERATING EXPENSES

Total compensation expense	14,130,183	10,994,601
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Property expense

Rent and taxes	224,104	179,716
Takaful	37,976	26,922
Utilities cost	1,546,532	1,349,366
Security (including guards)	925,274	660,951
Repair and maintenance (including janitorial charges)	703,986	547,722
Depreciation on owned fixed assets	749,524	625,178
Depreciation on non-banking assets	1,970	3,761
Depreciation on right-of-use assets	1,526,739	1,432,676
Others	230,763	189,303
	<u>5,946,868</u>	<u>5,015,595</u>

Information technology expenses

Software maintenance	1,637,709	1,258,120
Hardware maintenance	330,401	373,012
Depreciation	753,093	404,636
Amortisation	308,883	233,295
Network charges	248,649	233,609
	<u>3,278,735</u>	<u>2,502,672</u>

Other operating expenses

Directors' fees and allowances	96,320	120,480
Legal and professional charges	435,566	309,867
Outsourced services costs - staff	723,694	573,283
Travelling and conveyance	315,373	191,677
NIFT clearing charges	58,311	60,318
Depreciation	781,873	502,765
Training and development	125,199	59,228
Postage and courier charges	168,864	236,002
Communication	1,087,812	698,836
Marketing, advertisement and publicity	1,851,194	1,275,762
Donations	140,930	113,215
Auditors' remuneration	37,815	15,258
Takaful	620,134	663,770
Stationery and printing	793,530	469,354
Bank fees and charges	2,059,094	1,856,075
Brokerage and commission	135,465	3,136
Deposit protection premium	628,099	532,404
Repair and maintenance	290,876	282,297
Subscriptions and publications	127,929	96,600
Cash handling charges	474,593	368,472
Others	412,672	454,943
	<u>11,365,343</u>	<u>9,239,610</u>
	<u>34,721,129</u>	<u>27,752,478</u>

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

For the nine months ended September 30, 2024

	Note	Un-audited	
		For the nine months ended	
		September 30, 2024	September 30, 2023
----- Rupees '000 -----			
34 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		70,860	4,146
35 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
Credit loss allowance against cash and balances with treasury banks		(3,572)	-
Credit loss allowance against due from financial institutions	12.1	1	-
Credit loss allowance against investments	13.3	(21,313)	611,770
Credit loss allowance against islamic financing and related assets	14.4	(1,345,749)	3,395,755
Credit loss allowance against other assets	18.2.1	(2,817)	2,326
Credit loss allowance against off balance sheet obligations	24.1	225,307	202,460
Bad debts written off directly		15,760	44,462
Recoveries of written off / charged off bad debts		(227,633)	(361,007)
Impairment charged for non-banking assets		-	41,525
		(1,360,016)	3,937,291
36 TAXATION			
Current		18,255,787	12,886,172
Prior years		90,148	125,000
Deferred		863,057	(799,053)
		19,208,992	12,212,119

	For the quarter ended		For the nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
----- Rupees '000 -----				
37 BASIC EARNINGS PER SHARE				
Profit after tax for the period	6,785,508	4,649,031	20,346,677	12,308,672
----- Number of shares in thousands -----				
Weighted average number of ordinary shares	1,517,697	1,517,697	1,517,697	1,517,697
----- Rupees -----				
Basic earnings per share	4.47	3.06	13.41	8.11

37.1 Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue at September 30, 2024 and September 30, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

38 FAIR VALUE MEASUREMENTS

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

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

38.1 Fair value of financial assets

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

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For the nine months ended September 30, 2024

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:

September 30, 2024 (Un-audited)				
	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Rupees '000 -----			
Financial assets - measured at fair value				
Investments				
Federal Government securities	104,195,000	484,129,021	-	588,324,021
Shares	4,269,066	67,686	-	4,336,752
Non-Government debt securities	-	47,786,879	-	47,786,879
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government securities	-	153,300	-	153,300
Non-Government debt securities	-	7,514,240	-	7,514,240
Non-financial assets - measured at fair value				
Property and equipment (land and buildings)	-	-	19,121,384	19,121,384
Non-banking assets acquired in satisfaction of claims	-	-	2,678,034	2,678,034
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	60,417,335	-	60,417,335
Forward sale of foreign exchange	-	15,674,181	-	15,674,181
Derivatives sales	-	1,055,954	-	1,055,954
December 31, 2023 (Audited)				
	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Rupees '000 -----			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	524,145,204	-	524,145,204
Shares	5,746,729	107,539	-	5,854,268
Non-Government debt securities	-	49,770,265	-	49,770,265
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	6,779,489	-	6,779,489
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,871,529	17,871,529
Non-banking assets acquired in satisfaction of claims	-	-	2,667,419	2,667,419
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	55,514,935	-	55,514,935
Forward sale of foreign exchange	-	9,610,511	-	9,610,511
Derivatives sales	-	1,678,515	-	1,678,515

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

For the nine months ended September 30, 2024

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

Valuation techniques used in determination of fair values within level 2

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

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

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

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

For the nine months ended September 30, 2024

[illegible]

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:

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees '000										
Investments										
Opening balance	-	-	-	3,419,532	2,309,998	-	-	-	2,429,472	3,371,053
Investment made during the year	-	-	-	9,651,065	49,674	-	-	-	38,504,537	-
Investment redeemed / sold during the year	-	-	-	(10,811,673)	-	-	-	-	(37,644,184)	(1,259,427)
Other movements	-	-	-	-	(20,998)	-	-	-	-	198,372
Transfer in / (out) - net	-	-	-	-	(2,234,998)	-	-	-	-	-
Equity method adjustment	-	-	-	180,445	-	-	-	-	129,707	-
Closing balance	-	-	-	2,439,369	103,675	-	-	-	3,419,532	2,309,998
Credit loss allowance for diminution in value of investments	-	-	-	-	-	-	-	-	-	1,951,094
Islamic financing and related assets										
Opening balance	-	54	674,450	-	6,684,998	-	7	541,082	-	1,392,371
Addition during the period / year	-	1,807	240,788	-	2,095,258	-	49	658,705	-	16,958,966
Repaid during the period / year	-	(1,728)	(263,719)	-	(2,350,262)	-	(2)	(525,337)	-	(11,666,339)
Transfer in / (out) - net	-	-	16,421	-	(245,372)	-	-	-	-	-
Closing balance	-	133	667,939	-	6,184,623	-	54	674,450	-	6,684,998
Credit loss allowance held against Islamic financing and related assets	-	-	-	-	162,316	-	-	-	-	407,688

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

For the nine months ended September 30, 2024

	September 30, 2024 (Un-audited)					December 31, 2023 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees '000										
Other assets										
Profit / return accrued	-	-	18,687	-	64,524	-	-	10,312	-	152,624
Fee and commission income receivable	-	-	-	286,361	-	-	-	-	30,253	-
Receivable from defined benefit plan asset	-	-	-	-	-	-	-	-	-	90,806
Remuneration receivable	-	-	-	-	-	-	-	-	90,979	-
Acceptances	-	-	-	-	8,163	-	-	-	-	-
Receivable against reimbursement of expenses	-	-	-	136,866	-	-	-	-	203,865	-
Receivable from defined contribution plan	-	-	-	-	601	-	-	-	-	2,181
Preliminary expenses and floatation costs receivable	-	-	-	5,890	-	-	-	-	5,687	-
Receivable from 1link (Private) Limited	-	-	-	-	639,258	-	-	-	-	2,320,075
Deposits and other accounts										
Opening balance	182	103,947	89,552	45,920,675	2,404,823	182	58,656	125,447	57,393	26,038,101
Received during the period / year	-	416,920	2,551,430	1,375,058,510	44,396,638	-	232,893	1,975,111	991,268,019	49,964,512
Withdrawn during the period / year	-	(457,836)	(2,541,552)	(1,374,298,996)	(44,175,809)	-	(187,602)	(2,011,006)	(945,404,737)	(73,597,790)
Transfer in / (out) - net	-	-	-	-	(79,629)	-	-	-	-	-
Closing balance	182	63,031	99,430	46,680,189	2,546,023	182	103,947	89,552	45,920,675	2,404,823
Other liabilities										
Profit / return payable	-	476	178	533,955	22,567	-	931	386	684,274	24,669
Dividend Payable	-	-	-	-	-	-	-	-	-	1,811,176
Customer Promise contracts	-	-	-	-	1,852	-	-	-	-	-
Payable to 1link (Private) Limited	-	-	-	-	41,160	-	-	-	-	595,002
Payable to defined benefit plan asset	-	-	-	-	1,262	-	-	-	-	-
Contingencies and commitments										
Trade related commitments	-	-	-	-	196,221	-	-	-	-	330,829

Rupees '000

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

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

RELATED PARTY TRANSACTIONS

	September 30, 2024 (Un-audited)				September 30, 2023 (Un-audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Income										
Profit / return earned	-	8	65,885	-	504,205	-	-	25,686	-	86,446
Fee and commission income	-	85	90	1,283,766	27,597	-	297	291	526,266	12,178
Dividend income	-	-	-	111,756	100,000	-	-	-	31,034	49,661
Net gain / (Loss) on sale of securities	-	-	235	28,695	12,498	-	-	-	(13,671)	26,660
Other Income	-	-	46	-	-	-	-	-	-	-
Expense										
Profit / return expensed	-	8,150	3,670	5,385,984	216,911	-	5,795	5,570	1,678,338	113,575
Exchange Loss	-	-	-	-	1,852	-	-	-	-	-
Reimbursement of expenses	-	-	-	178,820	-	-	-	-	389,105	-
Director's fee and allowances	-	96,320	-	-	-	-	120,480	-	-	-
Compensation expense	-	-	1,109,540	-	3,917	-	-	743,089	-	2,755
Fee and subscription	-	-	-	-	4,474	-	-	-	-	5,346
Charge for defined benefit plan	-	-	-	-	277,520	-	-	-	-	214,520
Contribution to defined contribution plan	-	-	-	-	369,721	-	-	-	-	293,519
Donations made during the period	-	-	-	-	140,930	-	-	-	-	113,215
Credit loss allowance and write offs - net	-	-	-	-	-	-	-	-	-	(44,300)
Others										
Shares / units purchased during the period	-	-	-	93,556	676	-	-	-	679,942	-
Shares / units sold during the period	-	-	-	95,945	-	-	-	-	692,524	103,890
Government securities purchased during the period	-	-	156,230	-	113,231	-	-	26,800	-	-
Government securities sold during the period	-	-	239,106	-	1,972,349	-	-	86,301	-	1,932,162
Contribution to defined benefit plan	-	-	-	-	-	-	-	-	-	-

Rupees '000

Rupees '000

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

	Un-audited September 30, 2024	Audited December 31, 2023
	Rupees '000	
41 CAPITAL ADEQUACY, LEVERAGE RATIO AND 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	85,977,696	73,370,440
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	85,977,696	73,370,440
Eligible tier 2 capital	18,319,122	14,329,529
Total eligible capital (tier 1 + tier 2)	104,296,818	87,699,968
Risk weighted assets (RWAs):		
Credit risk	334,091,820	336,510,451
Market risk	50,489,335	56,432,669
Operational risk	106,918,760	106,918,760
Total	491,499,915	499,861,880
Common equity tier 1 capital adequacy ratio	17.49%	14.68%
Tier 1 Capital adequacy ratio	17.49%	14.68%
Total Capital adequacy ratio	21.22%	17.54%
Leverage ratio (LR):		
Eligible tier-1 capital	85,977,696	73,370,440
Total exposures	1,644,266,584	1,594,121,150
Leverage ratio (in %)	5.23%	4.60%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	688,493,505	517,942,201
Total net cash outflow	426,612,454	339,319,140
Liquidity coverage ratio (Ratio)	1.614	1.526
Net stable funding ratio (NSFR):		
Total available stable funding	951,068,164	838,043,710
Total required stable funding	464,928,394	482,990,880
Net stable funding ratio (in %)	204.56%	173.51%

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2024

42 GENERAL

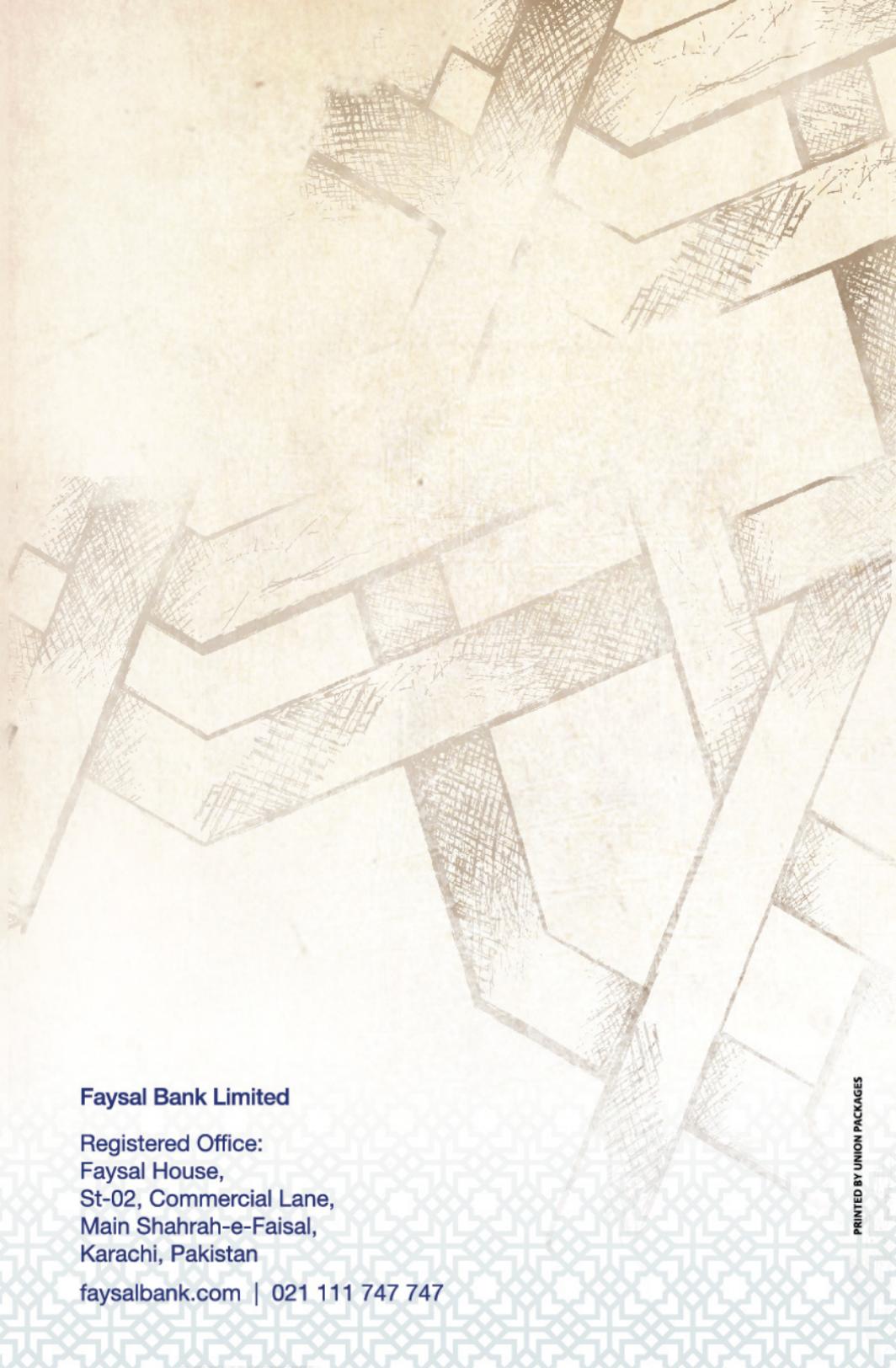
Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim consolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. There have been no significant reclassifications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

43 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 24, 2024 has proposed a interim cash dividend of Rs. 1.5 per share (September 30, 2023: Re. 1 per share). These interim condensed consolidated financial statements for the nine months ended September 30, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the period end. The Board had earlier declared and paid an interim cash dividend of Rs. 3 per share.

44 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on October 24, 2024 by the Board of Directors of the Holding Company.



Faysal Bank Limited

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