

صراطِ مستقیم

فیصل بینک سے فیصل اسلامی،
ارادے سے تکمیل تک۔

THIRD QUARTER
ENDED SEPTEMBER 30, 2022
UNAUDITED FINANCIAL STATEMENTS

faysalbank



Contents

Corporate Information	2
-----------------------	---

Unconsolidated Financial Statements

Directors' Report	4
Condensed Interim Unconsolidated Statement of Financial Position	14
Condensed Interim Unconsolidated Profit and Loss Account	15
Condensed Interim Unconsolidated Statement of Comprehensive Income	16
Condensed Interim Unconsolidated Statement of Changes in Equity	17
Condensed Interim Unconsolidated Cash Flow Statement	18
Notes to the Condensed Interim Unconsolidated Financial Statements	19

Consolidated Financial Statements

Directors' Report	45
Condensed Interim Consolidated Statement of Financial Position	52
Condensed Interim Consolidated Profit and Loss Account	53
Condensed Interim Consolidated Statement of Comprehensive Income	54
Condensed Interim Consolidated Statement of Changes in Equity	55
Condensed Interim Consolidated Cash Flow Statement	56
Notes to the Condensed Interim Consolidated Financial Statements	57

Registered Office

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

Corporate Information

Board of Directors

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

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Recruitment Nomination and Remuneration Committee

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

Board Strategy Committee

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

Corporate Information

Board IT Committee

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

Shariah Board

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

Syed Majid Ali

Chief Financial Officer

Mr. Aurangzeb Amin

Company Secretary & Head of Legal

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

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

Registered Office

Faysal Bank Limited
Faysal House, St-02, Commercial Lane,
Main Shahrah-e-Faisal,
Karachi, Pakistan
UAN : (92-21) 111-747-747
Tel : (92-21) 3279-5200
Fax : (92-21) 3279-5226
Website : www.faysalbank.com

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B,
SMCHS, Main Shahrah-e-Faisal,
Karachi-74400
Tel : (92-21) 111-111-500
Fax : (92-21) 34326053
Email : info@cdcsrsl.com

Directors' Report

Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the unaudited condensed interim financial statements of Faysal Bank Limited ("FBL" or "the Bank") for the quarter and nine months ended September 30, 2022.

Company Profile

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

The Bank's footprint spreads over 246 cities across the country with 643 branches. In line with FBL's strategy of transforming into an Islamic Bank, 99.8% branches are offering dedicated sharia-compliant banking services.

Holding Company

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain, is the parent company holding directly and indirectly 66.78% (2021: 66.78%) of the Bank's shares. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. Dar Al-Maal Al-Islami Trust (DMIT) is the holding entity of Ithmaar Holding B.S.C. and the ultimate parent of the Bank. DMIT was formed by an indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles, and traditions.

Economic Update

The Monetary Policy Committee (MPC) in its meeting held on October 10, 2022, decided to maintain the policy rate at 15.00% citing continued deceleration in economic activity, decline in headline inflation and current account deficit since the last meeting. The MPC was of the view that the 'existing monetary policy stance strikes an appropriate balance between managing inflation and maintaining growth in the wake of the floods.' The average inflation for 1QFY23 stood at 25.1%, as headline inflation, after a peak in August, fell by more than 4% in September to 23.2 %, driven by a reduction in electricity prices. On the other hand, both core and food inflation picked up further. Looking ahead, the supply-shock to food prices from the floods is expected to put additional pressure on headline inflation in the coming months. SBP projects inflation to be slightly above its prior forecast of 18-20%. MPC also stated that the GDP growth could fall to around 2% in FY23, compared to the previous forecast of 3-4%. Externally, hawkish responses by prominent central banks have furthered recession risks as central banks around the world endeavor to tame inflation spikes and yearn to reduce the risk of hard landing.

As per the Pakistan Bureau of Statistics (PBS), the trade deficit for the 1QFY23 narrowed to USD 9.3 billion where exports increased by 1.8% to USD 7 billion, and imports fell by 12.7% to USD 16.3 billion. In 1QFY23, workers' remittances fell by 6.3% YOY as it reached USD 7.7 billion. The current account deficit shrank for the second consecutive month in August to USD 0.7 billion, almost half the level in July. In line with the trade data, the USD/PKR parity appreciated to 217.79 from 239.71. Despite this appreciation, as at quarter end, SBP reserves were down to USD 7.899 billion, lowest since 2018-19. The default risk still seems to be relevant

for investors as Eurobond yields went through the roof after flood wreaked havoc, despite Pakistan having already secured an IMF tranche.

FBR tax collection surpassed the PKR 1.608 trillion target by PKR 27 billion 1QFY2023 mainly due to high headline inflation. In July, fiscal outcomes were better than in the same period last year. The fiscal deficit fell to 0.3% of GDP while the primary balance recorded a surplus of 0.2% of GDP.

Pakistan has made progress in the AML / CFT domain and after completing substantial, technical, and procedural requirements, FATF has removed Pakistan from the grey list.

Looking ahead for Pakistan, heightened uncertainty about domestic politics and devastating floods has meant that Pakistan's Eurobonds continue to take a beating and have come under further pressure. Moody's downgraded the government of Pakistan's local and foreign currency issuer and senior unsecured debt ratings to Caa1 from B3 with negative outlook. The expectation is that Pakistan's credit spreads will start to narrow, and stability will follow once the funds start to become available from sources of bilateral and multilateral funding. This will ease pressure on SBP reserves while settling any debt sustainability concerns, thus dampening volatility in money, foreign exchange, and stock market.

Bank's Performance

Financial Highlights

Key Balance Sheet Numbers	Rs. in million		
	September '22	December '21	Growth%
Investment	412,162	357,471	15.3
Financing	467,704	396,295	18.0
Total Assets	1,037,982	869,612	19.4
Deposits	725,028	644,089	12.6

Profit & Loss Account	Rs. in million		
	September '22	September '21	Growth%
Total Revenue	33,569	25,336	32.5
Non-Markup Expenses	19,281	15,192	26.9
Profit before tax and provisions	14,288	10,144	40.9
(Reversal) / Provisions	(736)	216	440.9
Profit before tax	15,024	9,928	51.3
Tax	7,363	3,859	90.8
Profit after tax	7,661	6,069	26.2
Earnings per share (Rupees)	5.05	4.00	26.2

On a standalone basis, FBL has continued to deliver a strong performance in the nine months of 2022 with a record Profit Before Tax (PBT) of PKR 15.0 billion, 51% higher than the PKR 9.9 billion in the corresponding period last year. FBL has achieved the highest ever quarterly PBT growth of PKR 6.3 billion in Q3'22. However, the increase in Profit After Tax (PAT) is restricted to 26% from PKR 6.1 billion in 9m'21 to PKR 7.7 billion in 9m'22 due to excessive and retrospective tax measures announced in the Federal Budget.

The Bank continued to deliver on growth objectives and has increased the total revenue by 33% over 9m'21 to PKR 33.6 billion. Net markup income has reached PKR 26.9 billion in 9m'22, with a growth of 42% year on year underpinned by strong balance sheet expansion and improvement in overall spreads. Robust growth in current deposits of 81 billion (13%) YoY and increase in the average benchmark rate helped improving the overall spreads. Non markup income grew by 3% over corresponding period last year and is at PKR 6.6 billion in 9m'22. The growth in non-markup income was undermined due to loss on securities; excluding it, the growth in non-markup income is at 33%.

Non markup expenses of the bank have increased by 27% over 9m'21 on the back of very high inflation, PKR devaluation against USD and increase in branch network. However, the cost to income ratio has improved from 60% in 9m'21 to 57% in 9m'22. Net provision for 9m'22 reflected reversal of PKR 0.7 billion against a charge of PKR 0.2 billion in the corresponding period last year. The NPL ratio continued to reduce and is at 4.6% with total coverage at 89.5%.

FBL achieved the landmark of PKR 1.0 trillion mark in total assets as a result of strong deposit mobilization and borrowings. Current Accounts momentum built over last several quarters continued and has reached PKR 274 billion, 27% growth over December 2021. Total deposits increased by 13% over December 2021 and reached PKR 725 billion, improving market share from 3.1% in December 2021 to 3.2% in September 2022. Current Account (CA) mix improved to 38% from 33% at December 2021 and CASA mix improved to 80% from 75% at December 2021.

FBL's net advances increased by 18% to PKR 468 billion, with the ADR improving from 61% in December 2021 to 65% at September 2022. The Bank continued to generate liquidity from borrowings and invested in Sukuks, as a result investments have increased by 15% and have reached PKR 412 billion.

Earnings Per Share increased to PKR 5.05, 26.2% higher than the same period last year.

Credit Rating:

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

Long-Term AA
Short-Term A1+

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

Outlook

As per the Bank's strategic plan, the Bank has applied to SBP for issuance of Islamic banking license vide letter FCU-BTP/003/2022 dated October 18, 2022. The Bank is left with only one conventional branch which will be converted before year end. Looking ahead, the Bank is geared up for a more challenging economic outlook marked by turbulent market conditions and inflationary pressures.

The Bank will continue to invest in network expansion and is planning to open another 57 branches till the end of this year taking the branch network to 700. The Bank will continue to work towards bringing efficiencies, increasing deposit growth, and improving quality of customer service. Alongside investment in branch infrastructure, the Bank is focused on providing innovative digital solutions and will continue to invest in modern technologies to improve digital offerings and customer experience.

Dividend

The Board of Directors, in their meeting held on October 27, 2022 declared an interim cash dividend of Rs. 5.5 per share (55%) for the nine months ended September 30, 2022.

Acknowledgement

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

As always, we would also like to express sincere appreciation for the Shariah Board and acknowledge the efforts demonstrated by our employees towards the growth of FBL and thank them for their tireless dedication and hard work.

Approval

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

President & CEO
Karachi
Dated: October 27, 2022

Chairman

منافع منقسمہ:

بورڈ آف ڈائریکٹرز نے 27 اکتوبر، 2022 کو منعقد ہونے والے اجلاس میں 30 ستمبر، 2022 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 5.5 روپے فی حصص (55%) کے عبوری منافع منقسمہ کا اعلان کیا ہے۔

توثیقی بیان:

ہم بورڈ اور مینجمنٹ کی جانب سے اس موقع پر اپنے تمام شیئر ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں، جنہوں نے بینک کو غیر متزلزل تعاون فراہم کیا۔ ہم اپنے صارفین کے بھی ممنون ہیں، جنہوں نے اپنے کاروبار اور وسائل کے ساتھ بینک پر اعتماد جاری رکھا۔ ہم حکومت پاکستان اور اپنے ریگولیٹرز بالخصوص اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مسلسل رہنمائی اور حمایت کے لیے بے حد مشکور ہیں اور ریگولیٹری اور گورننس فریم ورک میں بہتری کے ذریعے نظام کو مضبوط بنانے کے لئے ان کی کوششوں کو سراہتے ہیں۔

آخر میں، ہم شریعہ بورڈ کی مسلسل رہنمائی اور FBL کے ملازمین کی انتھک محنت اور لگن کے لئے ان کا شکریہ ادا کرنا چاہتے ہیں۔

منظوری

کمپنیز ایکٹ، 2017 کے مطابق، بورڈ آف آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش پر عمل کرتے ہوئے 27 اکتوبر 2022 کو منعقدہ میٹنگ میں بورڈ آف ڈائریکٹرز نے اس رپورٹ کو منظور کیا اور قانونی تقاضوں کے مطابق چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے اس پر دستخط بھی کیے۔

چیئر مین

صدر اور سی ای او

کراچی

بتاریخ: 27 اکتوبر، 2022

کرڈٹ ریٹنگ:

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

طویل المیعاد: AA
قلیل المیعاد: A1+

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

آؤٹ لک

بینک کے اسٹریٹجک پلان کو مد نظر رکھتے ہوئے بہ ذریعہ خط SBP, FCU-BTP/003/2022 کو اسلامی بینکنگ لائسنس کے اجراء کے لیے درخواست ارسال کی گئی۔ اس وقت بینک کے پاس صرف ایک روایتی برانچ رہ گئی ہے جس کو رواں برس کے اختتام سے پہلے تحلیل کر دیا جائے گا۔

حالات کی پیش بینی کرتے ہوئے اور اپنے موجود وسائل کو بروئے کار لاتے ہوئے ہم آنے والے سال کے متوقع مارکیٹ چیلنجز اور افراط زر سے پیدا ہونے والے مسائل سے نبرد آزما ہونے کے لئے ہماقت تیار ہیں۔

ہم اپنے نیٹ ورک کی توسیعی پالیسی کو جاری رکھتے ہوئے اس سال مزید 57 برانچیں کھولنے کی منصوبہ بندی کر رہے ہیں۔ اس اضافے کے ساتھ ہی سال رواں کے آخر تک برانچ نیٹ ورک کی تعداد 700 تک پہنچ جائے گی۔

بینک کی افادیت بڑھانے، ڈپازٹ میں اضافہ کرنے اور کسٹمر سروس کے معیار کو بہتر بنانے کے لیے مسلسل کوششیں جاری رکھی جائیں گی۔ برانچ انفراسٹرکچر میں سرمایہ کاری کے ساتھ ساتھ بینک جدید اطوار پر ڈیجیٹل سروسز فراہم کرنے کے سلسلے میں اپنی کوششیں جاری رکھے گا۔ علاوہ ازیں جدید ڈیجیٹل سروسز کی پیشکش کے ذریعے کسٹمر کو خوشگوار اور بہتر سے بہتر تجربات فراہم کرنے کے لئے سرمایہ کاری کو جاری رکھے گا۔

بینک نے ترقی کے اہداف کو حاصل کرتے رہنا جاری رکھا ہے اور اس نے سن 2021 کے ابتدائی 9 ماہ کی نسبت کل ریونیو میں 33 فیصد اضافہ کرتے ہوئے 33.6 بلین روپے ریکارڈ کیا ہے۔ رواں نومبر میں مارک اپ آمدنی 26.9 بلین روپے تک پہنچ گئی۔ آمدنی میں اس اضافے کی وجہ بیلنس شیٹ کی مضبوط توسیع اور مجموعی اسپریڈ کی بہتری ہے۔ اس کے علاوہ کرنٹ ڈپازٹس میں 81 بلین روپے کا شاندار اضافہ اور اوسط شیڈ مارک ریٹ کی شرح میں اضافے نے مجموعی اسپریڈ کو بہتر بنانے میں مدد دی۔ اس سال کی غیر مارک اپ آمدنی میں گزشتہ سال کے مقابلے میں 3 فیصد کا اضافہ ہوا جو اب 6.6 بلین روپے ہے۔ غیر مارک اپ آمدنی کی افزائش میں انحطاط کی وجہ سیکورٹیز میں ہونے والا خسارہ ہے اس کو منہا کر کے غیر مارک اپ آمدنی میں 33 فیصد اضافہ ہوا ہے۔

افراط زر میں غیر متوقع اضافے، امریکی ڈالر کے مقابلے روپے کی قدر میں کمی اور بینک نیٹ ورک میں توسیع کی وجہ سے غیر مارک اپ اخراجات میں سال گزشتہ کے مقابلے میں 27 فیصد کا اضافہ ہوا ہے۔ تاہم لاگت سے آمدنی کا تناسب 60 فیصد سے بہتر ہو کر 57 فیصد ہو گیا ہے۔ نیٹ پروویژن میں گزشتہ سال کے 0.2 بلین روپے کے چارج کے مقابلے اس سال 0.7 بلین کارپوریٹ ہے۔ NPL کا تناسب بھی مسلسل کمی کے رجحان کو ظاہر کرتا ہے اور 4.6 فیصد ہے جبکہ کل کوریج 89.5 فیصد ہے۔

باروننگ اور ڈپازٹ موبلائزیشن میں تیزی لا کر ایف بی ایل نے اپنے بیلنس شیٹ کے کاروباری حجم کو اکھرب روپے کی تاریخی سطح تک پہنچا دیا ہے۔ گزشتہ کئی سہ ماہیوں میں لائی گئی تیزی کے تسلسل میں کرنٹ ڈپازٹس کی سطح 274 ارب روپے تک جا پہنچی ہے جو دسمبر 2021 کے مقابلے میں 27% نمو ظاہر کر رہی ہے۔ اسی طرح دسمبر 2021 کے مقابلے میں ٹوٹل ڈپازٹس 13% بڑھے ہیں جس سے دسمبر 2021 کے 3.1 فیصد کے مقابلے میں ستمبر 2022 میں بینک کا مارکیٹ میں حصہ 3.2 فیصد ہے۔ اسی طرح CA دسمبر 2021 کے 33% سے بڑھ کر 38% اور CASA 75% سے بڑھ کر 80% ہو چکا ہے۔

FBL کی نیٹ ایڈوانسز 18 فیصد سے بڑھ کر 468 بلین روپے ہو چکے ہیں، جبکہ ADR دسمبر 2021 میں 61 فیصد سے ستمبر 2022 میں 65 فیصد ہو چکا ہے۔ اس کے علاوہ بینک نے قرضوں کا استعمال کرتے ہوئے لیکویڈیٹی کی افزائش کو جاری رکھا ہے اور سکوک میں سرمایہ کاری کو بھی برقرار رہنے دیا ہے جس کے نتیجے میں بینک کا سرمایہ 15 فیصد کے اضافے کے بعد 412 بلین روپے تک پہنچ گیا۔

رواں برس فی حصص آمدنی 26.2 فیصد اضافے کے بعد PKR 5.05 پر ہے۔

بینک کی کارکردگی

مالیاتی جھلکیاں:

بیلنس شیٹ

نمبر	دسمبر ۲۰۲۱ء	ستمبر ۲۰۲۲ء	(ملین روپے)
سرکاری	357,471	412,162	15.3 فیصد
فنانسنگ	396,295	467,704	18 فیصد
کل اثاثہ جات	869,612	1,037,982	19.4 فیصد
ڈپازٹس	644,089	725,028	12.6 فیصد

نفع اور نقصان اکاؤنٹ

نمبر	ستمبر ۲۰۲۱ء	ستمبر ۲۰۲۲ء	(ملین روپے)
مجموعی آمدنی	25,336	33,569	32.5 فیصد
مارک اپ کے علاوہ اخراجات	15,192	19,281	26.9 فیصد
منافع قبل از ٹیکس اور پروویژن	10,144	14,288	40.9 فیصد
نیٹ پروویژن	216	(736)	440.9 فیصد
منافع قبل از ٹیکس	9,928	15,024	51.3 فیصد
ٹیکسز	3,859	7,363	90.8 فیصد
منافع بعد از ٹیکس	6,069	7,661	26.2 فیصد
فی حصص آمدن (روپے)	4	5.05	26.2

اسٹیٹ لائون بنیادوں پر، FBL نے 2022 کے نو مہینوں میں 15 بلین روپے کے ریکارڈ قبل از محصول منافع کے ساتھ ایک مضبوط کارکردگی پیش کی ہے، جو پچھلے سال کی اسی مدت کے مقابلے 51 فیصد زیادہ ہے۔ تاہم، وفاقی بجٹ میں اعلان کردہ ضرورت سے زیادہ اور سابقہ ٹیکس اقدامات کی وجہ سے منافع بعد از ٹیکس میں اضافہ 26 فیصد تک محدود ہے، جو 7.7 بلین روپے ہے۔

ترقی کو برقرار رکھنا ہے۔ Q1 FY23 میں افراط زر اوسطاً 1.25% تھا جس کی وجہ سے ہیڈلائن افراط زر اگست میں عروج پر پہنچا، بجلی کے نرخوں میں کمی کی بنا پر افراط زر 4% سے زیادہ گر کر ستمبر میں 23.2% ہو گیا۔ دوسری جانب دونوں بنیادی اور غذائی افراط زر میں مزید اضافہ ہوا۔ اس بات کا امکان بھی ہے کہ آنے والے وقت میں سیلاب کی وجہ سے خوراک کی رسد متاثر ہو سکتی ہے جس کی وجہ سے ہیڈلائن افراط زر پر آنے والے مہینوں میں اضافی دباؤ پڑے گا۔ ایس بی پی نے مہنگائی کو 18-20% کی اپنی پیش گوئی سے قدرے اوپر ہونے کا اشارہ دیا ہے۔ MPC نے اس بات کا خدشہ بھی ظاہر کیا ہے کہ GDP شرح مالی سال 2023 میں 2% تک گر سکتی ہے جو کہ گذشتہ پیش گوئی، 3-4% سے قدر کم ہے۔ مرکزی سینٹرل بینکوں کی طرف سے مہنگائی پر قابو پانے کی جارحانہ کوشش نے کسادبازاری کے خطرات کو مزید بڑھا دیا ہے۔

پاکستان بیورو آف سٹیٹسٹکس (PBS) کے مطابق، Q1 FY23 کے لیے تجارتی خسارہ کم ہو کر 9.3 بلین امریکی ڈالر تک آگیا جہاں برآمدات 1.8% اضافے سے 16.3 بلین امریکی ڈالر، اور درآمدات 12.7% سے کم ہو کر 23.2 بلین امریکی ڈالر رہ گئی ہیں۔ Q1 FY23 میں، ترسیلات زر میں 6.3% کی کمی واقع ہوئی جس کی وجہ سے یہ ترسیلات زر USD 7.7 بلین تک پہنچ گئی۔ کرنٹ اکاؤنٹ خسارہ اگست میں لگاتار دوسرے مہینے کم ہو کر 0.7 بلین امریکی ڈالر رہ گیا، جو جولائی کا تقریباً آدھا ہے۔ تجارتی اعداد و شمار کے مطابق، USD/PKR ریٹ 217.79 سے بڑھ کر 239.71 ہو گیا ہے۔ روپے کی قدر میں بہتری کے باوجود، سہ ماہی کے اختتام پر، SBP کے ذخائر کم ہو کر 7,899 ڈولر بلین ہو گئے، جو کہ 2018-19 کے بعد سب سے کم ہے۔ سیلاب کی تباہ کاریوں کے پیش نظر یورو بانڈ سیلڈ میں خاطر خواہ اضافہ ہوا ہے اور پاکستان میں سرمایہ کاروں کو خطرات اور خدشات اب بھی موجود ہیں، حالانکہ پاکستان نے IMF کی قسط حاصل کر لی ہے۔

ایف بی آر نے ٹیکس وصولی کی مد میں PKR 1.608 ٹریلین کے ہدف کو PKR 27 بلین سے عبور کر لیا جس کی بنیادی وجہ ہائی ہیڈلائن افراط زر ہے۔ جولائی میں، مالیاتی نتائج پچھلے سال کی اسی مدت کے مقابلے بہتر تھے تاہم مالیاتی خسارہ 0.3% جی ڈی پی تک گر گیا جبکہ پرائمری بیلنس میں 0.2% جی ڈی پی سرپلس ریکارڈ کیا۔

پاکستان کے آئندہ حالات کی پیش بینی کرتے ہوئے، پاکستان کی موجودہ سیاسی صورت حال اور سیلاب کی تباہ کاریوں کی وجہ سے پاکستان کے یورو بونڈز جو پہلے ہی دباؤ کا شکار تھے اب مزید دباؤ میں آ گئے ہیں۔ Moody's نے پاکستان کو مقامی اور غیر مقامی کرنسی ایڈیٹرز اور سینئر آن سیکیورڈ ڈیف کی درجہ بندی میں B3 سے تنزلی کے بعد Caa1 پر لا کھڑا کیا ہے۔ توقع یہ ہے کہ دو طرفہ کثیرالجہتی فنڈنگ کی دستیابی کے بعد پاکستان کا کریڈٹ اسپریڈ نہ صرف کم ہو جائے گا بلکہ اس میں استحکام بھی آئے گا۔ توقع ہے کہ اسٹیٹ بینک کے ذخائر پر دباؤ بھی کم ہو جائے گا اور اس طرح کرنسی، زر مبادلہ اور اسٹاک مارکیٹ میں غیر متوازن اتار چڑھاؤ کی شدت میں بھی کمی آئے گی۔

ڈائریکٹرز کا جائزہ

ان کنسولیدیٹڈ مالیاتی گوشواروں پر ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے فیصل بینک لمیٹڈ ("FBL" یا "دی بینک") کی ڈائریکٹرز رپورٹ غیر آڈٹ شدہ عبوری مالیاتی گوشواروں کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

کمپنی پر وفاق

پاکستان میں فیصل بینک لمیٹڈ (FBL) کا قیام 3 اکتوبر 1994 کو ایک پبلک لمیٹڈ کمپنی کے طور سے عمل میں آیا، اس کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ FBL اپنے تمام صارفین یعنی ریٹیل، چھوٹے اور درمیانے درجے کے کاروباری اداروں، زرعی اداروں اور کارپوریٹ سیکٹر کو جدید بینکنگ کی وسیع تر خدمات پیش کر رہا ہے۔

ملک بھر کے 246 شہروں میں FBL کی 643 شاخوں کا منظم نیٹ ورک پھیلا ہوا ہے۔ FBL کے مکمل اسلامی بینک میں تبدیل ہونے کی حکمت عملی کے مطابق، 99.8% شاخیں شریعہ کے اصولوں اور تقاضوں کے تحت بینکاری خدمات فراہم کر رہی ہیں۔

ہولڈنگ کمپنی

اتمار بینک بی ایس سی (کلونڈ)، جو کہ سینٹرل بینک آف بحرین کا لائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلاواسطہ طور پر بینک کے 66.78% (2021 میں 66.78%) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک بی ایس سی (کلونڈ)، اتمار ہولڈنگ بی ایس سی کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (ڈی ایم آئی ٹی) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے۔ ڈی ایم آئی ٹی کا قیام کامن ویلتھ آف بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور انجام دیئے جائیں۔

اقتصادی اپ ڈیٹ

10 اکتوبر 2022 کو مانیٹری پالیسی کمیٹی (MPC) کی ہونے والی میٹنگ میں اس بات کا فیصلہ کیا گیا کہ پالیسی ریٹ کو 15% پر برقرار رکھا جائے گا چونکہ گزشتہ اجلاس کے بعد سے معاشی سرگرمیوں میں مسلسل کمی، ہیڈ لائن افراط زر کم ہو رہی ہے اور کرنٹ اکاؤنٹ خسارہ بڑھ رہا ہے۔ MPC کے خیال کے مطابق موجودہ مانیٹری پالیسی کا موقف سیلاب کی تباہ کاریوں کے باوجود

Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2022

		Un-audited September 30, 2022	Audited December 31, 2021
Note		----- Rupees '000 -----	
ASSETS			
Cash and balances with treasury banks	9	57,298,963	58,516,627
Balances with other banks	10	11,964,306	3,517,282
Lendings to financial institutions		-	-
Investments	11	412,162,255	357,471,437
Advances	12	467,703,745	396,295,362
Fixed assets	13	28,713,646	26,337,967
Intangible assets	14	1,801,742	1,743,445
Deferred tax assets	19	-	-
Other assets	15	58,337,666	25,730,086
		1,037,982,323	869,612,206
LIABILITIES			
Bills payable	16	11,676,194	14,122,901
Borrowings	17	181,246,709	111,189,829
Deposits and other accounts	18	725,028,086	644,089,308
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	19	558,013	592,332
Other liabilities	20	49,650,318	33,794,514
		968,159,320	803,788,884
		69,823,003	65,823,322
NET ASSETS			
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		14,088,932	12,613,183
Surplus on revaluation of assets - net	21	5,654,619	7,061,583
Unappropriated profit		34,902,487	30,971,591
		69,823,003	65,823,322
CONTINGENCIES AND COMMITMENTS			
	22		

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter and nine months ended September 30, 2022

		Quarter ended		Nine months ended	
	Note	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
----- Rupees '000 -----					
Mark-up / return / interest earned	24	29,766,149	13,800,948	70,579,959	38,294,872
Mark-up / return / interest expensed	25	19,063,746	6,795,314	43,641,528	19,373,617
Net mark-up / interest income		10,702,403	7,005,634	26,938,431	18,921,255
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	1,476,510	1,311,873	4,705,884	3,744,023
Dividend income		69,431	102,310	416,991	346,144
Foreign exchange income		971,457	589,865	2,400,502	1,615,633
Income / (loss) from derivatives		77,031	4,240	126,929	(40,635)
(Loss) / gain on securities	27	(446,424)	73,310	(1,217,069)	523,553
Other income	28	58,303	58,332	197,571	226,110
Total non mark-up / interest income		2,206,308	2,139,930	6,630,808	6,414,828
Total income		12,908,711	9,145,564	33,569,239	25,336,083
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	6,743,941	5,459,803	18,951,279	14,978,343
Workers Welfare Fund		133,138	74,722	312,167	208,534
Other charges	30	12,672	1,325	17,386	5,466
Total non mark-up / interest expenses		6,889,751	5,535,850	19,280,832	15,192,343
Profit before provisions		6,018,960	3,609,714	14,288,407	10,143,740
(Reversals) / Provisions And Write-Offs - Net	31	(330,072)	227,332	(735,729)	215,784
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		6,349,032	3,382,382	15,024,136	9,927,956
Taxation	32	3,069,835	1,332,979	7,363,167	3,858,731
PROFIT AFTER TAXATION		3,279,197	2,049,403	7,660,969	6,069,225
----- Rupees -----					
Basic / diluted earnings per share	33	2.16	1.35	5.05	4.00

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter and nine months ended September 30, 2022

	Quarter ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	Rupees '000			
Profit after taxation for the period	3,279,197	2,049,403	7,660,969	6,069,225
Other comprehensive (loss)				
Items that may be reclassified to the profit and loss account in subsequent periods:				
- Movement in surplus on revaluation of investments - net of tax	(312,880)	(95,961)	(1,328,895)	(645,598)
Total comprehensive income	2,966,317	1,953,442	6,332,074	5,423,627

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

For the nine months ended September 30, 2022

Rs. Rupees '000

15.176.965 10.131 375.518 23.952 10.623.046 11.032.647 1.778.725 7.248.748 9.027.473 24.870.347 60.107.432

[illegible]

-	-	-	-	-	-	(645 598)	-	(645 598)	-	(645 598)
---	---	---	---	---	---	-----------	---	-----------	---	-----------

-	-	-	-	-	-	(645.598)	-	(645.598)	6.069.225	5.423.627
---	---	---	---	---	---	-----------	---	-----------	-----------	-----------

[illegible]

-	-	-	-	-	-	-	(87,168)	(87,168)	87,168	-
---	---	---	---	---	---	---	----------	----------	--------	---

-	-	-	-	-	-	-	(182,538)	(182,538)	182,538	-
---	---	---	---	---	---	---	-----------	-----------	---------	---

-	-	(37.574)	-	-	(37.574)	-	-	-	-	(37.574)
---	---	----------	---	---	----------	---	---	---	---	----------

15,176,965	10,131	337,944	23,952	10,623,046	10,995,073	1,133,127	6,979,042	8,112,169	30,450,430	64,734,637
------------	--------	---------	--------	------------	------------	-----------	-----------	-----------	------------	------------

[illegible]

-	-	-	-	-	-	(1,021,528)	-	(1,021,528)	38,784	(982,744)
---	---	---	---	---	---	-------------	---	-------------	--------	-----------

-	-	-	-	-	-	(1,021,528)	-	(1,021,528)	2,122,739	1,101,211
---	---	---	---	---	---	-------------	---	-------------	-----------	-----------

-	-	-	-	1,630,636	1,630,636	-	-	-	(1,630,636)	-
---	---	---	---	-----------	-----------	---	---	---	-------------	---

-	-	-	-	-	-	-	(29,057)	(29,057)	29,057	-
---	---	---	---	---	---	---	----------	----------	--------	---

-	-	-	-	-	-	-	(1)	(1)	1	-
---	---	---	---	---	---	---	-----	-----	---	---

-	-	(12.526)	-	-	(12.526)	-	-	-	-	(12.526)
---	---	----------	---	---	----------	---	---	---	---	----------

15.176.965	10.131	325.418	23.952	12.253.682	12.613.183	111.599	6.949.984	7.061.583	30.971.591	65.823.322
------------	--------	---------	--------	------------	------------	---------	-----------	-----------	------------	------------

[illegible]

-	-	-	-	-	-	(1,328.895)	-	(1,328.895)	-	(1,328.895)
---	---	---	---	---	---	-------------	---	-------------	---	-------------

-	-	-	-	-	-	(1,328,895)	-	(1,328,895)	7,660,969	6,332,074
---	---	---	---	---	---	-------------	---	-------------	-----------	-----------

-	-	-	-	1,532,194	1,532,194	-	-	-	(1,532,194)	-
---	---	---	---	-----------	-----------	---	---	---	-------------	---

-	-	-	-	-	-	-	-	-	(1,517,100)	(1,517,100)
---	---	---	---	---	---	---	---	---	-------------	-------------

[illegible]

-	-	-	-	-	-	-	(78,069)	(78,069)	78,069	-
---	---	---	---	---	---	---	----------	----------	--------	---

-	-	(56.445)	-	-	(56.445)	-	-	-	-	(56.445)
---	---	----------	---	---	----------	---	---	---	---	----------

15,176,965	10,131	268,973	23,952	13,785,876	14,088,932	(1,217,296)	6,871,915	5,654,619	34,902,487	69,823,003
------------	--------	---------	--------	------------	------------	-------------	-----------	-----------	------------	------------

The annexed notes 1 to 41 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, 2022

	Note	September 30, 2022	September 30, 2021
----- Rupees '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		15,024,136	9,927,956
Less: dividend income		(416,991)	(346,144)
		14,607,145	9,581,812
Adjustments:			
Depreciation on owned fixed assets	29	1,047,964	1,023,258
Amortisation of intangible assets	29	137,311	107,051
Depreciation on right-of-use assets	29	1,183,721	1,156,439
Depreciation on non-banking assets	29	3,724	3,724
Workers Welfare Fund		312,167	208,534
(Reversal of provision) / provision against loans and advances - net	31	(374,515)	838,709
Reversal of provision for diminution in value of investments - net	31	(129,046)	(320,589)
Reversal of provision against other assets - net	31	(30,335)	29,758
Reversal of provision against off balance sheet obligations - net	31	(19,373)	(21,956)
Unrealised (gain) / loss on securities - held for trading - net	27	(9,180)	39,405
Gain on sale of fixed assets - net	28	(26,413)	(14,531)
Gain on sale of non-banking assets - net	28	-	(47,650)
Charge for defined benefit plan		177,570	158,143
(Income) / loss from derivative contracts - net		(126,929)	40,635
Mark-up / return / interest expensed - lease liability against right-of-use assets	25	897,974	980,752
Bad debts written off directly	31	101,252	23,886
		3,145,892	4,205,568
		17,753,037	13,787,380
(Increase) / decrease in operating assets			
Lendings to financial institutions		-	(9,015,000)
Held-for-trading securities		12,130,105	(12,759,847)
Advances		(71,135,120)	(49,611,936)
Others assets (excluding advance taxation)		(32,410,836)	(6,266,851)
		(91,415,851)	(77,653,634)
Increase / (decrease) in operating liabilities			
Bills payable		(2,446,707)	(1,526,770)
Borrowings from financial institutions		68,830,250	46,908,833
Deposits		80,938,778	73,036,653
Other liabilities (excluding current taxation)		12,707,471	1,519,353
		160,029,792	119,938,069
Income tax paid		(5,578,208)	(3,790,877)
Contribution to gratuity fund		(177,570)	(158,143)
Net cash generated from operating activities		80,611,200	52,122,795
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(69,888,145)	(55,137,593)
Net (investment) / divestment in associates		(72,223)	200,000
Net divestment in held-to-maturity securities		959,116	113,066
Dividends received		373,788	313,148
Investment in operating fixed assets		(2,480,284)	(2,012,201)
Investment in intangible assets		(257,207)	(167,798)
Proceeds from sale of fixed assets		29,584	15,747
Proceeds from sale of non-banking assets		-	469,000
Net cash used in investing activities		(71,335,371)	(56,206,631)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(2,241,863)	(1,325,648)
Dividend paid		(1,031,236)	(686,734)
Net cash used in financing activities		(3,273,099)	(2,012,382)
Increase / (decrease) in cash and cash equivalents during the period			
Cash and cash equivalents at the beginning of the period		6,002,730	(6,096,218)
Cash and cash equivalents at the end of the period		59,488,711	61,126,505
		65,491,441	55,030,287

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the nine months ended September 30, 2022

1 STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 643 branches (December 31, 2021: 606 branches) including 2 sub-branches (December 31, 2021: 2). Out of these, 642 (December 31, 2021: 595) are Islamic banking branches and 1 (December 31, 2021: 11) is conventional.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2021: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

- 1.2** The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2021: 'AA') and the short term rating as 'A1+' (December 31, 2021: 'A1+') on June 25, 2022 and June 30, 2022 respectively.

2 BASIS OF PRESENTATION

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.
- 2.2** The financial results of the Islamic banking branches have been consolidated in these condensed interim unconsolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all the Islamic banking branches are disclosed in note 38 to these condensed interim unconsolidated financial statements.
- 2.3** The Bank has a controlling interest in Faysal Asset Management Limited (FAML) and is required to prepare the 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 for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting 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 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 IAS 34, 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, 2022, the Bank has

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the nine months ended September 30, 2022

adjusted amortisation of intangible assets net of tax amounting to Rs. 56.445 million (period ended September 30, 2021: Rs. 37.574 million) from the NCR.

- 3.3** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the annual unconsolidated financial statements for the year ended December 31, 2021.
- 3.4** Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current period:
- 3.4.1** There are certain new and amended standards, interpretations and amendments that have become applicable for the Bank's accounting periods beginning on January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim unconsolidated financial statements.
- 3.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:**
- 3.5.1** The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2023*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
The management is in the process of assessing the impact of these standards and amendments on the condensed interim unconsolidated financial statements of the Bank.	
* The SBP vide its BPRD Circular Letter No. 03 of 2022 dated July 05, 2022 has deferred the applicability of IFRS 9, 'Financial Instruments' to accounting periods beginning on or after January 1, 2023 and has also issued detailed application guidelines for implementation of IFRS 9. 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. The ECL has an impact on all the assets of the Bank which are exposed to credit risk. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is currently being assessed based on the detailed application guidelines issued by the SBP.	

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5 BASIS OF MEASUREMENT

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

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

For the nine months ended September 30, 2022

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 JUDGMENTS

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

8 FINANCIAL RISK MANAGEMENT

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

Un-audited September 30, 2022	Audited December 31, 2021
----- Rupees '000 -----	

9 CASH AND BALANCES WITH TREASURY BANKS

In hand

- local currency
- foreign currencies

14,250,491	13,697,293
1,743,042	1,506,351
15,993,533	15,203,644

With State Bank of Pakistan in

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

33,339,129	28,507,227
2,651,185	2,303,501
806,405	4,256,376
36,796,719	35,067,104

With National Bank of Pakistan in

- local currency current accounts

4,508,711	8,139,477
-----------	-----------

Prize bonds

-	106,402
---	---------

57,298,963	58,516,627
------------	------------

10 BALANCES WITH OTHER BANKS

In Pakistan

- in current accounts

2,781,009	2,037,104
-----------	-----------

Outside Pakistan

- in current accounts
- in deposit accounts

8,785,791	1,321,316
397,506	158,862
11,964,306	3,517,282

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

For the nine months ended September 30, 2022

11 INVESTMENTS

11.1 Investments by type:

Note	Un-audited September 30, 2022				Audited December 31, 2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----								
Held-for-trading securities								
Federal Government securities	-	-	-	-	11,649,925	-	2,128	11,652,053
Shares	136,360	-	515	136,875	616,540	-	(10,794)	605,746
	136,360	-	515	136,875	12,266,465	-	(8,666)	12,257,799
Available-for-sale securities								
Federal Government securities	348,506,708	-	(2,948,960)	345,557,748	276,556,257	-	(1,425,857)	275,130,400
Shares	11,580,427	(1,310,855)	(1,184,473)	9,085,099	10,697,994	(1,376,309)	(903,843)	8,417,842
Non Government debt securities	48,002,275	(519,291)	1,997,826	49,480,810	50,947,014	(557,516)	2,512,649	52,902,147
	408,089,410	(1,830,146)	(2,135,607)	404,123,657	338,201,265	(1,933,825)	182,949	336,450,389
Held-to-maturity securities								
Non Government debt securities	7,289,155	(1,492,795)	-	5,796,360	8,248,271	(1,518,162)	-	6,730,109
	7,289,155	(1,492,795)	-	5,796,360	8,248,271	(1,518,162)	-	6,730,109
Associates *								
Faysal Savings Growth Fund	693,353	-	-	693,353	893,247	-	-	893,247
Faysal Stock Fund	272,117	-	-	272,117	-	-	-	-
	965,470	-	-	965,470	893,247	-	-	893,247
Subsidiary *								
Faysal Asset Management Limited	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
Total Investments - net	417,620,288	(3,322,941)	(2,135,092)	412,162,255	360,749,141	(3,451,987)	174,283	357,471,437

* related parties

11.2 Investments given as collateral

Federal Government Securities

- Market Treasury Bills	-	19,760,221
- Pakistan Investment Bonds	45,129,984	-
- Ijarah Sukuk	58,334,018	-
	103,464,002	19,760,221

11.3 Provision for diminution in value of investments

11.3.1 Opening balance	3,451,987	3,777,288
Charge / (reversals)		
Charge for the period / year	7,067	-
Reversals for the period / year	(63,592)	(12,724)
Reversals on disposals for the period / year	(72,521)	(312,577)
	(129,046)	(325,301)
Closing balance	3,322,941	3,451,987

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

For the nine months ended September 30, 2022

11.3.2 Particulars of provision against debt securities

Category of classification

Domestic

- Loss

Un-audited September 30, 2022		Audited December 31, 2021	
Non-performing investments	Provision	Non-performing investments	Provision
Rupees '000			
2,012,086	2,012,086	2,075,678	2,075,678

11.4 The market value of non government debt securities classified as held-to-maturity as at Sep 30, 2022 amounted to Rs. 5,796 million (December 31, 2021: Rs. 6,755 million).

11.5 Investment in subsidiary and associates

Note	As at September 30, 2022				For the nine months ended September 30, 2022		
	Country of incorporation	% Holding	Assets	Liabilities	Revenue / (loss)	Profit / (loss)	Total comprehensive income / (loss)
Rupees '000							

Associates

Faysal Savings Growth Fund

Faysal Stock Fund

Pakistan	26.35	2,685,340	37,582	261,411	216,447	216,447
Pakistan	25.03	1,005,900	108,048	(234,354)	(297,641)	(297,641)

Subsidiary

Faysal Asset Management Limited

11.5.1

Note	As at December 31, 2021				For the nine months ended September 30, 2021		
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive income / (loss)
Rupees '000							

Associates

Faysal Income & Growth Fund

Faysal Savings Growth Fund

Pakistan	-	-	-	58,662	49,111	49,111
Pakistan	28.65	3,195,364	80,211	150,732	125,272	125,272

Subsidiary

Faysal Asset Management Limited

Pakistan	99.99	1,346,121	176,982	440,427	182,144	182,144
----------	-------	-----------	---------	---------	---------	---------

11.5.1 Faysal Asset Management Limited (the Company) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Company commenced its operations on November 14, 2003. The Company is a Non-Banking Finance Company (NBFC). The Company has obtained a license to carry out asset management and investment advisory services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. During the nine months period ended September 30, 2022, the Company has obtained additional license from Securities and Exchange Commission of Pakistan (SECP) to carry out venture Capital and REIT management services.

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

For the nine months ended September 30, 2022

12 ADVANCES

Note	Performing		Non-performing		Total	
	Un-audited September 30, 2022	Audited December 31, 2021	Un-audited September 30, 2022	Audited December 31, 2021	Un-audited September 30, 2022	Audited December 31, 2021
	Rupees '000					
Loans, cash credits, running finances, etc.	29,136,378	42,476,315	17,391,318	19,036,593	46,527,696	61,512,908
Islamic financing and related assets	436,139,568	350,461,085	4,279,688	3,913,046	440,419,256	354,374,131
Bills discounted and purchased	84,203	441,181	564,578	457,257	648,781	898,438
Advances - gross	465,360,149	393,378,581	22,235,584	23,406,896	487,595,733	416,785,477
Provision against advances	12.3					
- specific	-	-	(19,149,070)	(19,544,542)	(19,149,070)	(19,544,542)
- general	(742,918)	(945,573)	-	-	(742,918)	(945,573)
	(742,918)	(945,573)	(19,149,070)	(19,544,542)	(19,891,988)	(20,490,115)
Advances - net of provision	464,617,231	392,433,008	3,086,514	3,862,354	467,703,745	396,295,362

12.1 Particulars of advances (gross)

	Un-audited September 30, 2022	Audited December 31, 2021
	Rupees '000	
- in local currency	486,677,738	414,316,390
- in foreign currency	917,995	2,469,087
	487,595,733	416,785,477

12.2 Advances include Rs. 22,236 million (December 31, 2021: Rs. 23,407 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited September 30, 2022		Audited December 31, 2021	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees '000			
Domestic				
- other assets especially mentioned	242,132	118	263,776	64
- substandard	660,970	77,001	1,366,413	117,909
- doubtful	581,998	209,612	595,141	215,372
- loss	20,750,484	18,862,339	21,181,566	19,211,197
Total	22,235,584	19,149,070	23,406,896	19,544,542

12.3 Particulars of provision against advances

	Un-audited September 30, 2022			Audited December 31, 2021		
	Specific	General	Total	Specific	General	Total
	Rupees '000					
Opening balance	19,544,542	945,573	20,490,115	20,649,632	915,776	21,565,408
Exchange adjustments	206,048	-	206,048	48,119	-	48,119
Charge for the period / year	807,498	-	807,498	2,464,778	29,797	2,494,575
Reversals during the period / year	(979,358)	(202,655)	(1,182,013)	(1,690,139)	-	(1,690,139)
	(171,860)	(202,655)	(374,515)	774,639	29,797	804,436
Amounts written off	(429,660)	-	(429,660)	(1,927,848)	-	(1,927,848)
Closing balance	19,149,070	742,918	19,891,988	19,544,542	945,573	20,490,115

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

12.3.2 As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 1,755 million (December 31, 2021: Rs 1,976 million) relating to advances while determining the provisioning requirement against non-performing financing as at September 30, 2022. The additional profit arising from availing the FSV benefit (net of tax) as at September 30, 2022 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 895 million (December 31, 2021: Rs 1,205 million).

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

For the nine months ended September 30, 2022

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

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

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

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

	Note	Un-audited September 30, 2022	Audited December 31, 2021
----- Rupees '000 -----			
13 FIXED ASSETS			
Capital work-in-progress	13.1	3,110,339	1,640,844
Property and equipment		25,603,307	24,697,123
		<u>28,713,646</u>	<u>26,337,967</u>
13.1 Capital work-in-progress			
Civil works		597,631	287,365
Equipment		1,827,738	880,538
Furniture and fixture		309,821	124,286
Vehicles		48,918	33,289
Land and building		326,231	315,366
		<u>3,110,339</u>	<u>1,640,844</u>

		Un-audited For the nine months ended September 30, 2022	September 30, 2021
----- Rupees '000 -----			
13.2 Additions to fixed assets			

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

Capital work-in-progress	2,480,284	2,012,185
Property and equipment		
Building on leasehold land	5,332	-
Building on freehold land	-	224,239
Furniture and fixture	37,250	21,475
Electrical, office and computer equipment	525,175	589,176
Vehicles	-	16,562
Right-of-use assets - land and building	2,130,252	1,158,037
Leasehold land	2,568	495,062
Others	440,464	188,112
	<u>3,141,041</u>	<u>2,692,663</u>
Total	<u>5,621,325</u>	<u>4,704,848</u>

13.3 Disposal of fixed assets

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

Furniture and fixture	96	49
Electrical, office and computer equipment	912	1,095
Vehicles	1,033	9
Others	1,131	64
Total	<u>3,172</u>	<u>1,217</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the nine months ended September 30, 2022

	Note	Un-audited September 30, 2022	Audited December 31, 2021
		----- Rupees '000 -----	
14 INTANGIBLE ASSETS			
Capital work-in-progress	14.1	728,218	596,868
Computer software		601,645	613,101
Customer relationship		471,879	533,476
		1,073,524	1,146,577
Total		1,801,742	1,743,445
14.1 Capital work-in-progress			
Computer software		728,218	596,868
		----- Rupees '000 -----	
		Un-audited	
		For the nine months ended	
		September 30,	September 30,
		2022	2021
		----- Rupees '000 -----	
14.2 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Computer software - directly purchased		125,857	312,434
		----- Rupees '000 -----	
		Un-audited	
		September 30,	
		2022	
		Audited	
		December 31,	
		2021	
		----- Rupees '000 -----	
15 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		30,930,876	10,666,314
Income / mark-up accrued in foreign currencies - net of provision		41,917	4,524
Advances, deposits, advance rent and other prepayments		1,363,069	839,746
Non-banking assets acquired in satisfaction of claims		981,920	985,645
Mark to market gain on forward foreign exchange contracts		4,400,726	1,869,513
Fair value of derivative contracts		-	2,080
Acceptances	20	8,683,464	8,343,820
Credit cards and other products fee receivable		592,969	488,906
Receivable from brokers against sale of shares		298,490	370,970
Dividend receivable		118,551	75,348
Receivable from 1Link (Private) Limited		7,789,421	729,363
Rent and amenities receivable		12,126	22,006
Rebate receivable - net		189,991	22,668
Defined benefit plan asset		127,785	127,785
Others		1,860,369	265,741
		57,391,674	24,814,429
Less: provision held against other assets	15.1	(325,255)	(355,590)
Other assets - net of provision		57,066,419	24,458,839
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	21	1,271,247	1,271,247
Other assets - total		58,337,666	25,730,086
15.1 Provision held against other assets			
Dividend receivable		75,348	75,348
SBP penalties		50,473	51,050
Fraud forgery theft and account receivable		20,866	-
Security deposits		22,994	22,994
Others		155,573	206,198
		325,254	355,590

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

For the nine months ended September 30, 2022

	Un-audited September 30, 2022	Audited December 31, 2021				
	Rupees '000					
15.1.1 Movement in provision held against other assets						
Opening balance	355,590	325,832				
Charge for the period / year	-	29,758				
Reversals during the period / year	(30,335)	-				
	(30,335)	29,758				
Amounts written off	-	-				
Closing balance	325,255	355,590				
16 BILLS PAYABLE						
In Pakistan	11,676,194	14,122,901				
17 BORROWINGS						
Secured						
Borrowings from the State Bank of Pakistan (SBP)						
- under export refinance scheme - part I and II	-	614,152				
- under long term financing facility	687,151	919,241				
- under long term financing facility for renewable power energy (RPE)	669,870	717,788				
- under scheme of financing facility for storage of agricultural produce	8,300	28,783				
- under Islamic export refinance scheme - part I and II	17,493,058	30,993,655				
- under refinance scheme for payment of wages and salaries	2,386,644	7,280,953				
- under Islamic financing for renewable energy	6,692,649	5,973,187				
- under Islamic long term financing facility	12,019,946	7,733,936				
- under Islamic temporary economic refinance scheme	29,775,526	21,721,871				
- under Islamic refinance facility for combating COVID-19	252,967	314,644				
- under scheme of Islamic Rupee-based discounting facility under EFS/ERS	1,071,326	-				
- under Islamic refinance facility for storage of agricultural produce	373,076	145,956				
- under Mudarabah based Open Market Operation (OMO)	58,173,172	-				
	129,603,685	76,444,166				
Repurchase agreement borrowings	45,430,637	19,730,756				
Borrowing from other financial institution	1,440,559	467,156				
Total secured	176,474,881	96,642,078				
Unsecured						
Overdrawn nostro accounts	3,771,828	2,545,198				
Musharaka acceptances	1,000,000	1,500,000				
Other borrowings	-	10,502,553				
Total unsecured	4,771,828	14,547,751				
	181,246,709	111,189,829				
18 DEPOSITS AND OTHER ACCOUNTS						
	Un-audited September 30, 2022	Audited December 31, 2021				
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers	Rupees '000					
Current deposits	233,477,794	27,631,735	261,109,529	184,248,112	24,957,795	209,205,907
Savings deposits	207,419,651	23,036,999	230,456,650	206,181,337	19,665,122	225,846,459
Term deposits	141,529,852	1,478,699	143,008,551	144,979,760	1,950,361	146,930,121
Margin deposits	5,848,454	230,320	6,078,774	3,603,873	7,416	3,611,289
	588,275,751	52,377,753	640,653,504	539,013,082	46,580,694	585,593,776
Financial institutions						
Current deposits	7,066,320	78,422	7,144,742	1,739,947	30,445	1,770,392
Savings deposits	76,604,290	-	76,604,290	45,359,590	-	45,359,590
Term deposits	625,550	-	625,550	11,365,550	-	11,365,550
	84,296,160	78,422	84,374,582	58,465,087	30,445	58,495,532
	672,571,911	52,456,175	725,028,086	597,478,169	46,611,139	644,089,308

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the nine months ended September 30, 2022

	Note	Un-audited September 30, 2022	Audited December 31, 2021
----- Rupees '000 -----			
19 DEFERRED TAX LIABILITIES / (ASSETS)			
Taxable temporary differences on			
- surplus on revaluation of fixed assets		1,478,025	1,527,939
- surplus on revaluation of non-banking assets		14,113	14,113
- surplus on revaluation of investments		-	71,350
- fair value adjustment relating to net assets acquired upon amalgamation		202,908	208,056
- accelerated tax depreciation		(43,231)	2,294
		1,651,815	1,823,752
Deductible temporary differences on			
- provision for diminution in the value of investments		27,627	(31,811)
- provision against advances, off balance sheet etc.		(79,159)	(1,059,541)
- provision against other assets		(123,959)	(140,068)
- deficit on revaluation of investments		(918,311)	-
		(1,093,802)	(1,231,420)
		558,013	592,332
20 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		5,810,779	2,567,306
Mark-up / return / interest payable in foreign currencies		12,000	3,109
Unearned commission income		764,123	852,715
Accrued expenses		2,381,509	2,409,168
Acceptances	15	8,683,464	8,343,820
Dividend payable including unclaimed dividends		538,284	52,420
Mark to market loss on forward foreign exchange contracts		1,250,268	989,223
Current taxation (provision less payments)		1,919,007	782,370
Charity fund balance		1,331	1,273
Provision against off-balance sheet obligations	20.1	85,521	104,894
Security deposits against leases		126,101	189,725
Withholding tax payable		279,868	95,756
Federal excise duty payable		71,477	61,446
Payable to brokers against purchase of shares		375,350	522,535
Fair value of derivative contracts		1,633,428	966,691
Payable related to credit cards and other products		403,720	276,092
Lease liability against right-of-use assets		11,273,380	9,728,175
Advance against disposal of assets		59,015	4,366
Funds held as security		283,745	270,227
Payable to 1Link (Private) Limited		91,082	78,572
Insurance payable		62,521	92,807
Clearing and settlement accounts		13,234,931	5,107,985
Others		309,414	293,839
		49,650,318	33,794,514
20.1 Provision against off-balance sheet obligations			
Opening balance		104,894	127,569
Charge for the period / year		650	2,075
Reversals during the period / year		(20,023)	(24,750)
		(19,373)	(22,675)
Closing balance		85,521	104,894
21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of:			
- available for sale securities		(2,135,607)	182,949
- fixed assets		7,092,803	7,220,789
- non-banking assets acquired in satisfaction of claims		1,271,247	1,271,247
		6,228,443	8,674,985
Deferred tax on surplus / (deficit) on revaluation of:			
- available for sale securities		918,311	(71,350)
- fixed assets		(1,478,022)	(1,527,939)
- non-banking assets acquired in satisfaction of claims		(14,113)	(14,113)
		(573,824)	(1,613,402)
		5,654,619	7,061,583

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the nine months ended September 30, 2022

	Note	Un-audited September 30, 2022	Audited December 31, 2021
Rupees '000			
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	40,975,607	34,644,920
Commitments	22.2	238,768,770	266,894,554
Other contingent liabilities	22.3	4,122,244	4,122,244
		<u>283,866,621</u>	<u>305,661,718</u>
22.1 Guarantees:			
Financial guarantees		6,978,830	6,686,179
Performance guarantees		11,663,833	9,614,460
Other guarantees		22,332,944	18,344,281
		<u>40,975,607</u>	<u>34,644,920</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		49,083,154	77,150,641
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	66,832,271	131,320,853
- forward government securities transactions	22.2.2	104,656,521	19,884,976
- derivatives - cross currency and interest rate swaps (notional principal)	22.2.3	1,610,513	6,681,964
- extending credit (irrevocable)	22.5	16,283,912	31,655,235
Commitments for acquisition of:			
- operating fixed assets		131,348	115,530
- intangible assets		171,051	85,355
		<u>238,768,770</u>	<u>266,894,554</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		52,423,544	90,624,579
Sale		14,408,727	40,696,274
		<u>66,832,271</u>	<u>131,320,853</u>
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		104,656,521	19,884,976
		<u>104,656,521</u>	<u>19,884,976</u>
22.2.3 Commitments in respect of derivatives			
Sale	23	1,610,513	6,681,964
22.3 Other contingent liabilities			
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case		2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	22.3.1	1,154,701	1,154,701
		<u>4,122,244</u>	<u>4,122,244</u>

22.3.1 Income tax assessments of the Bank have been finalised upto the tax year 2020 (accounting year ended December 31, 2019). Income tax return for tax year 2022 (accounting year ended December 31, 2021) will be filed by the Bank within stipulated timeline.

The department and the Bank has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2021: Rs. 1,154.701 million). The Commissioner Inland Revenue (Appeals) [CIR(A)] had deleted the said additional tax liability. However, the income tax department had filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). During the year ended December 31, 2021, 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

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

For the nine months ended September 30, 2022

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.

22.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 30,687 million (December 31, 2021: Rs 30,799 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2021: 25,299 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

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

22.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 16,284 million (December 2021: Rs. 31,655 million) which are irrevocable in nature.

23 DERIVATIVE INSTRUMENTS

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

Un-audited September 30, 2022	Audited December 31, 2021
Rupees '000	
1,610,513	6,417,194
-	264,770

23.1 Product analysis

Counterparties	September 30, 2022 (Un-audited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain
Rupees '000				
With banks for				
Hedging	-	-	-	-
Market making	420,086	68,304	-	-
With other entities for				
Hedging	-	-	-	-
Market making	1,190,427	(45,360)	-	-
Total				
Hedging	-	-	-	-
Market making	1,610,513	22,944	-	-
Counterparties	December 31, 2021 (Audited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
Rupees '000				
With banks for				
Hedging	-	-	-	-
Market making	2,682,872	(104,219)	264,770	2,080
With other entities for				
Hedging	-	-	-	-
Market making	3,734,322	(862,472)	-	-
Total				
Hedging	-	-	-	-
Market making	6,417,194	(966,691)	264,770	2,080

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the nine months ended September 30, 2022

		Un-audited	
		For the nine months ended	
		September 30, 2022	September 30, 2021
		----- Rupees '000 -----	
24	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	Loans and advances	36,304,923	21,023,942
	Investments	32,727,265	16,906,722
	Lendings to financial institutions	1,293,672	254,573
	Balances with banks	1,157	189
	Securities purchased under resale agreements	252,942	109,446
		70,579,959	38,294,872
25	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	30,036,118	14,746,025
	Securities sold under repurchase agreements	7,015,102	733,789
	Other short term borrowings	311,043	31,329
	SBP borrowings	1,286,540	718,845
	Musharaka acceptances	1,113,770	115,822
	Lease liability against right-of-use assets	897,974	980,752
	Cost of foreign currency swaps against foreign currency deposits / borrowings	2,980,981	2,047,055
		43,641,528	19,373,617
26	FEE AND COMMISSION INCOME		
	Branch banking customer fees	706,160	608,379
	Consumer finance related fees	428,356	367,803
	Card related fees (debit and credit cards)	2,013,192	1,440,287
	Investment banking fees	233,971	170,345
	Commission on trade	463,306	288,653
	Commission on guarantees	131,314	103,961
	Commission on cash management	68,722	56,340
	Commission on remittances including home remittances	325,950	256,943
	Commission on bancassurance	146,961	221,307
	Commission on sale of funds unit	129,387	144,439
	Others	58,565	85,566
		4,705,884	3,744,023
27	(LOSS) / GAIN ON SECURITIES		
	Realised - net	27.1 (1,226,249)	562,958
	Unrealised - held for trading - net	9,180	(39,405)
		(1,217,069)	523,553
27.1	Realised (loss) / gain on:		
	Federal Government securities	(65,430)	331,260
	Shares	(1,137,718)	148,175
	Open end mutual funds	12,155	22,003
	Associates	(35,256)	61,520
		(1,226,249)	562,958
28	OTHER INCOME		
	Rent on property	165,926	155,332
	Gain on disposal of fixed assets - net	26,413	14,531
	Gain on disposal of non-banking assets - net	-	47,650
	Notice pay	592	5,504
	Scrap income	4,157	2,821
	Others	483	272
		197,571	226,110

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the nine months ended September 30, 2022

Note	Un-audited	
	For the nine months ended	
	September 30, 2022	September 30, 2021
	----- Rupees '000 -----	
29 OPERATING EXPENSES		
Total compensation expense	7,547,589	6,021,798
Property expense		
Rent and taxes	265,170	334,748
Insurance	65,243	44,235
Utilities cost	1,008,108	569,739
Security (including guards)	723,617	551,286
Repair and maintenance (including janitorial charges)	498,699	403,754
Depreciation on owned fixed assets	410,470	396,968
Depreciation on non-banking assets	3,724	3,724
Depreciation on right-of-use assets	1,183,721	1,156,439
Others	113,952	64,735
	4,272,704	3,525,628
Information technology expenses		
Software maintenance	1,498,531	1,051,144
Hardware maintenance	251,708	189,239
Depreciation on owned fixed assets	275,621	265,317
Amortisation	137,311	107,051
Network charges	199,705	177,487
Others	-	304
	2,362,876	1,790,542
Other operating expenses		
Directors' fees and allowances	97,623	80,080
Legal and professional charges	121,748	80,210
Outsourced services costs - staff	355,052	282,893
Travelling and conveyance	121,538	65,100
NIFT clearing charges	32,530	38,035
Depreciation on owned fixed assets	361,873	360,973
Training and development	11,577	15,042
Postage and courier charges	176,811	109,107
Communication	281,856	143,820
Marketing, advertisement and publicity	691,244	332,957
Donations	88,257	79,917
Auditors remuneration	24,120	16,514
Insurance	816,796	679,433
Stationery and printing	371,028	258,902
Bank fees and charges	96,438	114,150
Brokerage and commission	33,948	53,909
Deposit protection premium	452,995	390,176
Credit card bonus points redemption	152,699	137,116
Others	479,977	402,041
	4,768,110	3,640,375
	18,951,279	14,978,343
30 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	17,386	5,466
31 (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET		
Reversal of provision against diminution in value of investments	11.3 (129,046)	(320,589)
(Reversal of provision) / provision against loans and advances	12.3 (374,515)	838,709
Reversal of provision against other assets	15.1.1 (30,335)	29,758
Bad debts written-off directly	101,252	23,886
Recoveries of written-off / charged-off bad debts	(283,712)	(334,024)
Reversal of provision against off balance sheet obligations	20.1 (19,373)	(21,956)
	(735,729)	215,784

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the nine months ended September 30, 2022

32 TAXATION

Un-audited	
For the nine months ended	
September 30, 2022	September 30, 2021
----- Rupees '000 -----	
Current	7,440,953
Prior periods	(1,038,275)
Deferred	960,489
	<u>7,363,167</u>
	<u>3,858,731</u>

33 BASIC / DILUTED EARNINGS PER SHARE

	Un-audited			
	For the quarter ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	----- Rupees '000 -----			
Profit after tax for the period	<u>3,279,197</u>	<u>2,049,403</u>	<u>7,660,969</u>	<u>6,069,225</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>2.16</u>	<u>1.35</u>	<u>5.05</u>	<u>4.00</u>

33.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at September 30, 2022 and September 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

34 FAIR VALUE MEASUREMENTS

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

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

34.1 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).

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

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

For the nine months ended September 30, 2022

September 30, 2022 (Un-audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	345,557,748	-	345,557,748
Shares	7,014,581	2,207,393	-	9,221,974
Non-Government debt securities	47,380,000	2,100,810	-	49,480,810
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	5,796,360	-	5,796,360
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,823,729	11,823,729
Non-banking assets acquired in satisfaction of claims	-	-	2,253,167	2,253,167
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	52,423,544	-	52,423,544
Forward sale of foreign exchange	-	14,408,727	-	14,408,727
Derivatives sales	-	1,610,513	-	1,610,513

December 31, 2021 (Audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	286,782,453	-	286,782,453
Shares	7,188,901	1,834,687	-	9,023,588
Non-Government debt securities	47,512,500	5,389,647	-	52,902,147
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	6,754,838	-	6,754,838
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,996,326	11,996,326
Non-banking assets acquired in satisfaction of claims	-	-	2,509,571	2,509,571
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	92,123,357	-	92,123,357
Forward sale of foreign exchange	-	41,314,763	-	41,314,763
Derivatives sales	-	6,681,964	-	6,681,964

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

Valuation techniques used in determination of fair values within level 2

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

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

For the nine months ended September 30, 2022

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

Valuation techniques used in determination of fair values within level 3

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

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

35 SEGMENT INFORMATION

35.1 Segment details with respect to business activities

2022					
Retail	CIBG	Treasury	SAM	Others	Total

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

Profit and loss account for the nine months ended September 30, 2022 (un-audited)

Net mark-up / return / profit	(19,442,046)	24,358,248	21,977,943	173,838	(129,552)	26,938,431
Inter segment revenue - net	38,158,346	(21,956,003)	(20,511,019)	209,324	4,099,352	-
Non mark-up / return / interest income	4,456,267	1,540,515	1,645,276	(196,663)	(814,587)	6,630,808
Total income	23,172,567	3,942,760	3,112,200	186,499	3,155,213	33,569,239

Segment direct expenses	11,240,135	600,494	219,963	124,251	7,095,989	19,280,832
Inter segment expense allocation	6,289,592	572,737	119,724	113,936	(7,095,989)	-
Total expenses	17,529,727	1,173,231	339,687	238,187	-	19,280,832
Provisions	(399,274)	417,798	(65,454)	(684,932)	(3,867)	(735,729)
Profit before tax	6,042,114	2,351,731	2,837,967	633,244	3,159,080	15,024,136

Statement of financial position as at September 30, 2022 (un-audited)

Cash and bank balances	23,948,301	-	45,314,968	-	-	69,263,269
Lendings to financial institutions	-	-	-	-	-	-
Investments	100,000	8,306,121	402,708,082	3,231,101	1,139,892	415,485,196
- Investment provision	-	-	(1,310,855)	(2,012,086)	-	(3,322,941)
Net inter segment lending	595,249,100	-	-	-	(595,249,100)	-
Advances - performing	88,165,885	369,653,476	-	-	7,540,788	465,360,149
Advances - non-performing	3,670,611	5,208,845	-	13,155,960	200,168	22,235,584
- Advances - provisions	(2,864,256)	(4,217,498)	-	(12,683,638)	(126,596)	(19,891,988)
Others	13,748,727	7,573,323	21,427,056	(1,943,481)	48,047,429	88,853,054
Total assets	722,018,368	386,524,267	468,139,251	(252,144)	(538,447,419)	1,037,982,323

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

For the nine months ended September 30, 2022

	2022					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Borrowings	8,168,000	62,641,696	110,437,013	-	-	181,246,709
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	684,586,879	39,755,714	-	291,072	394,421	725,028,086
Net inter segment borrowing	-	282,981,041	356,749,248	(542,660)	(639,187,629)	-
Others	29,263,489	1,145,816	2,170,285	(556)	29,305,491	61,884,525
Total liabilities	722,018,368	386,524,267	469,356,546	(252,144)	(609,487,717)	968,159,323
Equity	-	-	(1,217,295)	-	71,040,298	69,823,003
Total equity and liabilities	722,018,368	386,524,267	468,139,251	(252,144)	(538,447,419)	1,037,982,323
Contingencies and commitments	20,702,799	87,097,691	173,099,305	1,507,592	1,459,234	283,866,621

	2021					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Profit and loss account for the nine months ended September 30, 2021 (un-audited)						
Net mark-up / return / profit	(7,868,976)	13,621,483	13,160,937	229,848	(222,037)	18,921,255
Inter segment revenue - net	20,964,920	(10,562,483)	(12,341,993)	(121,118)	2,060,674	-
Non mark-up / return / interest income	3,608,271	1,115,640	2,333,874	(10,057)	(632,900)	6,414,828
Total income	16,704,215	4,174,640	3,152,818	98,673	1,205,737	25,336,083
Segment direct expenses	8,960,229	364,974	209,744	104,704	5,552,692	15,192,343
Inter segment expense allocation	4,899,896	463,595	99,870	89,331	(5,552,692)	-
Total expenses	13,860,125	828,569	309,614	194,035	-	15,192,343
Provisions	(85,341)	1,502,137	(311,599)	(886,322)	(3,091)	215,784
Profit before tax	2,929,431	1,843,934	3,154,803	790,960	1,208,828	9,927,956

Statement of financial position as at December 31, 2021 (audited)						
Cash and bank balances	25,719,573	-	36,314,336	-	-	62,033,909
Lendings to financial institutions	-	-	-	-	-	-
Investments	-	12,146,534	344,341,447	3,295,550	1,139,893	360,923,424
- Investment provision	-	-	(1,376,309)	(2,075,678)	-	(3,451,987)
Net inter segment lending	544,748,188	-	-	-	(544,748,188)	-
Advances - performing	44,232,459	299,855,056	-	-	49,291,066	393,378,581
Advances - non-performing	4,468,490	5,552,943	-	13,322,251	63,212	23,406,896
- Advances - provisions	(3,305,409)	(3,915,462)	-	(13,008,111)	(261,133)	(20,490,115)
Others	14,556,574	3,271,446	6,421,470	(1,884,442)	31,446,450	53,811,498
Total assets	630,419,875	316,910,517	385,700,944	(350,430)	(463,068,700)	869,612,206
Borrowings	8,613,513	67,596,975	34,979,341	-	-	111,189,829
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	597,346,400	46,115,178	-	293,151	334,579	644,089,308
Net inter segment borrowing	-	201,826,122	347,495,914	(642,968)	(548,679,068)	-
Others	24,459,962	1,372,242	1,591,877	(613)	21,086,279	48,509,747
Total liabilities	630,419,875	316,910,517	384,067,132	(350,430)	(527,258,210)	803,788,884
Equity	-	-	1,633,812	-	64,189,510	65,823,322
Total equity and liabilities	630,419,875	316,910,517	385,700,944	(350,430)	(463,068,700)	869,612,206
Contingencies and commitments	17,549,250	128,712,861	157,887,793	1,310,929	200,885	305,661,718

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

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

September 30, 2022 | Third Quarter | 37

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the nine months ended September 30, 2022

	September 30, 2022 (Un-audited)					December 31, 2021 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Other assets												
Interest / mark-up accrued	-	-	1,719	-	-	-	-	-	512	-	-	63,774
Commission income receivable	-	-	-	-	-	15,680	-	-	-	-	222	37,861
Defined benefit plan asset	-	-	-	-	-	127,785	-	-	-	-	-	127,785
Maintenance and other receivables	-	-	-	1,891	-	-	-	-	-	5,817	-	-
Rent receivable	-	-	-	6,984	-	-	-	-	-	6,984	-	-
Others	-	-	-	-	-	7,789,421	-	-	-	-	-	729,363
	-	-	1,719	8,875	-	7,932,886	-	-	512	12,801	222	958,783
Deposits and other accounts												
Opening balance	328,397	51,148	178,430	55,236	15,350	9,800,472	182	44,456	139,814	4,244	14,910	10,509,734
Received during the period / year	656,431	70,660	1,445,571	24,422,815	258,100	409,663,676	705,659	90,608	2,583,653	22,955,686	1,427,130	512,144,964
Withdrawn during the period / year	(328,215)	(61,431)	(1,533,933)	(24,467,305)	(264,867)	(407,131,201)	(377,444)	(83,916)	(2,545,037)	(22,904,694)	(1,424,649)	(512,656,267)
Transfer in/ (out) during the period / year	-	-	-	-	-	-	-	-	-	-	(2,041)	2,041
Closing balance	656,613	60,377	90,068	10,746	8,583	12,332,947	328,397	51,148	178,430	55,236	15,350	9,800,472
Other liabilities												
Interest / mark-up payable	-	426	242	93	71	142,654	-	207	127	-	-	48,212
Other liabilities	-	-	-	28,250	-	91,082	-	-	-	18,833	-	78,572
	-	426	242	28,343	71	233,736	-	207	127	18,833	-	126,784
Contingencies and commitments												
Trade related commitments	-	-	-	-	-	122,702	-	-	-	-	-	135,898
	-	-	-	-	-	122,702	-	-	-	-	-	135,898

* represents outstanding guarantee

36.1 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.

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

RELATED PARTY TRANSACTIONS

	September 30, 2022 (Un-audited)					September 30, 2021 (Un-audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
Income												
Mark-up / return / interest earned	-	-	19,725	-	-	73,397	-	-	11,859	-	-	61,925
Fee and commission income	-	61	68	36	17	137,166	-	25	61	47	34	148,453
Dividend income	-	-	-	-	50,089	92,553	-	-	-	-	57,867	37,879
Net gain / (loss) on sale of securities	-	-	231	-	(35,256)	1,440	-	-	163	17	61,520	22,257
Gain on sale of fixed assets	-	-	-	-	-	-	-	-	11	-	-	-
Maintenance income	-	-	-	5,721	-	-	-	-	-	5,254	-	-
Rent income	-	-	-	21,124	-	-	-	-	-	19,400	-	-
Other income	-	-	-	-	-	-	-	-	-	875	-	-
Expense												
Mark-up / return / interest paid	-	2,915	2,156	1,455	727	747,840	-	807	2,193	1,246	875	475,801
Interest expense on lease liability	-	-	-	273	-	-	-	-	-	474	-	-
Director's fee and other expenses	-	97,623	-	-	-	-	-	80,080	-	-	-	-
Remuneration	-	-	503,001	-	-	1,138	-	-	421,236	-	-	1,385
Subscription fees	-	-	-	-	-	4,605	-	-	-	-	-	7,947
Commission expense	-	-	-	25,000	-	-	-	-	-	11,062	-	-
Charge for defined benefit plan	-	-	-	-	-	177,570	-	-	-	-	-	158,143
Contribution to defined contribution plan	-	-	-	-	-	207,437	-	-	-	-	-	187,057
Donations made during the period	-	-	-	-	-	88,257	-	-	-	-	-	79,917
Others												
Shares / units purchased during the period	-	-	-	-	-	9,575,000	-	-	-	-	-	11,750,000
Shares / units sold during the period	-	-	-	-	479,509	9,235,167	-	-	-	-	261,520	11,529,997
Government securities purchased during the period	-	-	245,765	-	-	1,738,360	-	-	599,573	-	-	3,659,466
Government securities sold during the period	-	-	250,004	-	-	3,145,468	-	-	754,889	495,847	-	6,002,957
Sale proceeds from disposal of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-

--- Rupees '000

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (un-audited)
For the nine months ended September 30, 2022

Un-audited
September 30,
2022
Audited
December 31,
2021
----- Rupees '000 -----

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum capital requirement (MCR):

Paid-up capital (net of losses)	15,176,965	15,176,965
---------------------------------	------------	------------

Capital adequacy ratio (CAR):

Eligible common equity tier 1 (CET 1) capital	61,262,261	57,148,341
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	61,262,261	57,148,341
Eligible tier 2 capital	6,357,697	6,750,021
Total eligible capital (tier 1 + tier 2)	67,619,959	63,898,362
Risk weighted assets (RWAs):		
Credit risk	293,596,648	276,029,983
Market risk	36,854,656	30,008,658
Operational risk	58,490,426	58,490,426
Total	388,941,730	364,529,067

Common equity tier 1 capital adequacy ratio (in %)

15.75%	15.68%
--------	--------

Tier 1 Capital adequacy ratio (in %)

15.75%	15.68%
--------	--------

Total Capital adequacy ratio (in %)

17.39%	17.53%
--------	--------

Leverage ratio (LR):

Eligible tier-1 capital	61,262,261	57,148,341
Total exposures	1,266,337,315	1,046,913,545
Leverage ratio (in %)	4.84%	5.46%

Liquidity coverage ratio (LCR):

Total high quality liquid assets	353,169,409	327,727,701
Total net cash outflow	190,072,833	153,262,154
Liquidity coverage ratio (Ratio)	1.858	2.138

Net stable funding ratio (NSFR):

Total available stable funding	666,944,690	594,201,368
Total required stable funding	431,418,464	345,964,068
Net stable funding ratio (in %)	154.59%	171.75%

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

For the nine months ended September 30, 2022

38 ISLAMIC BANKING BUSINESS

The Bank is operating 642 Islamic banking branches (December 31, 2021: 595) including 2 Islamic sub-branches (December 31, 2021: 2). The statement of financial position and profit and loss account of these branches for the period ended September 30, 2022 are as follows:

	Note	Un-audited September 30, 2022	Audited December 31, 2021
		Rupees '000	
Statement of financial position			
ASSETS			
Cash and balances with treasury banks		54,728,269	34,500,786
Balances with other banks		9,446,564	2,345,633
Due from financial institutions		18,000,000	-
Investments	38.1	322,370,187	169,622,462
Islamic financing and related assets - net	38.2	436,879,729	351,466,762
Fixed assets		28,892,716	18,063,668
Intangible assets		1,289,612	231,682
Due from head office		-	79,488
Other assets		42,638,663	16,326,810
		914,245,740	592,637,291
LIABILITIES			
Bills payable		8,686,766	9,671,804
Due to financial institutions		130,674,305	99,267,708
Deposits and other accounts	38.3	697,410,513	428,362,073
Due to head office		10,100,574	4,666,798
Other liabilities		18,265,457	17,501,285
		865,137,615	559,469,668
		49,108,125	33,167,623
NET ASSETS			
REPRESENTED BY			
Islamic banking fund		27,180,000	22,180,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		5,146,097	1,132,979
Unappropriated profit	38.4	16,782,028	9,854,644
		49,108,125	33,167,623
CONTINGENCIES AND COMMITMENTS			
	38.5		
		Un-audited	
		For the nine months ended	
		September 30, 2022	September 30, 2021
		Rupees '000	
Profit and loss account			
Profit / return earned	38.6	54,282,060	18,917,011
Profit / return expensed	38.7	29,670,820	7,212,556
Net profit / return		24,611,240	11,704,455
Other income			
Fee and commission income		2,469,993	1,357,147
Foreign exchange income		966,529	281,092
Gain on securities		(384,898)	76,598
Others		162,330	97,795
Total other income		3,213,954	1,812,632
Total income		27,825,194	13,517,087
Other expenses			
Operating expenses		13,446,865	7,375,831
Other charges		162,994	825
Total other expenses		13,609,859	7,376,656
Profit before provisions		14,215,335	6,140,431
Provisions and write offs - net		632,226	2,021,087
Profit before taxation		13,583,109	4,119,344
Taxation		6,655,723	1,606,544
Profit after taxation		6,927,386	2,512,800

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

For the nine months ended September 30, 2022

38.1 Investments by segments:

	Un-audited September 30, 2022				Audited December 31, 2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees '000							
Federal Government securities:								
- Ijarah Sukuk	287,187,902	-	(2,498,574)	284,689,328	142,350,109	-	(1,014,416)	141,335,693
- Other Federal Government securities	3,959,689	-	-	3,959,689	925,512	-	-	925,512
	291,147,591	-	(2,498,574)	288,649,017	143,275,621	-	(1,014,416)	142,261,205
Shares								
- Listed companies	150,000	-	-	150,000	100,000	-	-	100,000
Non Government Debt securities:								
- Listed	25,000,000	-	637,826	25,637,826	15,000,000	-	487,500	15,487,500
- Unlisted	7,933,344	-	-	7,933,344	11,773,608	-	149	11,773,757
	32,933,344	-	637,826	33,571,170	26,773,608	-	487,649	27,261,257
Total investments	324,230,935	-	(1,860,748)	322,370,187	170,149,229	-	(526,767)	169,622,462

38.2 Islamic financing and related assets - net

	Un-audited September 30, 2022	Audited December 31, 2021
	Rupees '000	
Murabaha	44,068,813	31,630,824
Musharaka	7,164	7,164
Diminishing Musharaka	195,364,422	169,178,512
Istisna	31,372,965	29,274,907
Tawwaruq	1,175,695	2,131,046
Running Musharaka	101,972,660	73,228,956
Fixed assets Ijarah financing - net	35,059	47,914
Tijarah	1,338,762	1,091,633
Advance against Murabaha financing	2,275,593	2,440,981
Advanced against Diminishing Musharaka	33,718,500	19,610,409
Advance against Ijarah	5,375,000	1,312,461
Advance against Istisna	11,158,575	12,906,932
Advance against Islamic export refinance	3,961,348	5,225,476
Advance against Tijarah	50,106	216,504
Musawamah	165,154	187,825
Bai salam	77,771	433,702
Salam	106,200	13,500
Inventory related to Istisna	6,660,846	2,814,621
Inventory related to Murahaba	333,211	1,535,917
Inventory related to Salam	2,300	100,000
Inventory related to Tijarah	1,199,112	984,847
Gross Islamic financing and related assets	440,419,256	354,374,131
Less: provision against Islamic financings		
- specific	(3,301,800)	(2,666,575)
- general	(237,728)	(240,794)
	(3,539,528)	(2,907,369)
Islamic financing and related assets - net of provision	436,879,728	351,466,762

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

For the nine months ended September 30, 2022

38.3 Deposits

	Un-audited			Audited		
	September 30, 2022			December 31, 2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	232,553,980	27,039,581	259,593,561	171,716,974	21,947,496	193,664,470
Savings deposits	195,580,241	20,236,851	215,817,092	168,304,245	15,291,589	183,595,834
Term deposits	137,527,940	914,098	138,442,038	30,904,502	490,615	31,395,117
	565,662,161	48,190,530	613,852,691	370,925,721	37,729,700	408,655,421
Financial institutions						
Current deposits	6,251,479	78,422	6,329,901	247,179	30,425	277,604
Savings deposits	76,602,371	-	76,602,371	14,963,498	-	14,963,498
Term deposits	625,550	-	625,550	4,465,550	-	4,465,550
	83,479,400	78,422	83,557,822	19,676,227	30,425	19,706,652
	649,141,561	48,268,952	697,410,513	390,601,948	37,760,125	428,362,073

Un-audited
September 30,
2022
 ----- Rupees '000 -----
Audited
December 31,
2021

38.4 Islamic banking business unappropriated profit

Opening balance	9,854,644	5,124,874
Add: Islamic Banking profit for the period / year	13,583,109	7,753,722
Less: taxation	(6,655,723)	(3,023,952)
Closing balance	16,782,030	9,854,644

38.5 Contingencies and commitments

Guarantees	33,494,125	23,409,723
Commitments	136,790,098	109,246,212
	170,284,223	132,655,935

38.6 Profit / return earned of financing, investments and placement Profit earned on:

Financing	31,705,684	13,670,896
Investments	22,576,376	5,246,115
	54,282,060	18,917,011

38.7 Profit on deposits and other dues expensed

Deposits and other accounts	22,810,774	5,120,982
Other short term borrowings	5,972,470	1,437,662
Lease liability against right-of-use assets	887,576	653,912
	29,670,820	7,212,556

Un-audited
For the nine months ended
September 30,
2022
 ----- Rupees '000 -----
September 30,
2021

39 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.

40 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on October 27, 2022 has declared an interim cash dividend of Rs 5.50 per share i.e. 55% (September 30, 2021: Nil). The condensed interim unconsolidated financial statements for the nine months ended September 30, 2022 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2022.

41 DATE OF AUTHORISATION FOR ISSUE

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

Directors' Report

Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited Group, along with unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2022.

Group Profile

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

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

Associates	% Holding
Faysal Government Securities Fund	94.61
Faysal Stock Fund	29.76
Faysal Islamic Special Income Fund - FISIP-I	99.99
Faysal Saving Growth Fund	26.35
Faysal Cash Fund	63.20
Faysal Pension Fund - Debt	84.57
Faysal Pension Fund - Equity	85.29
Faysal Pension Fund - Money Market	83.35
Faysal Islamic Pension Fund - Debt	86.28
Faysal Islamic Pension Fund - Equity	95.99
Faysal Islamic Pension Fund - Money Market	79.69

FBL Group structure is as follows:

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

Financial Highlights:

Key Balance Sheet Numbers	Rs. in million		
	September '22	December '21	Growth%
Investment	412,044	357,249	15.34
Financing	467,704	396,295	18.02
Total Assets	1,038,724	869,968	19.40
Deposits	725,024	644,040	12.57

Rs. in million

Profit & Loss Account

	September '22	September '21	Growth%
Total Revenue	34,018	25,606	32.85
Non-Markup Expenses	19,487	15,336	27.07
Share of profit of associates	21	84	(75.00)
Profit before tax & provisions	14,552	10,353	40.56
(Reversal) / Provisions	(736)	216	440.70
Profit before tax	15,288	10,137	50.81
Tax	7,468	3,931	89.98
Profit after tax	7,820	6,206	26.00
Earnings per share (Rupees)	5.15	4.09	26.00

On a consolidated basis, FBL has continued to deliver a strong performance in the nine months of 2022 with a record Profit Before Tax (PBT) of PKR 15.3 billion, 50.8% higher than the PKR 10.1 billion in the corresponding period last year. FAML continued to show improvement in performance and Assets Under Management (AUMs) as of September 30, 2022 were PKR 90 billion. FAML made Profit After Tax of PKR 214 million during the period under review registering a 17.5% growth over the same period last year. The strong financial performance of FAML is commendable considering the bearish stock market conditions prevailing during the period under review.

Credit Rating

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

Long-Term AA
Short-Term A1+

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

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

Holding Company

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain is the parent company holding directly and indirectly 66.78% (2021: 66.78%) of the shareholding in Faysal Bank Ltd. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding entity of Ithmaar Holding B.S.C. and ultimate parent of the Group. DMIT was formed by indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and tradition.

Dividend

The Board of Directors, in its meeting held on October 27, 2022 declared an interim cash dividend of Rs. 5.5 per share (55%) for the nine months ended September 30, 2022.

Acknowledgement

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

As always, we would also like to express sincere appreciation for the Shariah Board and acknowledge the efforts demonstrated by our employees towards the growth of the Group and thank them for their tireless dedication and hard work.

Approval

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

President & CEO

Chairman

Karachi

Dated: October 27, 2022

توثیقی بیان:

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

منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت، بورڈ آڈٹ اور کوپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹر ز رپورٹ کو 27 اکتوبر، 2022 کو منعقدہ اجلاس میں ڈائریکٹر ز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

چیرمین

صدر اور سی ای او

کراچی

12 اکتوبر، 2022

پچھلے سال کے مقابلے 17.5 فیصد زیادہ ہے۔ اسٹاک مارکیٹ کے موجودہ حالات کے باوجود ایف اے ایم ایل کی یہ مضبوط مالی کارکردگی قابل ستائش ہے۔

کریڈٹ ریٹنگ:

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

طویل المیعاد: AA

قلیل المیعاد: A1+

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

وی آئی ایس کریڈٹ ریٹنگ کمپنی نے FAML کے لئے مینیجمنٹ کو الٹی ریٹنگ AM2+ تفویض کی ہے۔ ریٹنگ میں اضافے سے ثابت ہوتا ہے کہ منتظمین بہت اچھی کارکردگی کی خصوصیات کے حامل ہیں۔

ہولڈنگ کمپنی:

اتمار بینک بی ایس سی (کلونڈ)، جو کہ سینٹرل بینک آف بحرین کالائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلاواسطہ طور پر بینک کے 66.78 فیصد (2021 میں 66.78%) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک بی ایس سی (کلونڈ)، اتمار ہولڈنگ بی ایس سی کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (ڈی ایم آئی ٹی) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے۔ ڈی ایم آئی ٹی کا قیام کامن ویلتھ آف بہاماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور انجام دیئے جائیں۔

منافع منقسمہ:

بورڈ آف ڈائریکٹرز نے 27 اکتوبر، 2022 کو منعقد ہونے والے اجلاس میں 30 ستمبر، 2022 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 5.5 روپے فی حصص (55%) کے عبوری منافع منقسمہ کا اعلان کیا ہے۔

ایف ایل ایل گروپ درج ذیل پر مشتمل ہے:

ہولڈنگ کمپنی: فیصل بینک لمیٹڈ
ذیلی ادارہ: فیصل ایسٹ مینجمنٹ لمیٹڈ

مالیاتی جھلکیاں:

بیلنس شیٹ	ستمبر ۲۰۲۲ء	دسمبر ۲۰۲۱ء	نمو
سرمایہ کاری	412,044	357,249	15.34 فیصد
فنانسنگ	467,704	396,295	18.02 فیصد
کل اثاثہ جات	1,038,724	869,968	19.4 فیصد
ڈپازٹس	725,024	644,040	12.57 فیصد

نفع اور نقصان اکاؤنٹ	ستمبر ۲۰۲۲ء	ستمبر ۲۰۲۱ء	نمو
مجموعی آمدنی	34,018	25,606	32.85 فیصد
مارک اپ کے علاوہ اخراجات	19,487	15,336	27.07 فیصد
ایسوسی ایٹس کے منافع کا حصہ	21	84	(75) فیصد
منافع قبل از ٹیکس اور پروویژن	14,552	10,353	40.56 فیصد
نیٹ پروویژن	(736)	216	440.7 فیصد
منافع قبل از ٹیکس	15,288	10,137	50.81 فیصد
ٹیکسز	7,468	3,931	89.98 فیصد
منافع بعد از ٹیکس	7,820	6,206	26 فیصد
فی حصص آمدن (روپے)	5.15	4.09	26

مجموعی طور پر، فیصل بینک نے ان نو ماہ کے دوران اچھی کارکردگی برقرار رکھتے ہوئے، سال گزشتہ کے مقابلے 50.8 فیصد زیادہ قبل از محصول منافع 15.3 ارب روپے ریکارڈ کیا۔ ایف اے ایم ایل نے کارکردگی میں بہتری کے رجحان کو جاری رکھا ہے اور 30 AUMs ستمبر، 2022 کو 90 ارب روپے تھے۔ ایف اے ایم ایل کا بعد از محصول منافع 214 ملین روپے ہے جو کہ

ڈائریکٹرز کا جائزہ

کنسولٹیڈ ایڈ مالیاتی گوشوارے

بورڈ آف ڈائریکٹرز کی جانب سے فیصل بینک لمیٹڈ گروپ (ایف بی ایل یادی بینک) کی ڈائریکٹرز رپورٹ غیر آڈٹ شدہ عبوری مالیاتی گوشواروں کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

گروپ پروفائل

فیصل بینک لمیٹڈ (ایف بی ایل) فیصل ایسٹ مینجمنٹ لمیٹڈ کے 99.9 فیصد حصص کا شرکاء دار ہے۔ ایف اے ایم ایل ایک ان لسٹڈ پبلک لمیٹڈ کمپنی ہے جو کہ نان بینکنگ فنانس کمپنی (این بی ایف سی) کے طور پر رجسٹرڈ ہے، جس کے پاس نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز، 2003 اور نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹرنیشنل ریگولیشنز، 2008 کے تحت ایسٹ مینجمنٹ اور سرمایہ کاری کے لئے ایڈوائزی سروسز فراہم کرنے کا لائسنس ہے۔

فیصل بینک لمیٹڈ، ایف اے ایم ایل کے زیر انتظام درج ذیل اوپن اینڈ میوچل فنڈز میں بالواسطہ اور بلاواسطہ ہولڈنگ کی بنیاد پر نمایاں اثرو رسوخ حاصل ہے:

ایسوسی ایٹس	بہولڈنگ
فیصل گورنمنٹ سیکورٹیز فنڈ	94.61
فیصل اسٹاک فنڈ	29.76
فیصل اسلامک اسپیشل انکم فنڈ	99.99
فیصل سیونگ گروتھ فنڈ	26.35
فیصل کیش فنڈ	63.20
فیصل ہینشن فنڈ - ڈیٹ	84.57
فیصل ہینشن فنڈ - ایکوئیٹی	85.29
فیصل ہینشن فنڈ - منی مارکیٹ	83.35
فیصل اسلامک ہینشن فنڈ - ڈیٹ	86.28
فیصل اسلامک ہینشن فنڈ - ایکوئیٹی	95.99
فیصل اسلامک ہینشن فنڈ - منی مارکیٹ	79.69

Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2022

	Un-audited September 30, 2022	Audited December 31, 2021
Note	Rupees '000	

ASSETS

Cash and balances with treasury banks	10	57,299,004	58,516,658
Balances with other banks	11	11,964,386	3,517,361
Lendings to financial institutions		-	-
Investments	12	412,044,839	357,249,356
Advances	13	467,703,745	396,295,362
Fixed assets	14	28,927,021	26,416,480
Intangible assets	15	2,157,631	2,098,064
Deferred tax assets	20	-	-
Other assets	16	58,627,470	25,875,215
		1,038,724,096	869,968,496

LIABILITIES

Bills payable	17	11,676,194	14,122,901
Borrowings	18	181,246,709	111,189,829
Deposits and other accounts	19	725,024,071	644,039,999
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	20	619,000	611,506
Other liabilities	21	49,869,406	33,873,861
		968,435,380	803,838,096
		70,288,716	66,130,400

NET ASSETS

REPRESENTED BY

Share capital		15,176,965	15,176,965
Reserves		14,088,932	12,613,183
Surplus on revaluation of assets - net	22	5,654,619	7,061,583
Unappropriated profit		35,368,141	31,278,631
Total equity attributable to the equity holders of the Bank		70,288,657	66,130,362
Non-controlling interest		59	38
		70,288,716	66,130,400

CONTINGENCIES AND COMMITMENTS

23

The annexed notes 1 to 42 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, 2022

Note	Quarter ended		Nine months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	
Rupees '000					
Mark-up / return / interest earned	25	29,765,754	13,800,982	70,582,200	38,298,178
Mark-up / return / interest expensed	26	19,067,191	6,793,554	43,650,568	19,367,950
Net mark-up / interest income		10,698,563	7,007,428	26,931,632	18,930,228
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	1,632,481	1,468,660	5,155,792	4,122,728
Dividend income		19,343	102,547	368,913	290,564
Foreign exchange income		971,457	589,865	2,400,502	1,615,633
Income / (Loss) from derivatives		77,031	4,240	126,929	(40,635)
(Loss) / gain on securities	28	(389,030)	81,704	(1,141,833)	480,306
Other income	29	51,320	51,932	176,411	206,777
Total non mark-up / interest income		2,362,602	2,298,948	7,086,714	6,675,373
Total income		13,061,165	9,306,376	34,018,346	25,605,601
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	6,828,293	5,520,245	19,157,675	15,122,347
Workers Welfare Fund		133,138	74,722	312,167	208,534
Other charges	31	12,672	1,325	17,386	5,466
Total non mark-up / interest expenses		6,974,103	5,596,292	19,487,228	15,336,347
Share of profit of associates	12.5	147,602	16,321	21,105	83,708
Profit before provisions		6,234,664	3,726,405	14,552,223	10,352,962
(Reversal) Provisions and write-offs - net	32	(330,071)	227,332	(735,729)	215,784
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		6,564,735	3,499,073	15,287,952	10,137,178
Taxation	33	3,102,835	1,361,387	7,468,348	3,931,236
PROFIT AFTER TAXATION		3,461,900	2,137,686	7,819,604	6,205,942
Attributable to:					
Equity holders of the Bank		3,461,889	2,137,677	7,819,583	6,205,918
Non-controlling interest		11	9	21	24
		3,461,900	2,137,686	7,819,604	6,205,942
Rupees					
Basic / diluted earnings per share	34	2.28	1.41	5.15	4.09

The annexed notes 1 to 42 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, 2022

	Quarter ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	----- Rupees '000 -----			
Profit after taxation for the period	3,461,900	2,137,686	7,819,604	6,205,942
Other comprehensive (loss)				
Items that may be reclassified to the profit and loss account in subsequent periods:				
- Movement in surplus on revaluation of investments - net of tax	(312,880)	(95,961)	(1,328,895)	(645,598)
Total comprehensive income	3,149,020	2,041,725	6,490,709	5,560,344
Attributable to:				
Equity holders of the Bank	3,149,009	2,041,716	6,490,688	5,560,320
Non-controlling interest	11	9	21	24
	3,149,020	2,041,725	6,490,709	5,560,344

The annexed notes 1 to 42 form an integral part of these condensed interim consolidated financial statements.

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Condensed Interim Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2022

	Share capital				Statutory reserve	Total	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			Investments	Fixed assets / non-banking assets	Total			
Rupees '000												
Balance as at January 1, 2021 (Audited)	15,176,965	10,131	375,518	23,952	10,623,046	11,032,647	1,778,725	7,248,748	9,027,473	24,981,002	15	60,218,102
Profit after taxation for nine months ended September 30, 2021	-	-	-	-	-	-	-	-	-	6,205,918	24	6,205,942
Other comprehensive loss - net of tax	-	-	-	-	-	-	(645,598)	-	(645,598)	-	-	(645,598)
Total comprehensive (loss) / income	-	-	-	-	-	-	(645,598)	-	(645,598)	6,205,918	24	5,560,344
Transaction with owners recorded directly in equity												
Interim cash dividend declared one August 26 at Rs 0.5 per share	-	-	-	-	-	-	-	-	-	(758,848)	-	(758,848)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(87,168)	(87,168)	87,168	-	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(182,538)	(182,538)	182,538	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(37,574)	-	-	(37,574)	-	-	-	-	-	(37,574)
Balance as at September 30, 2021 (Un-audited)	15,176,965	10,131	337,944	23,952	10,623,046	10,995,073	1,133,127	6,979,042	8,112,169	30,697,778	39	64,982,024
Profit after taxation for the period from October 01, 2021 to December 31, 2021	-	-	-	-	-	-	-	-	-	2,147,139	(1)	2,147,138
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(1,021,528)	-	(1,021,528)	35,292	-	(986,236)
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,021,528)	-	(1,021,528)	2,182,431	(1)	1,160,902
Transfer to statutory reserve	-	-	-	-	1,630,636	1,630,636	-	-	-	(1,630,636)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(29,057)	(29,057)	29,057	-	-
Transfer from surplus on revaluation of non-banking assets on disposal - net of tax	-	-	-	-	-	-	-	(1)	(1)	1	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,526)	-	-	(12,526)	-	-	-	-	-	(12,526)
Balance as at December 31, 2021 (Audited)	15,176,965	10,131	325,418	23,952	12,253,682	12,613,183	111,599	6,949,984	7,061,583	31,278,631	38	66,130,400
Profit after taxation for nine months ended ended Sep 30, 2022	-	-	-	-	-	-	-	-	-	-	21	-
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income	-	-	-	-	-	-	-	-	-	-	21	-
Transfer to statutory reserve	-	-	-	-	1,532,194	1,532,194	-	-	-	(1,532,194)	-	-
Transaction with owners recorded directly in equity												
Final cash dividend - Rs 1 per share declared subsequent to the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	(1,517,100)	-	(1,517,100)
Interim cash dividend declared on August 25, 2022 at Rs. 0.5 per share	-	-	-	-	-	-	-	-	-	(758,848)	-	(758,848)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(78,069)	(78,069)	78,069	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(56,445)	-	-	(56,445)	-	-	-	-	-	(56,445)
Balance as at September 30, 2022 (Un-audited)	15,176,965	10,131	268,973	23,952	13,785,876	14,088,932	(1,217,296)	6,871,915	5,654,619	35,368,141	59	70,288,716

The annexed notes 1 to 42 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, 2022

	September 30, 2022	September 30, 2021
	Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,287,952	10,137,178
Less: dividend income	(368,913)	(290,564)
Less: share of loss of associates	(21,105)	(83,708)
	14,897,934	9,762,906
Adjustments:		
Depreciation on owned fixed assets	1,055,396	1,025,630
Amortisation of intangible assets	137,717	107,139
Depreciation on right-of-use assets	1,222,343	1,153,971
Depreciation on non-banking assets	3,724	3,724
Workers Welfare Fund	312,167	208,534
(Reversal of provision) / provision against loans and advances - net	(374,515)	838,709
Reversal of provision for diminution in value of investments - net	(129,046)	(320,589)
Reversal of provision against other assets - net	(30,336)	29,758
Reversal of provision against off balance sheet obligations - net	(19,373)	(21,956)
Unrealised (gain) / loss on securities - held for trading - net	(72,463)	42,462
Gain on sale of fixed assets - net	(26,377)	(14,597)
Gain on sale of non-banking assets - net	-	(47,650)
Charge for defined benefit plan	118,380	162,425
(Income) / loss from derivative contracts - net	(126,929)	40,635
Mark-up / return / interest expensed - leased liability against right-of-use assets	908,175	976,331
Bad debts written off directly	101,252	23,886
	3,080,115	4,208,412
	17,978,049	13,971,318
(Increase) in operating assets		
Lendings to financial institutions	-	(9,015,000)
Held-for-trading securities	12,295,186	(12,340,702)
Advances	(71,135,120)	(49,611,936)
Others assets (excluding advance taxation)	(32,522,082)	(6,332,824)
	(91,362,016)	(77,300,462)
Increase in operating liabilities		
Bills Payable	(2,446,707)	(1,526,770)
Borrowings from financial institutions	68,830,250	46,908,833
Deposits	80,984,072	72,947,730
Other liabilities (excluding current taxation)	13,899,652	1,559,974
	161,267,267	119,889,767
Income tax paid	(6,811,641)	(3,790,039)
Contribution to gratuity fund	(118,380)	(160,287)
Net cash generated from operating activities	80,953,279	52,610,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Net divestment in available for sale securities	(69,888,145)	(55,137,593)
Net Investment in associates	(278,880)	(212,953)
Net divestment in held to maturity securities	959,116	113,066
Dividends received	325,710	257,568
Investment in operating fixed assets	(2,523,372)	(2,013,210)
Investment in intangible assets	(258,882)	(167,799)
Proceeds from sale of fixed assets	29,548	15,814
Proceeds from sale of non-banking assets	-	469,000
Net cash used in investing activities	(71,634,905)	(56,676,107)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(2,284,398)	(1,343,629)
Dividend paid	(1,031,235)	(686,735)
Net cash used in financing activities	(3,315,633)	(2,030,364)
Increase / (Decrease) in cash and cash equivalents during the period	6,002,741	(6,096,174)
Cash and cash equivalents at the beginning of the period	59,488,821	61,126,589
Cash and cash equivalents at the end of the period	65,491,562	55,030,415

The annexed notes 1 to 42 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, 2022

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

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

1.1.1 Holding Company - Faysal Bank Limited

Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is mainly engaged in Conventional and Islamic Corporate, Commercial and Consumer banking activities. The Bank is operating through 643 branches (December 31, 2021: 606 branches) including 2 sub-branches (December 31, 2021: 2). Out of these, 642 (December 31, 2021: 595) are Islamic banking branches and 1 (December 31, 2021: 11) is conventional.

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (December 31, 2021: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Holdings B.S.C.

The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2021: 'AA') and the short term rating as 'A1+' (December 31, 2021: 'A1+') on June 25, 2022 and June 30, 2022 respectively.

1.1.2 Subsidiary Company - Faysal Asset Management Limited

	Percentage of holding	
	September 30, 2022	December 31, 2021
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

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

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

VIS Credit Rating Company Limited has assigned Asset Management rating of AM2+ (December 31, 2021: Am2+) as at September 30, 2022 to the Subsidiary Company.

2 BASIS OF PRESENTATION

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

2.2 The financial results of the Islamic banking branches have been consolidated in these condensed interim consolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all Islamic banking branches are disclosed in note 38 to these condensed interim consolidated financial statements.

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

For the nine months ended September 30, 2022

3 BASIS OF CONSOLIDATION

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

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

Material intra-group balances and transactions are eliminated.

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

4 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities 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 IAS 34, 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 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, 2022, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 56.445 million (period ended September 30, 2021: Rs. 37.574 million) from the NCR.

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

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

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

For the nine months ended September 30, 2022

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

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

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	January 1, 2023*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023

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

- * The SBP vide its BPRD Circular Letter No. 03 of 2022 dated July 05, 2022 has deferred the applicability of IFRS 9, 'Financial Instruments' to accounting periods beginning on or after January 1, 2023 and has also issued detailed application guidelines for implementation of IFRS 9. 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. The ECL has an impact on all the assets of the Bank which are exposed to credit risk. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is currently being assessed based on the detailed application guidelines issued by the SBP.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 Holding Company for the year ended December 31, 2021.

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, 2021.

For the nine months ended September 30, 2022

		Unaudited September 30, 2022				Audited December 31, 2021			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
						Rupees '000			
Held-for-trading securities									
Federal Government securities		-	-	-	-	11,649,925	-	2,128	11,652,053
Shares		206,088	-	38,531	244,619	851,349	-	(14,762)	836,587
		206,088	-	38,531	244,619	12,501,274	-	(12,634)	12,488,640
Available-for-sale securities									
Federal Government securities	12.2	348,506,708	-	(2,948,960)	345,557,748	276,556,257	-	(1,425,857)	275,130,400
Shares		11,580,427	(1,310,855)	(1,184,473)	9,085,099	10,697,994	(1,376,309)	(903,843)	8,417,842
Non Government debt securities		48,022,275	(519,291)	1,997,826	49,480,810	50,947,014	(557,516)	2,512,649	52,902,147
		408,089,410	(1,830,146)	(2,135,607)	404,123,657	338,201,265	(1,933,825)	182,949	336,450,389
Held-to-maturity securities									
Non Government debt securities	12.4	7,289,155	(1,492,795)	-	5,796,360	8,248,271	(1,518,162)	-	6,730,109
Associates	12.5	1,880,203	-	-	1,880,203	1,580,218	-	-	1,580,218
Total Investments		417,464,856	(3,322,941)	(2,097,076)	412,044,839	360,531,028	(3,451,987)	170,315	357,249,356

60 | Third Quarter | September 30, 2022

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

For the nine months ended September 30, 2022

	Un-audited September 30, 2022	Audited December 31, 2021
Rupees '000		
12.3 Provision for diminution in value of investments		
12.3.1 Opening balance	3,451,987	3,777,288
Charge / (Reversal)		
Charge for the period / year	7,067	(12,724)
Reversals for the period / year	(63,592)	-
Reversals on disposals for the period / year	(72,521)	(312,577)
	(129,046)	(325,301)
Closing Balance	3,322,941	3,451,987

12.3.2 Particulars of provision against debt securities		Un-audited		Audited	
		September 30, 2022		December 31, 2021	
Category of classification		Non-performing investments	Provision	Non-performing investments	Provision
Domestic		Rupees '000			
- Loss		2,012,086	2,012,086	2,075,678	2,075,678

12.4 The market value of non government debt securities classified as held-to-maturity as at September 30, 2022 amounted to Rs. 5,796 million (December 31, 2021: Rs. 6,755 million).

12.5 Movement of investment in associates

September 30, 2022						
Country of incorpo-ration	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit / (loss)	Dividend received	Investment at the end of the year
Rupees '000						
Associates						
Faysal Asset Allocation Fund	Pakistan	-	72,442	(72,442)	-	-
Faysal Special Savings Fund - FSSP-I	Pakistan	-	106,209	(106,209)	-	-
Faysal Government Securities Fund	Pakistan	94.61	143,163	(44,391)	293	99,065
Faysal Stock Fund	Pakistan	29.76	-	319,217	(52,036)	267,181
Faysal Islamic Special Income Fund - FISIP-I	Pakistan	99.99	-	103,258	1,312	104,570
Faysal Saving Growth Fund	Pakistan	26.35	1,076,852	(383,499)	54,367	697,631
Faysal Cash Fund	Pakistan	63.20	-	513,035	12,710	525,745
Faysal Pension Fund - Debt	Pakistan	84.57	30,120	-	1,961	32,081
Faysal Pension Fund - Equity	Pakistan	85.29	30,168	-	(2,119)	28,049
Faysal Pension Fund - Money Market	Pakistan	83.35	30,320	-	2,326	32,646
Faysal Islamic Pension Fund - Debt	Pakistan	86.28	30,367	-	2,113	32,480
Faysal Islamic Pension Fund - Equity	Pakistan	95.99	30,226	-	(1,974)	28,252
Faysal Islamic Pension Fund - Money Market	Pakistan	79.69	30,351	-	2,152	32,503
		1,580,218	328,969	21,105	(50,089)	1,880,203

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

For the nine months ended September 30, 2022

December 31, 2021						
Country of incorpo-ration	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit	Dividend received	Investment at the end of the year

Rupees '000

Associates

Faysal Income & Growth Fund	Pakistan	-	267,056	(267,056)	-	-
Faysal Islamic Stock Fund	Pakistan	-	236,820	(236,820)	-	-
Faysal Asset Allocation Fund	Pakistan	22.51	51,158	18,377	2,907	72,442
Faysal Savings Growth Fund	Pakistan	34.57	686,509	383,203	48,087	1,076,852
Faysal Special Savings Fund - FSSP-I	Pakistan	100.00	-	104,836	1,843	(470)
Faysal Government Securities Fund	Pakistan	99.52	-	139,321	3,842	-
Faysal Pension Fund - Debt	Pakistan	97.77	-	30,000	120	-
Faysal Pension Fund - Equity	Pakistan	99.14	-	30,000	168	-
Faysal Pension Fund - Money Market	Pakistan	93.03	-	30,000	320	-
Faysal Islamic Pension Fund - Debt	Pakistan	99.80	-	30,000	367	-
Faysal Islamic Pension Fund - Equity	Pakistan	99.82	-	30,000	226	-
Faysal Islamic Pension Fund - Money Market	Pakistan	96.08	-	30,000	351	-
			1,241,543	321,861	58,231	(41,417)
						1,580,218

13 ADVANCES

	Performing		Non performing		Total	
	Un-audited September 30, 2022	Audited December 31, 2021	Un-audited September 30, 2022	Audited December 31, 2021	Un-audited September 30, 2022	Audited December 31, 2021
Loans, cash credits, running finances, etc.	29,136,378	42,476,315	17,391,318	19,036,593	46,527,696	61,512,908
Islamic financing and related assets	436,139,568	350,461,085	4,279,688	3,913,046	440,419,256	354,374,131
Bills discounted and purchased	84,203	441,181	564,578	457,257	648,781	898,438
Advances - gross	465,360,149	393,378,581	22,235,584	23,406,896	487,595,733	416,785,477
Provision against advances						
- specific	-	-	(19,149,070)	(19,544,542)	(19,149,070)	(19,544,542)
- general	(742,918)	(945,573)	-	-	(742,918)	(945,573)
	(742,918)	(945,573)	(19,149,070)	(19,544,542)	(19,891,988)	(20,490,115)
Advances - net of provision	464,617,231	392,433,008	3,086,514	3,862,354	467,703,745	396,295,362

13.1 Particulars of advances (gross)

- in local currency
- in foreign currencies

Un-audited September 30, 2022	Audited December 31, 2021
486,677,738	414,316,390
917,995	2,469,087
487,595,733	416,785,477

Rupees '000

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

For the nine months ended September 30, 2022

- 13.2** Advances include Rs. 22,236 million (December 31, 2021: Rs. 23,407 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited September 30, 2022		Audited December 31, 2021	
	Non-performing loans	Provision	Non-performing loans	Provision
Rupees '000				
Domestic				
- other assets especially mentioned	242,132	118	263,776	64
- substandard	660,970	77,001	1,366,413	117,909
- doubtful	581,998	209,612	595,141	215,372
- loss	20,750,484	18,862,339	21,181,566	19,211,197
Total	22,235,584	19,149,070	23,406,896	19,544,542

13.3 Particulars of provision against advances

	Un-audited September 30, 2022			Audited December 31, 2021		
	Specific	General	Total	Specific	General	Total
Rupees '000						
Opening balance	19,544,542	945,573	20,490,115	20,649,632	915,776	21,565,408
Exchange adjustment	206,048	-	206,048	48,119	-	48,119
Charge for the period / year	807,498	-	807,498	2,464,778	29,797	2,494,575
Reversals during the period / year	(979,358)	(202,655)	(1,182,013)	(1,690,139)	-	(1,690,139)
	(171,860)	(202,655)	(374,515)	774,639	29,797	804,436
Amounts written off	(429,660)	-	(429,660)	(1,927,848)	-	(1,927,848)
Closing balance	19,149,070	742,918	19,891,988	19,544,542	945,573	20,490,115

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

- 13.3.2** As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 1,755 million (December 31, 2021: Rs 1,976 million) relating to advances while determining the provisioning requirement against non-performing financing as at September 30, 2022. The additional profit arising from availing the FSV benefit (net of tax) as at September 30, 2022 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 895 million (December 31, 2021: Rs 1,205 million).

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

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

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

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

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

For the nine months ended September 30, 2022

		Un-audited September 30, 2022	Audited December 31, 2021
	Note	Rupees '000	
14	FIXED ASSETS		
Capital work-in-progress	14.1	3,132,071	1,640,844
Property and equipment		25,794,950	24,775,636
		<u>28,927,021</u>	<u>26,416,480</u>
14.1 Capital work-in-progress			
Civil works		619,363	287,365
Equipment		1,827,738	880,538
Furniture and fixture		309,821	124,286
Vehicles		48,918	33,289
Land and building		326,231	315,366
		<u>3,132,071</u>	<u>1,640,844</u>
14.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		2,480,284	2,012,185
Property and equipment			
Furniture and fixture		50,213	21,475
Electrical, office and computer equipment		533,568	589,176
Buildings		5,332	224,239
Vehicles		-	16,562
Right-of-use assets		2,272,541	1,169,944
Land		2,568	495,062
Others		440,464	188,112
Total		<u>5,784,970</u>	<u>4,716,755</u>
14.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		96	49
Electrical, office and computer equipment		912	1,095
Vehicles		1,033	64
Others		1,131	9
Total		<u>3,172</u>	<u>1,217</u>
15	INTANGIBLE ASSETS		
Capital work-in-progress	15.1	728,743	598,179
Computer software		603,925	613,325
Customer relationship		471,879	533,476
Management rights		114,600	114,600
Goodwill		238,484	238,484
		<u>1,428,888</u>	<u>1,499,885</u>
Total		<u>2,157,631</u>	<u>2,098,064</u>

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2022

	Note	Un-audited September 30, 2022	Audited December 31, 2021
		Rupees '000	
15.1 Capital work-in-progress			
Computer software		728,743	598,179
		Un-audited	Audited
		September 30, 2022	September 30, 2021
		Rupees '000	
15.2 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Computer software - directly purchased		128,318	229,382
		Un-audited	Audited
		September 30, 2022	December 31, 2021
		Rupees '000	
16 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		30,930,876	10,666,314
Income / mark-up accrued in foreign currencies - net of provision		41,917	4,524
Advances, deposits, advance rent and other prepayments		1,461,384	905,190
Advance taxation (payments less provisions)		36,434	3,004
Non-banking assets acquired in satisfaction of claims		981,920	985,645
Mark to market gain on forward foreign exchange contracts		4,400,726	1,869,513
Fair value of derivative contracts		-	2,080
Acceptances	21	8,683,464	8,343,820
Credit cards and other products fee receivable		592,969	488,906
Receivable from brokers against sale of shares		298,490	370,970
Dividend receivable		118,551	75,348
Receivable from 1Link (Private) Limited		7,789,421	729,363
Rent and amenities receivable		12,126	22,006
Rebate receivable - net		189,991	22,668
Defined benefit plan asset		117,981	117,981
Others		2,026,610	353,609
		57,682,860	24,960,941
Less: provision held against other assets	16.1	(326,637)	(356,973)
Other assets - net of provision		57,356,223	24,603,968
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	1,271,247	1,271,247
Other assets - total		58,627,470	25,875,215
16.1 Provision held against other assets			
Dividend receivable		75,348	75,348
Fraud forgery theft and account receivable		20,866	-
SBP penalties		50,473	51,050
Security deposits		22,994	22,994
Others		156,956	207,581
		326,637	356,973

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

For the nine months ended September 30, 2022

	Un-audited September 30, 2022	Audited December 31, 2021
----- Rupees '000 -----		
16.1.1 Movement in provision held against other assets		
Opening balance	356,973	329,878
Charge for the period / year	-	29,758
Reversals during the period / year	(30,336)	(2,663)
	(30,336)	27,095
Closing balance	326,637	356,973
17 BILLS PAYABLE		
In Pakistan	11,676,194	14,122,901
18 BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan (SBP)		
- under export refinance scheme - part I and II	-	614,152
- under long term financing facility	687,151	919,241
- under long term financing facility for renewable power energy (RPE)	669,870	717,788
- under scheme of financing facility for storage of agricultural produce	8,300	28,783
- under Islamic export refinance scheme - part I and II	17,493,058	30,993,655
- under refinance scheme for payment of wages and salaries	2,386,644	7,280,953
- under Islamic financing for renewable energy	6,692,649	5,973,187
- under Islamic long term financing facility	12,019,946	7,733,936
- under Islamic temporary economic refinance scheme	29,775,526	21,721,871
- under Islamic refinance facility for combating COVID-19	252,967	314,644
- under scheme of Islamic Rupee-based discounting facility under EFS/IIERS	1,071,326	-
- under Islamic refinance facility for storage of agricultural produce	373,076	145,956
- under Mudarabah based Open Market Operation (OMO)	58,173,172	-
	129,603,685	76,444,166
Repurchase agreement borrowings	45,430,637	19,730,756
Borrowing from other financial institutions	1,440,559	467,156
Total secured	176,474,881	96,642,078
Unsecured		
Overdrawn nostro accounts	3,771,828	2,545,198
Musharaka acceptances	1,000,000	1,500,000
Other borrowings	-	10,502,553
Total unsecured	4,771,828	14,547,751
	181,246,709	111,189,829

19 DEPOSITS AND OTHER ACCOUNTS

	Un-audited September 30, 2022			Audited December 31, 2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	233,477,794	27,631,735	261,109,529	184,248,112	24,957,795	209,205,907
Savings deposits	207,419,651	23,036,999	230,456,650	206,181,337	19,665,122	225,846,459
Term deposits	141,529,852	1,478,699	143,008,551	144,979,759	1,950,361	146,930,120
Margin deposits	5,848,454	230,320	6,078,774	3,603,873	7,416	3,611,289
	588,275,751	52,377,753	640,653,504	539,013,081	46,580,694	585,593,775
Financial institutions						
Current deposits	7,066,320	78,422	7,144,742	1,739,920	30,445	1,770,365
Savings deposits	76,600,275	-	76,600,275	45,310,309	-	45,310,309
Term deposits	625,550	-	625,550	11,365,550	-	11,365,550
	84,292,145	78,422	84,370,567	58,415,779	30,445	58,446,224
	672,567,896	52,456,175	725,024,071	597,428,860	46,611,139	644,039,999

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

For the nine months ended September 30, 2022

	Note	Un-audited September 30, 2022	Audited December 31, 2021
		Rupees '000	
20	DEFERRED TAX LIABILITIES / (ASSETS)		
Taxable temporary differences on			
- surplus on revaluation of fixed assets		1,478,910	1,528,114
- surplus on revaluation of non-banking assets		14,113	14,113
- surplus on revaluation of investments		-	71,350
- fair value adjustment relating to net assets acquired upon amalgamation		202,908	208,056
- fair value adjustment relating to net assets acquired upon business combination		52,496	52,496
- accelerated tax depreciation		(43,231)	1,462
- deferred tax liability due to imposition of Super Tax for tax year 2022		-	-
- fair valuation of previously held equity interest in the Subsidiary Company		13,118	13,118
		1,718,314	1,888,709
Deductible temporary differences on			
- provision for diminution in the value of investments		27,627	(32,236)
- provision against advances, off balance sheet etc.		(79,159)	(1,059,541)
- provision against other assets		(123,959)	(140,068)
- deficit on revaluation of investments		(918,311)	-
- Alternate Corporate Tax (ACT)		-	(39,039)
- defined benefit obligation		-	(2,843)
- unused tax losses		-	(1,705)
- others		(5,512)	(1,771)
		(1,099,314)	(1,277,203)
		619,000	611,506
21	OTHER LIABILITIES		
Mark-up / return / interest payable in local currency		5,810,779	2,567,306
Mark-up / return / interest payable in foreign currencies		12,000	3,109
Unearned commission and income on bills discounted		764,123	852,715
Accrued expenses		2,424,551	2,496,960
Acceptances	16	8,683,464	8,343,820
Dividend payable including unclaimed dividends		538,289	52,424
Mark to market loss on forward foreign exchange contracts		1,250,268	989,223
Current taxation (provision less payments)		1,919,007	745,295
Charity fund balance		1,331	1,273
Provision against off-balance sheet obligations	21.1	85,521	104,894
Security deposits against leases		126,101	189,725
Withholding tax payable		359,029	108,603
Federal excise duty payable		71,477	61,446
Payable to brokers against purchase of shares		375,350	522,535
Fair value of derivative contracts		1,633,428	966,691
Payable related to credit cards and other products		403,720	276,092
Lease liability against right-of-use assets		11,346,717	9,717,316
Advance against disposal of assets		59,015	4,366
Funds held as security		283,745	270,227
Payable to 1Link (Private) Limited		91,082	78,572
Insurance payable		62,521	92,807
Clearing and settlement accounts		13,234,931	5,107,985
Others		332,957	320,477
		49,869,406	33,873,861
21.1 Provision against off-balance sheet obligations			
Opening balance		104,894	127,569
Charge for the period / year		650	2,075
Reversals during the period / year		(20,023)	(24,750)
		(19,373)	(22,675)
Closing balance		85,521	104,894

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

For the nine months ended September 30, 2022

	Note	Un-audited September 30, 2022	Audited December 31, 2021
----- Rupees '000 -----			
22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of:			
- available for sale securities		(2,135,607)	182,949
- fixed assets		7,092,803	7,220,789
- non-banking assets acquired in satisfaction of claims		1,271,247	1,271,247
		6,228,443	8,674,985
Deferred tax on surplus / (deficit) on revaluation of:			
- available for sale securities		918,311	(71,350)
- fixed assets		(1,478,024)	(1,527,939)
- non-banking assets acquired in satisfaction of claims		(14,111)	(14,113)
		(573,824)	(1,613,402)
		5,654,619	7,061,583
23 CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	40,975,607	34,644,920
Commitments	23.2	238,768,770	266,894,554
Other contingent liabilities	23.3	4,122,244	4,122,244
		283,866,621	305,661,718
23.1 Guarantees:			
Financial guarantees		6,978,830	6,686,179
Performance guarantees		11,663,833	9,614,460
Other guarantees		22,332,944	18,344,281
		40,975,607	34,644,920
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		49,083,154	77,150,641
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	66,832,271	131,320,853
- forward government securities transactions	23.2.2	104,656,521	19,884,976
- derivatives - cross currency and interest rate swaps (notional principal)	23.2.3	1,610,513	6,681,964
- extending credit (irrevocable)	23.4	16,283,912	31,655,235
Commitments for acquisition of:			
- operating fixed assets		131,348	115,530
- intangible assets		171,051	85,355
		238,768,770	266,894,554
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		52,423,544	90,624,579
Sale		14,408,727	40,696,274
		66,832,271	131,320,853
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		104,656,521	19,884,976
23.2.3 Commitments in respect of derivatives			
Sale		1,610,513	6,681,964

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

For the nine months ended September 30, 2022

	Note	Un-audited September 30, 2022	Audited December 31, 2021
		Rupees '000	

23.3 Other contingent liabilities

23.3.1 Holding Company:

Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company has a strong case. Indemnity issued favouring the Honorable High Court in one of the cases. Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan (i)

2,510,000	2,510,000
457,543	457,543
1,154,701	1,154,701
4,122,244	4,122,244

- (i) Income tax assessments of the Holding Company have been finalised upto the tax year 2020 (accounting year 2019). Income tax return for TY 2022 (accounting year 2021) has been filed within stipulated timeline.

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

- (ii) There are certain claims against the Bank not acknowledged as debt amounting to Rs 29,736 million (December 31, 2021: Rs 30,799 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2021: 25,299 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

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

23.3.2 Subsidiary Company:

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

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

For the nine months ended September 30, 2022

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

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

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

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

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

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

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

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

For the nine months ended September 30, 2022

23.4 Commitments to extend credits

The Holding Company makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 16,284 million (December 2021: Rs. 31,655 million) which are irrevocable in nature.

24 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

Interest rate swap (notional principal)

Un-audited September 30, 2022	Audited December 31, 2021
Rupees '000	
1,610,513	6,417,194
-	264,770

24.1 Product analysis

Counterparties	Septmeber 30, 2022 (Un-audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market gain/(loss)	Notional principal	Mark to market gain
Rupees '000				
With banks for				
Hedging	-	-	-	-
Market making	420,086	68,304	-	-
With other entities for				
Hedging	-	-	-	-
Market making	1,190,427	(45,360)	-	-
Total				
Hedging	-	-	-	-
Market making	1,610,513	22,944	-	-
Counterparties	December 31, 2021 (Audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market (loss)	Notional principal	Mark to market gain
Rupees '000				
With banks for				
Hedging	-	-	-	-
Market making	2,682,872	(104,219)	264,770	2,080
With other entities for				
Hedging	-	-	-	-
Market making	3,734,322	(862,472)	-	-
Total				
Hedging	-	-	-	-
Market making	6,417,194	(966,691)	264,770	2,080

25 MARK-UP / RETURN / INTEREST EARNED

On:

Loans and advances

Investments

Lendings to financial institutions

Balances with banks

Securities purchased under resale agreements

Un-audited	
September 30, 2022	September 30, 2021
Rupees '000	
36,307,162	21,024,039
32,727,265	16,909,920
1,293,672	254,573
1,159	200
252,942	109,446
70,582,200	38,298,178

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2022

		Un-audited	
	Note	September 30, 2022	September 30, 2021
		----- Rupees '000 -----	
26	MARK-UP / RETURN / INTEREST EXPENSED		
On:			
Deposits		30,034,958	14,744,779
Securities sold under repurchase agreements		7,015,102	733,789
Other short term borrowings		311,042	31,329
SBP borrowings		1,286,540	718,845
Musharaka acceptances		1,113,770	115,822
Lease liability against right-of-use assets		908,175	976,331
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,980,981	2,047,055
		43,650,568	19,367,950
27	FEE AND COMMISSION INCOME		
Branch banking customer fees		706,160	608,373
Consumer finance related fees		428,356	367,803
Card related fees (debit and credit cards)		2,013,192	1,440,287
Investment banking fees		233,971	170,345
Commission on trade		463,306	288,653
Commission on guarantees		131,314	103,961
Commission on cash management		68,722	56,340
Commission on remittances including home remittances		325,950	256,943
Commission on bancassurance		146,961	221,307
Commission on sale of funds unit		129,387	144,439
Management fee		329,171	261,628
Advisory fee		3,839	10,403
Sales load		116,898	106,673
Others		58,565	85,573
		5,155,792	4,122,728
28	(LOSS) / GAIN ON SECURITIES		
Realised - net	28.1	(1,214,296)	522,768
Unrealised - held for trading - net		72,463	(42,462)
		(1,141,833)	480,306
28.1	Realised (loss) / gain on:		
Federal Government securities		(65,430)	331,260
Shares		(1,137,718)	169,505
Open end mutual funds		(11,148)	22,003
		(1,214,296)	522,768
29	OTHER INCOME		
Rent on property		144,802	135,932
Gain on sale of fixed assets - net		26,377	14,597
Gain on sale of non-banking assets - net		-	47,650
Notice pay		592	5,504
Scrap income		4,157	2,821
Others		483	273
		176,411	206,777

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

For the nine months ended September 30, 2022

30	Note	Un-audited	
		September 30, 2022	September 30, 2021
		----- Rupees '000 -----	
30 OPERATING EXPENSES			
Total compensation expense		7,621,469	6,114,436
Property expense			
Rent and taxes		266,994	336,359
Insurance		65,565	44,430
Utilities cost		1,010,033	570,632
Security (including guards)		723,617	551,286
Repair and maintenance (including janitorial charges)		506,087	410,717
Depreciation on owned fixed assets		414,118	397,423
Depreciation on non-banking assets		3,724	3,724
Depreciation on right-of-use assets		1,222,343	1,153,971
Others		114,457	65,190
		4,326,938	3,533,732
Information technology expenses			
Software maintenance		1,505,485	1,053,910
Hardware maintenance		253,458	189,894
Depreciation		279,004	266,841
Amortisation		137,717	107,139
Network charges		199,705	177,487
Others		-	300
		2,375,369	1,795,571
Other operating expenses			
Directors' fees and allowances		97,623	80,080
Legal and professional charges		157,501	113,499
Outsourced services costs - staff		355,125	282,996
Travelling and conveyance		122,497	65,870
NIFT clearing charges		32,530	38,035
Depreciation		362,274	361,366
Training and development		12,195	15,457
Postage and courier charges		176,840	109,335
Communication		283,244	145,315
Marketing, advertisement and publicity		691,845	333,071
Donations		90,257	79,917
Auditors remuneration		29,402	20,429
Insurance		822,710	681,347
Stationery and printing		371,028	258,902
Bank fees and charges		97,232	115,095
Brokerage and commission		8,948	33,080
Deposit protection premium		452,995	390,176
Credit card bonus points redemption		152,699	90,402
Others		516,954	464,236
		4,833,899	3,678,608
		19,157,675	15,122,347
31 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		17,386	5,466
32 (REVERSALS) PROVISIONS AND WRITE-OFFS- NET			
Reversal of provision for diminution in value of investments	12.3	(129,046)	(320,589)
(Reversal) / charge of provision against loans and advances	13.3	(374,515)	838,709
Reversal of provision against other assets	16.1.1	(30,335)	23,886
Bad debts written off directly		101,252	(334,024)
Recoveries of written off / charged off bad debts		(283,712)	(21,956)
Reversal of provision against off balance sheet obligations	21.1	(19,373)	29,758
		(735,729)	215,784

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

For the nine months ended September 30, 2022

33 TAXATION

	Un-audited	
	September 30, 2022	September 30, 2021
	----- Rupees '000 -----	
Current	7,504,319	4,040,296
Prior years	(1,038,275)	40,000
Deferred	1,002,304	(149,060)
	<u>7,468,348</u>	<u>3,931,236</u>

34 BASIC EARNINGS PER SHARE

Profit after tax for the period	<u>7,819,604</u>	<u>6,205,942</u>
---------------------------------	------------------	------------------

	Number of shares in thousands	
Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>
	----- Rupees -----	
Basic earnings per share	<u>5.15</u>	<u>4.09</u>

34.1 Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue at September 30, 2022 and September 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

35 FAIR VALUE MEASUREMENTS

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

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

35.1 Fair value of financial assets

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

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

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

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

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

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

For the nine months ended September 30, 2022

September 30, 2022 (Un-audited)				
	Level 1	Level 2	Level 3	Total
	Rupees '000			
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	345,557,748	-	345,557,748
Shares	7,010,348	2,319,370	-	9,329,718
Non-Government debt securities	31,430,000	18,050,810	-	49,480,810
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	5,796,360	-	5,796,360
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	11,883,273	11,883,273
Non-banking assets acquired in satisfaction of claims	-	-	2,253,167	2,253,167
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	52,423,544	-	52,423,544
Forward sale of foreign exchange	-	14,408,727	-	14,408,727
Derivatives sales	-	1,610,513	-	1,610,513
December 31, 2021 (Audited)				
	Level 1	Level 2	Level 3	Total
	Rupees '000			
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	286,782,453	-	286,782,453
Shares	7,188,900	2,065,529	-	9,254,429
Non-Government debt securities	47,512,500	5,389,647	-	52,902,147
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	6,754,838	-	6,754,838
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	12,058,074	12,058,074
Non-banking assets acquired in satisfaction of claims	-	-	2,509,571	2,509,571
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	92,123,357	-	92,123,357
Forward sale of foreign exchange	-	41,314,763	-	41,314,763
Derivatives sales	-	6,681,964	-	6,681,964

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

Valuation techniques used in determination of fair values within level 2

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

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

For the nine months ended September 30, 2022

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

Valuation techniques used in determination of fair values within level 3

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

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

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

2022					
Retail	CIBG	Treasury	SAM	Others	Total

Rupees '000

Profit and loss for the nine months ended September 30, 2022 (Un-audited)

Net mark-up / return / profit	(19,442,046)	24,358,248	21,977,943	173,838	(115,246)	26,952,737
Inter segment revenue - net	38,158,346	(21,956,003)	(20,511,019)	209,324	4,099,352	-
Non mark-up / return / interest income	4,456,267	1,540,515	1,645,276	(196,663)	(358,681)	7,086,714
Total Income	23,172,567	3,942,760	3,112,200	186,499	3,625,425	34,039,451
Segment direct expenses	11,240,135	600,494	219,963	124,251	7,302,385	19,487,228
Inter segment expense allocation	6,495,987	572,737	119,724	113,937	(7,302,385)	-
Total expenses	17,736,122	1,173,231	339,687	238,188	-	19,487,228
Provisions	(399,274)	417,798	(65,454)	(684,932)	(3,867)	(735,729)
Profit before tax	5,835,719	2,351,731	2,837,967	633,243	3,629,292	15,287,952

Statement of financial position as at September 30, 2022 (Un-audited)

Cash and bank balances	23,948,301	-	45,314,969	-	120	69,263,390
Lendings to financial institutions	-	-	-	-	-	-
Investments	100,000	8,306,121	402,708,082	3,231,101	1,022,476	415,367,780
- Investment provision	-	-	(1,310,855)	(2,012,086)	-	(3,322,941)
Net inter segment lending	595,249,100	-	-	-	(595,249,100)	-
Advances - performing	88,165,885	369,653,476	-	-	7,540,788	465,360,149
Advances - non-performing	3,670,611	5,208,845	-	13,155,960	200,168	22,235,584
- Advances - provisions	(2,864,256)	(4,217,498)	-	(12,683,638)	(126,596)	(19,891,988)
Others	13,748,727	7,573,323	21,427,055	(1,943,481)	48,906,498	89,712,122
Total assets	722,018,368	386,524,267	468,139,251	(252,144)	(537,705,646)	1,038,724,096

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

For the nine months ended September 30, 2022

2022					
Retail	CIBG	Treasury	SAM	Others	Total
----- Rupees '000 -----					
Borrowings	8,168,000	62,641,696	110,437,013	-	181,246,709
Subordinated debt	-	-	-	-	-
Deposits and other accounts	684,586,879	39,755,714	-	291,072	725,024,071
Net inter segment borrowing	-	282,981,041	356,749,248	(542,660)	(639,187,629)
Others	29,263,489	1,145,816	2,170,285	(556)	29,585,566
Total liabilities	722,018,368	386,524,267	469,356,546	(252,144)	968,435,380
Equity	-	-	(1,217,295)	-	71,506,011
Total equity and liabilities	722,018,368	386,524,267	468,139,251	(252,144)	1,038,724,096
Contingencies and commitments	20,702,799	87,097,691	173,099,305	1,507,592	1,459,234
					283,866,621

2021					
Retail	CIBG	Treasury	SAM	Others	Total
----- Rupees '000 -----					
Profit and loss for the nine months ended September 30, 2021 (Un-audited)					
Net mark-up / return / profit	(7,868,976)	13,621,483	13,160,937	229,848	(129,356)
Inter segment revenue - net	20,964,920	(10,562,483)	(12,341,993)	(121,118)	2,060,674
Non mark-up / return / interest income	3,608,271	1,115,640	2,333,874	(10,057)	(372,355)
Total Income	16,704,215	4,174,640	3,152,818	98,673	1,558,963
Segment direct expenses	8,960,229	364,974	209,744	104,704	5,696,696
Inter segment expense allocation	4,899,896	463,595	99,870	89,331	(5,552,692)
Total expenses	13,860,125	828,569	309,614	194,035	15,336,347
Provisions	(85,341)	1,502,137	(311,599)	(886,322)	(3,091)
Profit before tax	2,929,431	1,843,934	3,154,803	790,960	1,418,050
					10,137,178

Statement of financial position as at December 31, 2021 (Audited)

Cash and bank balances	25,719,683	-	36,314,336	-	-	62,034,019
Lendings to financial institutions	-	-	-	-	-	-
Investments	-	12,146,534	344,341,447	3,295,550	917,812	360,701,343
- Investment provision	-	-	(1,376,309)	(2,075,678)	-	(3,451,987)
Net inter segment lending	544,748,188	-	-	-	(544,748,188)	-
Advances - performing	44,232,459	299,855,056	-	-	49,291,066	393,378,581
Advances - non-performing	4,468,490	5,552,943	-	13,322,251	63,212	23,406,896
- Advances - provisions	(3,305,409)	(3,915,462)	-	(13,008,111)	(261,133)	(20,490,115)
Others	14,556,465	3,271,446	6,421,470	(1,884,442)	32,024,820	54,389,759
Total assets	630,419,876	316,910,517	385,700,944	(350,430)	(462,712,411)	869,968,496
Borrowings	8,613,513	67,596,975	34,979,341	-	-	111,189,829
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	597,346,400	46,115,178	-	293,151	285,270	644,039,999
Net inter segment borrowing	-	201,826,122	347,495,914	(642,968)	(548,679,068)	-
Others	24,459,963	1,372,242	1,591,877	(613)	21,184,799	48,608,268
Total liabilities	630,419,876	316,910,517	384,067,132	(350,430)	(527,208,999)	803,838,096
Equity	-	-	1,633,812	-	64,496,588	66,130,400
Total equity and liabilities	630,419,876	316,910,517	385,700,944	(350,430)	(462,712,411)	869,968,496
Contingencies and commitments	17,549,250	128,712,861	157,887,793	1,310,929	200,885	305,661,718

78 | Third Quarter | September 30, 2022

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:

Provision held against advances

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

For the nine months ended September 30, 2022

September 30, 2022 (Un-audited)						December 31, 2021 (Audited)					
Parent	Directors	Key management personnel	Associates	Other related parties		Parent	Directors	Key management personnel	Associates	Other related parties	
Rupees '000											
Other assets											
Interest / mark-up accrued	-	1,004	1,781	-	-	-	-	847	-	63,774	
Commission income receivable	-	-	-	15,680	-	-	-	-	222	37,861	
Defined benefit plan asset	-	-	-	117,981	-	-	-	-	-	117,981	
Remuneration receivable	-	-	-	3,185	16,108	-	-	-	3,815	24,704	
Receivable against reimbursement of expenses	-	-	-	14,628	113,350	-	-	-	3,465	59,325	
Receivable from defined contribution plan	-	-	-	-	1,070	-	-	-	-	803	
Front end load receivable	-	-	-	5	9,726	-	-	-	64	3,386	
Preliminary expenses and floatation costs receivable	-	-	-	1,100	4,939	-	-	-	1,114	3,174	
Others	-	-	-	-	7,789,421	-	-	-	-	729,363	
	-	1,004	1,781	18,918	8,068,275	-	-	847	8,680	1,040,371	
Deposits and other accounts											
Opening balance	328,397	51,148	231,277	15,350	9,800,472	182	44,456	139,814	14,910	10,509,734	
Received during the period / year	656,431	74,265	1,445,571	258,100	409,663,676	705,659	90,608	2,749,082	1,427,130	512,144,964	
Withdrawn during the period / year	(328,215)	(65,206)	(1,533,933)	(264,867)	(407,131,201)	(377,444)	(83,916)	(2,657,619)	(1,424,649)	(512,856,267)	
Transfer in / (out) during the period / year	-	-	-	-	-	-	-	-	(2,041)	2,041	
Closing balance	656,613	60,207	142,915	8,583	12,332,947	328,397	51,148	231,277	15,350	9,800,472	
Other liabilities											
Interest / mark-up payable	-	426	242	71	142,654	-	207	277	-	48,212	
Payable against reimbursement of expenses	-	-	-	-	-	-	-	-	-	124	
Other liabilities	-	-	-	-	91,082	-	-	-	-	78,572	
	-	426	242	71	233,736	-	207	277	-	126,908	
Contingencies and commitments											
Trade related commitments	-	-	-	-	122,702	-	-	-	-	135,898	
	-	-	-	-	122,702	-	-	-	-	135,898	

* represents outstanding guarantee

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

37.1

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

For the nine months ended September 30, 2022

RELATED PARTY TRANSACTIONS

September 30, 2022 (Un-audited)					September 30, 2021 (Un-audited)			
Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Other related parties

Rupees '000

Income

Mark-up / return / interest earned
Fee and commission income
Dividend income
Net gain on sale of securities
Gain on sale of fixed assets

Expense

Mark-up / return / interest paid
Reimbursement of expenses
Director's fee and other expenses
Remuneration
Subscription Fee
Charge for defined benefit plan
Contribution to defined contribution plan
Donations made during the year

Others

Shares / units purchased during the period
Shares / units sold during the period
Government securities purchased during the period
Government securities sold during the period
Contribution to defined benefit plan
Sale proceeds from disposal of fixed assets

-	7,730	20,371	-	73,397	-	-	11,912	-	61,925
-	61	68	55,102	470,161	-	25	61	30,275	438,735
-	-	-	50,089	94,057	-	-	-	-	40,166
-	-	231	(35,256)	1,440	-	-	163	61,520	22,257
-	-	-	-	-	-	-	11	-	-
-	2,915	2,156	727	747,840	-	807	2,193	875	475,801
-	97,623	-	24,240	229,059	-	-	-	10,186	160,001
-	-	641,492	-	1,138	-	80,080	-	-	-
-	-	-	-	4,605	-	-	514,345	-	1,385
-	-	-	-	185,849	-	-	-	-	7,947
-	-	-	-	216,246	-	-	-	-	162,425
-	-	-	-	88,257	-	-	-	-	193,046
-	-	-	-	-	-	-	-	-	79,917
-	-	-	2,629,312	13,696,875	-	-	-	3,071,852	14,613,074
-	-	-	2,300,433	13,684,293	-	-	-	2,790,985	15,519,968
-	-	245,765	-	1,738,360	-	-	599,573	-	3,659,466
-	-	250,004	-	3,145,468	-	-	754,889	-	6,002,957
-	-	-	-	8,279	-	-	-	-	160,287
-	-	-	-	-	-	-	25	-	-

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the nine months ended September 30, 2022

	Un-audited September 30, 2022	Audited December 31, 2021
38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	Rupees '000	
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	60,943,142	56,923,128
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	60,943,142	56,923,128
Eligible tier 2 capital	6,357,698	6,750,022
Total eligible capital (tier 1 + tier 2)	67,300,841	63,673,150
Risk weighted assets (RWAs):		
Credit risk	291,324,277	273,538,696
Market risk	37,100,507	30,736,393
Operational risk	58,977,507	58,977,507
Total	387,402,291	363,252,596
Common equity tier 1 capital adequacy ratio	15.73%	15.67%
Tier 1 Capital adequacy ratio	15.73%	15.67%
Total Capital adequacy ratio	17.37%	17.53%
Leverage ratio (LR):		
Eligible tier-1 capital	60,943,142	56,923,128
Total exposures	1,266,294,330	1,046,737,575
Leverage ratio (in %)	4.81%	5.44%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	353,169,450	327,723,433
Total net cash outflow	190,190,155	155,715,157
Liquidity coverage ratio (Ratio)	1.857	2.105
Net stable funding ratio (NSFR):		
Total available stable funding	667,467,703	594,478,277
Total required stable funding	432,160,155	346,320,285
Net stable funding ratio (in %)	154.45%	171.66%

39 ISLAMIC BANKING BUSINESS

The Bank is operating 642 Islamic banking branches (December 31, 2021: 595) including 2 Islamic sub-branches (December 31, 2021: 2). The statement of financial position and profit and loss account of these branches for the period ended September 30, 2022 are as follows:

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

For the nine months ended September 30, 2022

		Un-audited September 30, 2022	Audited December 31, 2021
Statement of financial position		Rupees '000	
ASSETS			
Cash and balances with treasury banks		54,728,269	34,500,786
Balances with other banks		9,446,564	2,345,633
Due from financial institutions		18,000,000	-
Investments	39.1	322,370,187	169,622,462
Islamic financing and related assets - net	39.2	436,879,728	351,466,762
Fixed assets		28,892,716	18,063,668
Intangible assets		1,289,612	231,682
Due from head office		-	79,488
Other assets		42,638,664	16,326,810
		914,245,740	592,637,291
LIABILITIES			
Bills payable		8,686,766	9,671,804
Due to financial institutions		130,674,305	99,267,708
Deposits and other accounts	39.3	697,410,513	428,362,073
Due to head office		10,100,574	4,666,798
Other liabilities		18,265,457	17,501,285
		865,137,615	559,469,668
NET ASSETS		49,108,125	33,167,623
REPRESENTED BY			
Islamic banking fund		27,180,000	22,180,000
Reserves		-	-
Surplus on revaluation of assets - net of tax		5,146,097	1,132,979
Unappropriated profit	39.4	16,782,028	9,854,644
		49,108,125	33,167,623
CONTINGENCIES AND COMMITMENTS		Un-audited For the nine months ended September 30, 2022 September 30, 2021	
		Rupees '000	
Profit and loss account			
Profit / return earned	39.6	54,282,060	18,917,011
Profit / return expensed	39.7	29,670,820	7,212,556
Net profit / return		24,611,240	11,704,455
Other income			
Fee and commission income		2,469,993	1,357,147
Foreign exchange income		966,529	281,092
Gain on securities		(384,898)	76,598
Others		162,330	97,795
Total other income		3,213,954	1,812,632
Total income		27,825,194	13,517,087
Other expenses			
Operating expenses		13,446,865	7,375,831
Other charges		162,994	825
Total other expenses		13,609,859	7,376,656
Profit before provisions		14,215,335	6,140,431
Provisions and write offs - net		632,226	2,021,087
Profit before taxation		13,583,109	4,119,344
Taxation		6,655,723	1,606,544
Profit after taxation		6,927,386	2,512,800

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

For the nine months ended September 30, 2022

39.1 Investments by segments:

	Un-audited				Audited			
	September 30, 2022				December 31, 2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees '000								
Federal Government securities:								
- Ijarah Sukuks	287,187,902	-	(2,498,574)	284,689,328	142,350,109	-	(1,014,416)	141,335,693
- Other Federal Government securities	3,959,689	-	-	3,959,689	925,512	-	-	925,512
	291,147,591	-	(2,498,574)	288,649,017	143,275,621	-	(1,014,416)	142,261,205
Shares								
- Listed companies	150,000	-	-	150,000	100,000	-	-	100,000
Non Government Debt securities:								
- Listed	25,000,000	-	637,826	25,637,826	15,000,000	-	487,500	15,487,500
- Unlisted	7,933,344	-	-	7,933,344	11,773,608	-	149	11,773,757
	32,933,344	-	637,826	33,571,170	26,773,608	-	487,649	27,261,257
Total investments	324,230,935	-	(1,860,748)	322,370,187	170,149,229	-	(526,767)	169,622,462

39.2 Islamic financing and related assets - net

	Un-audited September 30, 2022	Audited December 31, 2021
Rupees '000		
Murabaha	44,068,813	31,630,824
Musharaka	7,164	7,164
Diminishing Musharaka	195,364,422	169,178,512
Istisna	31,372,965	29,274,907
Tawwaruq	1,175,695	2,131,046
Running Musharaka	101,972,660	73,228,956
Fixed assets Ijarah financing - net	35,059	47,914
Tijarah	1,338,762	1,091,633
Advance against Murabaha financing	2,275,593	2,440,981
Advanced against Diminishing Musharaka	33,718,500	19,610,409
Advance against Ijarah	5,375,000	1,312,461
Advance against Istisna	11,158,575	12,906,932
Advance against Islamic export refinance	3,961,348	5,225,476
Advance against Tijarah	50,106	216,504
Musawamah	165,154	187,825
Bai salam	77,771	433,702
Salam	106,200	13,500
Inventory related to Istisna	6,660,846	2,814,621
Inventory related to Murahaba	333,211	1,535,917
Inventory related to Salam	2,300	100,000
Inventory related to Tijarah	1,199,112	984,847
Gross Islamic financing and related assets	440,419,256	354,374,131
Less: provision against Islamic financings		
- specific	(3,301,800)	(2,666,575)
- general	(237,728)	(240,794)
	(3,539,528)	(2,907,369)
Islamic financing and related assets - net of provision	436,879,728	351,466,762

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

For the nine months ended September 30, 2022

39.3 Deposits

	Un-audited			Audited		
	September 30, 2022			December 31, 2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000 -----						
Customers						
Current deposits	232,553,980	27,039,581	259,593,561	171,716,974	21,947,496	193,664,470
Savings deposits	195,580,241	20,236,851	215,817,092	168,304,245	15,291,589	183,595,834
Term deposits	137,527,940	914,098	138,442,038	30,904,502	490,615	31,395,117
	565,662,161	48,190,530	613,852,691	370,925,721	37,729,700	408,655,421
Financial institutions						
Current deposits	6,251,479	78,422	6,329,901	247,179	30,425	277,604
Savings deposits	76,602,371	-	76,602,371	14,963,498	-	14,963,498
Term deposits	625,550	-	625,550	4,465,550	-	4,465,550
	83,479,400	78,422	83,557,822	19,676,227	30,425	19,706,652
	649,141,561	48,268,952	697,410,513	390,601,948	37,760,125	428,362,073

39.4 Islamic banking business unappropriated profit

	Un-audited September 30, 2022	Audited December 31, 2021
----- Rupees '000 -----		
Opening balance	9,854,644	5,124,874
Add: Islamic Banking profit for the period / year	13,583,109	7,753,722
Less: taxation	(6,655,723)	(3,023,952)
Closing balance	16,782,030	9,854,644

39.5 Contingencies and commitments

Guarantees	33,494,125	23,409,723
Commitments	136,790,098	109,246,212
	170,284,223	132,655,935

39.6 Profit / return earned of financing, investments and placement

Profit earned on:	Un-audited For the nine months ended September 30, 2022	Audited For the nine months ended September 30, 2021
Financing	31,705,684	13,670,896
Investments	22,576,376	5,246,115
	54,282,060	18,917,011

39.7 Profit on deposits and other dues expensed

Deposits and other accounts	22,810,774	5,120,982
Other short term borrowings	5,972,470	1,437,662
Lease liability against right-of-use assets	887,576	653,912
	29,670,820	7,212,556

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

For the nine months ended September 30, 2022

40 GENERAL

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

41 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on October 27, 2022 has declared an interim cash dividend of Rs.5.50 per share i.e. 55% (September 30, 2021: Nil). The condensed interim consolidated financial statements for the nine months ended September 30, 2022 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2022.

42 DATE OF AUTHORISATION FOR ISSUE

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

If undelivered please return to:

FAYSAL BANK LIMITED

Registrar:

M/s. Central Depository
Company of Pakistan Limited.
CDC House, 99-B, Block-B,
SMCHS, Main Shahrah-e-Faisal,
Karachi-74400

PABX: (92-21) 111 111 500

Fax: (92-21) 34326053

Tel: 021 111 06 06 06

www.faysalbank.com