

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

إِيَّاكَ نَعْبُدُ وَإِيَّاكَ نَسْتَعِينُ



Best Emerging Bank

THIRD QUARTER  
ENDED SEPTEMBER 30, 2021  
UNAUDITED FINANCIAL STATEMENTS

faysalbank



# Contents

Corporate Information	2
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## **Unconsolidated Financial Statements**

Directors' Report	4
Condensed Interim Unconsolidated Statement of Financial Position	16
Condensed Interim Unconsolidated Profit and Loss Account	17
Condensed Interim Unconsolidated Statement of Comprehensive Income	18
Condensed Interim Unconsolidated Statement of Changes in Equity	19
Condensed Interim Unconsolidated Cash Flow Statement	20
Notes to the Condensed Interim Unconsolidated Financial Statements	21

## **Consolidated Financial Statements**

Directors' Report	51
Condensed Interim Consolidated Statement of Financial Position	58
Condensed Interim Consolidated Profit and Loss Account	59
Condensed Interim Consolidated Statement of Comprehensive Income	60
Condensed Interim Consolidated Statement of Changes in Equity	61
Condensed Interim Consolidated Cash Flow Statement	62
Notes to the Condensed Interim Consolidated Financial Statements	63

## **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](http://www.faysalbank.com)

## Share Registrar

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

# Directors' Report

## Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited ("FBL" or "the Bank") along with Unconsolidated Financial Statements for the quarter and nine months ended on September 30, 2021.

### Company Profile

FBL was incorporated in Pakistan on 3rd October 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.

The Bank's footprint now spreads over 207 cities across the country with 576 branches. In line with FBL's strategy of transforming itself into a full-fledged Islamic Bank, 90% of its branches are now offering dedicated sharia-compliant banking services.

### Holding Company

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

### Economic Update

In its meeting on September 20, 2021, the Monetary Policy Committee (MPC) decided to raise the policy rate by 25 basis points to 7.25% to deter rising demand pressures in the economy, thus, reversing the course on the accommodative monetary policy that followed Covid-19. The Ministry of Finance projects the economy to grow by 5% in FY22 whereas the World Bank projects growth of 3.4% for the same period. The average inflation for 1QFY22 stood at 8.58% due to high month on month numbers. World Bank projects inflation to edge up with expected domestic energy tariff hikes and higher oil and commodity prices.

The trade deficit for the 1QFY22 widened by 100.62% to USD 11.66 billion from USD 5.81 billion in the same period of last fiscal year. Exports, at USD 6.97 billion in 1QFY22, were 27.3% higher and imports, at USD 18.63 billion, were 65.0% higher than the values reported for 1QFY'21. The consequences of this high import bill had begun to show as USD/PKR parity had weakened from 157.87, at the start of FY22, to 170.66 by the end of 1QFY22 i.e., a depreciation of 8.10%. Many other currencies have also depreciated recently though as expectations of tapering by the Federal Reserve have been brought forward. The current account deficit rose to USD 2.3 Billion in July-Aug FY22, while remittances remained strong at USD 8 Billion in the 1QFY22. The Monetary Policy Committee (MPC) had noted in its meeting in September that over the last few months the burden of adjusting to the rising current account deficit had fallen primarily on the exchange rate and that it could be expected in the coming future for other adjustment tools, including interest rates, to be used against the surging deficit.

For FY22, the fiscal deficit is budgeted to be at 6.3% of GDP. Pakistan's tax machinery

collected PKR 1.395 trillion in the 1QFY22 exceeding the target of PKR 1.211 trillion by PKR 186 billion. The revenue collection is mainly driven by 52% contribution from tax collection at import stage while only 48% is from domestic taxes.

Looking ahead, the 39-month IMF Extended Fund Facility (EFF) will be the key in setting the tone for the rest of FY22. Negotiations for resumption of EFF with IMF officials are underway. Key reforms include domestic revenue mobilization, reduction of power sector arrears, electricity subsidy reform and increased central bank operational autonomy. The bone of contention is the pace of the reforms and not the reforms themselves. Any delays in the resumption of the IMF-EFF program and the consequent external financing difficulties will lead to unsustainable external pressure and forced fiscal and monetary tightening. Whereas the successful conclusion of the talks would facilitate immediate disbursements of USD 1 billion by the IMF, USD 600 million by the Asian Development Bank and another USD 1 billion by the World Bank over the course of the current fiscal year providing much needed space on the foreign exchange side.

## **Bank's Performance**

### *Conversion to Islamic Banking*

The Bank continues to make significant progress on its strategy to convert into a full-fledged Islamic Bank. We are proud to share that Alhamdulillah, 83.4% of the Bank's financing as of September '21 end is sharia compliant. This has been made possible by the untiring efforts of the entire team under the supervision and guidance of the Sharia Board and the Board of Directors. During the period under review, the Bank has converted another 21 branches into dedicated sharia compliant banking branches taking the number of Islamic Banking branches to 521 i.e., 90% of the network. Full conversion of the Bank to Islamic is no longer a distant dream but a distinct reality which we will InshaAllah achieve soon as envisaged in FBL's strategy.

### *Support of Government Initiatives*

Roshan Digital Account (RDA) is one of the major initiatives of State Bank of Pakistan, in collaboration with selected commercial banks operating in Pakistan. These accounts provide innovative banking solutions for millions of Non-Resident Pakistanis (NRPs), seeking to undertake banking, payment, and investment activities in Pakistan. Faysal Bank was amongst the few banks initially selected by SBP to offer Roshan Digital Accounts. As per SBP's directives, Roshan Apni Car, Roshan Apna Ghar and Roshan Samaaji Khidmat for donations & charities were also successfully launched exclusively for RDA customers.

Faysal Bank is also amongst the few banks to achieve its mandatory targets for 'Housing and Construction Finance' on quarterly basis since inception, in addition to low-cost housing targets as set by SBP on a monthly basis. In line with the SBP's vision to facilitate affordable low-cost housing borrowers across Pakistan, FBL led the initiative for the launch of the Pakistan Banks' Association joint call center named 'Mera Pakistan Mera Ghar – Helpline' in Islamabad and Karachi. In addition to the above Faysal Bank is also actively participating in Kamyab Jawan Program (PM-YES) of the government, while exceeding the SBP disbursement targets to date, as well.

## Financial Highlights

Key Balance Sheet Numbers	Rs. in million		Growth%
	September '21	December '20	
Investment	343,737	276,930	24.1%
Financing	366,929	318,180	15.3%
Total Assets	833,982	709,958	17.5%
Deposits	613,673	540,636	13.5%

Profit & Loss Account	Rs. in million		Growth%
	September '21	September '20	
Total Revenue	25,336	25,318	0.1%
Non-Markup Expenses	15,192	14,166	7.2%
Profit before tax and provisions	10,144	11,151	-9.0%
Provisions / (Reversal)	216	2,082	-89.6%
Profit before tax	9,928	9,070	9.5%
Tax	3,859	3,555	8.6%
Profit after tax	6,069	5,515	10.0%
Earnings per share (Rupees)	4.00	3.63	10.2%

Despite drastic cut of 625 bps in policy rate during 2020, the Bank was able to generate net markup income of Rs. 18,921 million for the nine months ended September 30, 2021, almost at the same level as compared to the corresponding previous year period. This was made possible through continued emphasis on generating low-cost deposits. The Bank also focused on increasing revenue from non-markup income and generated 43% higher fee-based income as compared to last year with stellar growth across all product lines. Due to higher gain on government securities during the corresponding previous year, overall non-markup income showed marginal increase of 1.9% to Rs. 6,414 million. Non markup expenses have increased by 7.2% to Rs. 15,192 million mainly due to opening of 21 new branches in last quarter of 2020 and inflationary pressures.

Net provisions for nine months under review reflected charge of Rs. 216 million as against charge of Rs. 2,082 million in the corresponding period of last year.

Accordingly profit after tax for the nine months ended September 30, 2021 is 10% higher than corresponding period of previous year at Rs. 6,069 million. Earnings per share for the current nine months period works out to Rs. 4.00.

On the balance sheet side deposits grew by 13.5% to Rs. 613.7 billion. The Bank concentrated on reducing cost of deposit during the quarter and saw significant growth in low-cost deposits. Ratio of current deposits to total deposits has improved from 30.7% to 34.4%. Financing increased by 15.3% from December '20 level to Rs. 366.9 billion. Investments were 24.1% higher at Rs. 343.7 billion. Accordingly, total assets of the Bank are at Rs. 833.9 billion as of September 30, 2021 registering a strong growth of 17.5%.

**Risk management**

Credit Risk Management, in coordination with the Business Units, continued to closely monitor the credit portfolio in these unprecedented times that also included Rapid Credit Portfolio Reviews. Regular follow-up has been maintained with the customers to proactively monitor and manage credit relationships. Enterprise Risk Management function focused on enhanced monitoring of market, liquidity & operational risks. A senior management committee, headed by the Chief Risk Officer, continued to oversee implementation of measures required to ensure well-being of the employees, customers and community at large in these difficult times of pandemic. Being a responsible corporate citizen, FBL joined hands with the Government in its fight against Covid 19 by vaccinating its staff, and their eligible family members.

**Outlook**

Alhamdulillah the Country has fared much better in dealing with COVID 19 pandemic as compared to many countries. With the vaccinations picking up and declining number of new infections most of the restrictions on economic and social activities have been lifted. There is thus cautious optimism that the economic activities will gain momentum going forward and credit offtake is likely to rebound.

As per our strategic plan FBL will continue to work towards its commitment to achieve complete Islamic transformation. The Bank is targeting to convert another 44 branches to Islamic during the last quarter of 2021. Another 30 new Islamic branches will be opened before the year end, resultantly 98% of the branch network will be offering dedicated sharia compliant products. Digital banking is another strategic thrust of FBL which has achieved greater emphasis during the pandemic. We remain committed to provide best in class service to our customers through improved and enhanced offerings from alternate delivery channels and digital platforms.

**Credit Rating:**

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

Long-Term	AA
Short-Term	A1+

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



### Subsequent Events

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

### Acknowledgement

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

### Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on October 27, 2021 and signed by the Chief Executive Officer and a director.

**President & CEO**

Karachi  
Dated: October 27, 2021

**Chairman**

## توثیقی بیان:

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

## منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 27 اکتوبر، 2021 کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیے ہیں۔

چیئر مین / ڈائریکٹر

صدر اور سی ای او

کراچی

27 اکتوبر، 2021

بینک لمیٹڈ نے حکومت کی کرونا ویکسین مہم میں شرکت کر کے اپنے اسٹاف اور ان کے اہل فیملی ممبران کو ویکسین لگوائی۔

## مستقبل پر نظر

الحمد للہ! دیگر ملک کے مقابلے میں ہمارے ملک میں کورونا کی وبا سے زیادہ بہتر طریقے سے نمٹنے کے لیے بہترین اقدامات کیے گئے۔ ویکسینیشن کے عمل میں تیزی اور نئے کیمرز کی تعداد میں کمی کے ساتھ معاشی اور سماجی سرگرمیوں پر عائد زیادہ تر پابندیاں ختم کر دی گئی ہیں۔ اس صورتحال میں قوی امید ہے کہ معاشی سرگرمیوں میں تیزی آئے گی اور کریڈٹ میں بھی اضافہ ہوگا۔

فیصل بینک لمیٹڈ اسلامی بینکاری میں مکمل منتقلی کے اپنے عزم پر قائم رہا اور رہے گا۔ بینک 2021 کی آخری سہ ماہی کے دوران مزید 44 برانچوں کو اسلامی بینکاری میں تبدیل کرنے کے لیے کوشاں ہے۔ اس کے علاوہ سال ختم ہونے سے قبل مزید 30 نئی اسلامی برانچز کھولی جائیں گی، نتیجتاً 98 فیصد برانچ نیٹ ورک کے ذریعے خالصتاً شرعی بینکاری کی خدمات پیش کی جائیں گی۔ اس وبائی صورتحال کے دوران اپنے مقاصد کو پانے کے لیے ہماری ڈیجیٹل بینکاری ایک زبردست کاروباری معاون ہے۔ ہم الٹرنیٹ ڈیلیوری چینلز اور ڈیجیٹل پلیٹ فارمز کی بدولت جدید اور وسیع پیشکشوں کے ذریعے اپنے صارفین کو بہترین اور اعلیٰ خدمات فراہم کرنے کے لیے پرعزم ہیں۔

## کریڈٹ ریٹنگ:

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

طویل المیعاد: AA

قلیل المیعاد: A1+

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

## بعد ازاں رپورٹنگ کے واقعات:

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

2020 کے دوران پالیسی ریٹ میں 625 bps کی اچانک کمی کے باوجود، 30 ستمبر، 2021 کو ختم شدہ نومبینوں میں بینک کی خالص مارک اپ آمدنی 18,921 ملین روپے رہی، جو کہ گزشتہ سال اسی مدت کے مقابلے میں تقریباً برابر ہے۔ یہ کامیابی کم قیمت ڈپازٹس حاصل کرنے پر خصوصی توجہ دینے سے ملی۔ بینک نے نان مارک اپ آمدنی بڑھانے پر بھی توجہ دی اور گزشتہ سال کے مقابلے میں فیس اور کمیشن پر مبنی آمدنی 43 فیصد زیادہ رہی۔ گزشتہ سال اسی عرصے کے دوران سرکاری سیکورٹیز پر زیادہ منافع کی وجہ سے، مجموعی نان مارک اپ آمدنی میں صرف 1.9 فیصد اضافہ ہوا جو کہ 6,414 ملین روپے ہو گئی۔ نان مارک اپ اخراجات میں 7.2 فیصد اضافہ ہوا جو کہ 15,192 ملین روپے ریکارڈ کیے گئے جس کی اہم وجوہات میں 2020 میں 21 نئی شاخیں اور مہنگائی کا دباؤ شامل ہیں۔

گزشتہ سال اسی عرصے میں 2,082 ملین روپے کے مقابلے میں زیر جائزہ نومبینوں کے دوران نیٹ پروویژن صرف 216 ملین روپے ہے۔

اس طرح 30 ستمبر، 2021 کو ختم شدہ نومبینوں کے لیے بعد از ٹیکس منافع 6,069 ملین روپے ریکارڈ کیا گیا، جو کہ گزشتہ سال اسی مدت کے مقابلے میں 10 فیصد زیادہ ہے۔ رواں نومبینوں کے لیے فی شیئر آمدنی 4.00 روپے رہی۔

بیلنس شیٹ پر مجموعی ڈپازٹس 13.5 فیصد اضافے کے ساتھ 613.7 ارب روپے رہے۔ زیر جائزہ سہ ماہی کے دوران بینک نے ڈپازٹس کے اخراجات کم کرنے پر بھی پور توجہ دی اور کم قیمت ڈپازٹس میں خاطر خواہ اضافہ دیکھنے میں آیا۔ مجموعی ڈپازٹس کے مقابلے میں کرنٹ ڈپازٹس کی شرح 30.7 فیصد سے بڑھ کر 34.4 فیصد ہو گئی۔ فنانسز میں دسمبر 2020 کی سطح سے 15.3 فیصد کا اضافہ ہوا جو کہ 366.9 ارب روپے ہو گئے۔ سرمایہ کاری میں 24.1 فیصد اضافے کے ساتھ مجموعی سرمایہ کاری 343.7 ارب روپے ہو گئی۔ اس طرح بینک کے مجموعی اثاثے 30 ستمبر 2021 کو ختم شدہ نومبینوں کے دوران 17.5 فیصد مستحکم اضافے کے ساتھ 833.9 ارب روپے ہیں۔

## رسک مینجمنٹ

کریڈٹ رسک مینجمنٹ نے ان مشکل دنوں میں بھی برنس یونٹ کے تعاون سے کریڈٹ پورٹ فولیو کی کڑی نگرانی کی۔ صارفین کی نشاندہی کے لیے باقاعدگی سے فالو اپ کیا گیا اور کریڈٹ ریلیشن شپ کو برقرار رکھا گیا۔ انٹر براؤزر رسک مینجمنٹ نے مارکیٹ کی لیکویڈٹی اور آپریشنل رسک پر زیادہ توجہ دی۔ چیف رسک آفیسر کی سربراہی میں ایک اعلیٰ انتظامی کمیٹی نے ملازمین، صارفین اور کمیونٹی کی بھلائی کے لیے اقدامات پر عملدرآمد کو یقینی بنانے کی نگرانی جاری رکھی۔ ایک ذمہ دار کارپوریٹ سٹیزن ہونے کی حیثیت سے، فیصل

فیصل بینک ان چند بینکوں میں بھی شامل ہے جنہوں نے 'ہاؤسنگ اینڈ کنسٹرکشن فننس' کے لیے ابتدا سے اب تک ہر سہ ماہی کی بنیاد پر اسٹیٹ بینک آف پاکستان کی جانب سے مقررہ لازمی اہداف حاصل کر لیے ہیں، اس کے علاوہ کم قیمت گھروں کے لیے اسٹیٹ بینک آف پاکستان کی جانب سے ماہانہ بنیاد پر مقررہ لازمی اہداف بھی حاصل کر لیے گئے ہیں۔ اسٹیٹ بینک آف پاکستان کے وژن کے مطابق پاکستان بھر میں کم قیمت گھروں کی خریداری کے لیے فیصل بینک لمیٹڈ نے "میرا پاکستان میرا گھر۔ ہیپ لائن" کے نام سے اسلام آباد اور کراچی میں پاکستان بینکس ایسوسی ایشن کا مشترکہ کال سینٹر قائم کیا ہے۔ مذکورہ بالا اقدامات کے علاوہ فیصل بینک، حکومت کے کامیاب جوان پروگرام (PM-YES) میں بھی بڑھ چڑھ کر حصہ لے رہا ہے، جبکہ اسٹیٹ بینک آف پاکستان کی جانب سے مقررہ اہداف بھی بروقت حاصل کر رہا ہے۔

## مالیاتی جھلکیاں:

### بیلنس شیٹ

نمبر	ستمبر ۲۰۲۱ء	(ملین روپے)	ستمبر ۲۰۲۰ء
سرمایہ کاری	343,737		276,930
فنانسنگ	366,929		318,180
کل اثاثہ جات	833,982		709,958
ڈپازٹس	613,673		540,636

### نفع اور نقصان اکاؤنٹ

نمبر	ستمبر ۲۰۲۱ء	(ملین روپے)	ستمبر ۲۰۲۰ء
مجموعی آمدنی	25,336		25,318
مارک اپ کے علاوہ اخراجات	15,192		14,166
منافع قبل از ٹیکس اور پروویژن	10,144		11,151
نیٹ پروویژن	216		2,082
منافع قبل از ٹیکس	9,928		9,070
ٹیکسز	3,859		3,555
منافع بعد از ٹیکس	6,069		5,515
فی حصص آمدن (روپے)	4.0		3.63

اصلاحات اور سینٹرل بینک کے عملی خود مختاری میں اضافہ شامل ہیں۔ اصل میں اصلاحات سے زیادہ اصلاحات پر عملدرآمد ضروری ہے۔ آئی ایم ایف کے ای ایف ایف پروگرام کی بحالی میں کسی بھی تاخیر اور اس کے نتیجے میں ہونے والی بیرونی مالیاتی مشکلات سے بیرونی دباؤ بڑھے گا اور پھر فیکل اور مانیٹری پالیسی کو سخت کرنا پڑے گا۔ دوسری جانب، مذاکرات میں کامیابی کے نتیجے میں آئی ایم ایف کی جانب سے ایک ارب امریکی ڈالرز کے علاوہ ایشیائی ترقیاتی بینک سے 600 ملین امریکی ڈالرز اور عالمی بینک سے ایک ارب امریکی ڈالرز و مالی سال میں موصول ہونے کے باعث غیر ملکی زرمبادلہ میں موجود خلا پر ہوگا۔

## بینک کی کارکردگی:

### اسلامی بینکاری میں منتقلی

بینک خود کو مکمل طور پر اسلامی مالیاتی ادارے میں تبدیل کرنے کے لیے اپنی حکمت عملی پر پیش رفت جاری رکھے ہوئے ہے۔ ہمیں فخر ہے کہ ہم نے الحمد للہ ستمبر 2021 کے اختتام تک بینک کی فنانسنگ میں سے 83.4 فیصد کی فنانسنگ اسلامی طریقے سے کی ہے۔ یہ سب کچھ پوری ٹیم کی انتھک محنت اور اعلیٰ انتظامیہ، شریعہ بورڈ اور بورڈ آف ڈائریکٹرز کی نگرانی اور رہنمائی سے ممکن ہوا ہے۔ زیر جائزہ عرصے کے دوران، بینک کی مزید 21 شاخیں مکمل طور پر شریعہ کمپلائنس بینکنگ میں تبدیل ہو چکی ہیں اس طرح اسلامی بینکنگ کی کل شاخیں 521 ہو گئی ہیں اور 90% نیٹ ورک اسلامی بینکاری پر مبنی ہے۔ اب بینک کو مکمل اسلامی مالیاتی ادارہ بنانے کا خواب جلد پورا ہونے والا ہے۔

### حکومتی اقدامات میں معاونت

روشن ڈیجیٹل اکاؤنٹ (RDA) اسٹیٹ بینک آف پاکستان کا ایک بہت بڑا اقدام ہے جو کہ پاکستان میں منتخب کمرشل بینکس کے اشتراک سے مصروف عمل ہے۔ مذکورہ اکاؤنٹس کے ذریعے لاکھوں نان ریزیڈنٹ پاکستانیز (NRPs) کو جدید بینکاری کی سہولیات فراہم کی جاتی ہیں، اس طرح پاکستان میں بینکنگ کے ذریعے ادائیگی اور سرمایہ کاری کی سرگرمیاں جاری ہیں۔ فیصل بینک ان چند بینکوں میں شامل ہے جنہیں اسٹیٹ بینک آف پاکستان نے روشن ڈیجیٹل اکاؤنٹس کے لیے منتخب کیا۔ اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق، روشن اپنی کار، روشن اپنا گھر اور روشن سماجی خدمت کے لیے امداد اور فلاحی سرگرمیوں کو خصوصی طور پر RDA کسٹمرز کے لیے کامیابی کے ساتھ متعارف کرایا گیا ہے۔

پالیسی میں کی جانے والی نرمی کو آہستہ آہستہ دوبارہ پرانی سطح پر لایا جا رہا ہے۔ وزارت خزانہ نے مالی سال 2022 کے دوران معاشی ترقی کا تخمینہ 5% ظاہر کیا ہے، جبکہ عالمی بینک نے اسی عرصے کے دوران 3.4% کا تخمینہ ظاہر کیا ہے۔ مالی سال 2022 کی پہلی سہ ماہی میں افراط زر کی شرح 8.58% کی بلند سطح پر برقرار رہی۔ عالمی بینک نے گھریلو توانائی، آئل اور اشیائے ضروریہ کی قیمتوں میں ممکنہ اضافے کے پیش نظر افراط زر کی شرح میں مزید اضافے کا اندیشہ ظاہر کیا ہے۔

مالی سال 2022 کی پہلی سہ ماہی کے دوران تجارتی خسارہ گزشتہ سال اسی عرصے کے مقابلے میں 100.62% اضافے کے ساتھ 11.66 ارب امریکی ڈالر رہا۔

مالی سال 2021 کی پہلی سہ ماہی کے مقابلے میں مالی سال 2022 کی پہلی سہ ماہی میں برآمدات کا حجم 27.3% اضافے کے ساتھ 6.97 ارب امریکی ڈالر رہا جبکہ درآمدات کا حجم بھی 65.0% اضافے کے ساتھ 18.63 ارب امریکی ڈالر ریکارڈ کیا گیا۔ درآمدات کے بل میں اس قدر اضافے کی شروعات مالی سال 2022 کے آغاز سے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مسلسل کمی کے باعث ہوئی، امریکی ڈالر 157.87 روپے سے بڑھ کر مالی سال 2022 کی پہلی سہ ماہی کے اختتام پر 8.10% اضافے کے ساتھ 170.66 روپے کی بلند ترین سطح پر پہنچ گیا۔ مالی سال 2022 کے پہلے دو مہینوں یعنی جولائی اور اگست میں کرنٹ اکاؤنٹ خسارہ 2.3 ارب امریکی ڈالر ہو گیا جبکہ مالی سال 2022 کی پہلی سہ ماہی میں ترسیلات زر 8 ارب ڈالر کی مستحکم سطح پر رہے۔ مانیٹری پالیسی کمیٹی نے اپنے ستمبر کے اجلاس میں واضح کیا تھا کہ گزشتہ چند مہینوں کے دوران کرنٹ اکاؤنٹ خسارہ بڑھنے کا بوجھ ابتدائی طور پر ایکسچینج ریٹ پر پڑا اور آنے والے مہینوں میں انٹریسٹ ریٹ کے ساتھ دیگر ایڈجسٹمنٹ ٹولز کے ذریعے خسارے کو کم کرنے کی کوشش کی جائے گی۔

مالی سال 2022 کے دوران تجارتی خسارہ جی ڈی پی کا 6.3% تک ہونے کی توقع ہے۔ پاکستان کی ٹیکس مشینری نے مالی سال 2022 کی پہلی سہ ماہی میں 1.395 کھرب روپے جمع کر لیے ہیں جو مقررہ ہدف 1.211 کھرب روپے سے 186 ارب روپے زیادہ ہیں۔ ریونیو کمیشن میں 52% حصہ برآمدات کا ہے جبکہ باقی 48% مقامی ٹیکسز سے وصول کیا گیا ہے۔

مستقبل کے پیش نظر، آئی ایم ایف کی 39 مہینوں کے لیے ایکسٹینڈیڈ فنڈ فیسلٹی (ای ایف ایف) مالی سال 2022 کے بقیہ عرصے کے دوران مالی معاملات میں بہتری کے لیے ایک اہم محرک ثابت ہو سکتا ہے۔ آئی ایم ایف کے ساتھ ای ایف ایف کی بحالی کے لیے مذاکرات جاری ہیں۔ اہم اصلاحات میں ڈومیسٹک ریونیو موبلائزیشن، پاوریکٹر کے بقایا جات میں کمی، بجلی کی سبسڈی کے لیے

## ڈائریکٹرز کا جائزہ

ان کنسولیدیٹڈ مالیاتی گوشوارے برائے تیسری سہ ماہی ونوماہی 2021

بورڈ آف ڈائریکٹرز کی جانب سے ہم آپ کی خدمت میں 30 ستمبر 2021 کو ختم شدہ تیسری سہ ماہی ونوماہی کے لیے فیصل بینک لمیٹڈ ("ایف بی ایل" یا "دی بینک") کی ڈائریکٹرز رپورٹ، ان کنسولیدیٹڈ مالیاتی گوشواروں کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### کمپنی پروفائل

فیصل بینک لمیٹڈ (FBL) کا قیام پاکستان میں 3 اکتوبر، 1994 کو ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں آیا۔ بینک کے شیئرز کا اندراج پاکستان اسٹاک ایکسچینج میں ہے۔ فیصل بینک لمیٹڈ اپنے تمام شعبہ جات کے صارفین کے لیے جدید بینکاری کی وسیع ترین خدمات فراہم کرتا ہے۔

فیصل بینک کی ملک بھر کے 207 سے زائد شہروں میں 576 شاخیں ہیں۔ فیصل بینک لمیٹڈ کو مکمل اسلامی مالیاتی ادارے میں تبدیل کرنے کی حکمت عملی کے تحت ان میں سے 90 فیصد شاخیں شرعی اصولوں کے عین مطابق خدمات فراہم کر رہی ہیں۔

### ہولڈنگ کمپنی

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

### اقتصادی اپ ڈیٹ

مانیٹری پالیسی کمیٹی (MPC) نے 20 ستمبر، 2021 کو ہونے والے اجلاس میں بڑھتی ہوئی طلب کے دباؤ کو روکنے کے لیے پالیسی ریٹ میں 25 بنیادی پوائنٹس کا اضافہ کر کے 7.25% کی شرح کا فیصلہ کیا ہے۔ اس کے ساتھ ساتھ کورونا وائرس کی وجہ سے



# Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
		----- Rupees '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	9	51,526,860	59,881,289
Balances with other banks	10	3,892,546	2,878,547
Lendings to financial institutions	11	12,000,000	2,985,000
Investments	12	343,736,992	276,929,792
Advances	13	366,929,219	318,179,878
Fixed assets	14	25,028,209	24,038,885
Intangible assets	15	1,539,930	1,540,779
Deferred tax assets	20	-	-
Other assets	16	29,328,164	23,523,784
		833,981,920	709,957,954
<b>LIABILITIES</b>			
Bills payable	17	12,016,500	13,543,270
Borrowings	18	104,111,137	58,446,516
Deposits and other accounts	19	613,672,486	540,635,833
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	20	980,285	1,591,769
Other liabilities	21	38,466,875	35,633,134
		769,247,283	649,850,522
<b>NET ASSETS</b>		64,734,637	60,107,432
<b>REPRESENTED BY</b>			
Share capital		15,176,965	15,176,965
Reserves		10,995,073	11,032,647
Surplus on revaluation of assets - net	22	8,112,169	9,027,473
Unappropriated profit		30,450,430	24,870,347
		64,734,637	60,107,432

## CONTINGENCIES AND COMMITMENTS

23

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

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

For the quarter and nine months ended September 30, 2021

		Quarter ended		Nine months ended	
	Note	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
----- Rupees '000 -----					
Mark-up / return / interest earned	25	13,800,948	12,343,174	38,294,872	44,300,167
Mark-up / return / interest expensed	26	6,795,314	6,535,399	19,373,617	25,275,137
Net mark-up / interest income		7,005,634	5,807,775	18,921,255	19,025,030
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	27	1,311,873	963,175	3,744,023	2,618,016
Dividend income		102,310	40,298	346,144	271,878
Foreign exchange income		589,865	630,863	1,615,633	1,559,427
Income / (loss) from derivatives		4,240	(21,350)	(40,635)	79,693
Gain on securities	28	73,310	675,533	523,553	1,690,708
Other income	29	58,332	60,794	226,110	72,870
Total non mark-up / interest income		2,139,930	2,349,313	6,414,828	6,292,592
Total income		9,145,564	8,157,088	25,336,083	25,317,622
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	30	5,459,803	4,749,576	14,978,343	13,864,392
Workers Welfare Fund		74,722	47,764	208,534	195,891
Other charges	31	1,325	(1,989)	5,466	106,023
Total non mark-up / interest expenses		5,535,850	4,795,351	15,192,343	14,166,306
Profit before provisions		3,609,714	3,361,737	10,143,740	11,151,316
Provisions and write-offs - net	32	227,332	616,951	215,784	2,081,759
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		3,382,382	2,744,786	9,927,956	9,069,557
Taxation	33	1,332,979	1,040,183	3,858,731	3,555,005
<b>PROFIT AFTER TAXATION</b>		2,049,403	1,704,603	6,069,225	5,514,552
----- Rupees -----					
<b>Basic / diluted earnings per share</b>	34	1.35	1.12	4.00	3.63

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, 2021

	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- Rupees '000 -----			
Profit after taxation for the period	2,049,403	1,704,603	6,069,225	5,514,552
<b>Other comprehensive loss</b>				
<b><i>Items that may be reclassified to the profit and loss account in subsequent periods:</i></b>				
- Movement in surplus on revaluation of investments - net of tax	(95,961)	(200,629)	(645,598)	(1,186,050)
<b><i>Items that will not be reclassified to the profit and loss account in subsequent periods:</i></b>				
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	(86,560)	-	(86,560)
	(95,961)	(287,189)	(645,598)	(1,272,610)
<b>Total comprehensive income</b>	<b>1,953,442</b>	<b>1,417,414</b>	<b>5,423,627</b>	<b>4,241,942</b>

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 Changes In Equity

For the nine months ended September 30, 2021

	Share capital	Reserves				Total	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
		Capital reserves		Statutory reserve	Investments		Fixed assets / non-banking assets	Total			
		Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase								
Rupees '000											
Balance as at January 1, 2020 (audited)	15,176,965	10,131	475,930	23,952	9,320,945	9,830,958	3,383,915	7,364,165	10,748,080	19,507,870	55,263,873
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	-	-	-	5,514,552	5,514,552
Other comprehensive loss - net of tax	-	-	-	-	-	-	(1,186,050)	-	(1,186,050)	-	(1,186,050)
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,186,050)	-	(1,186,050)	5,514,552	4,328,502
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(86,560)	(86,560)	86,560	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(87,887)	-	-	(87,887)	-	-	-	-	(87,887)
Balance as at September 30, 2020 (un-audited)	15,176,965	10,131	388,043	23,952	9,320,945	9,743,071	2,197,865	7,277,605	9,475,470	25,108,982	59,504,488
Profit after taxation for the period from October 1, 2020 to December 31, 2020	-	-	-	-	-	-	-	-	-	995,953	995,953
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(419,140)	-	(419,140)	38,656	(380,484)
Total comprehensive (loss) / income	-	-	-	-	-	-	(419,140)	-	(419,140)	1,034,609	615,469
Transfer to statutory reserve	-	-	-	-	1,302,101	1,302,101	-	-	-	(1,302,101)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(28,857)	(28,857)	28,857	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	(12,525)
Balance as at December 31, 2020 (audited)	15,176,965	10,131	375,518	23,952	10,623,046	11,032,647	1,778,725	7,248,748	9,027,473	24,870,347	60,107,432
Profit after taxation for the nine months ended September 30, 2021	-	-	-	-	-	-	-	-	-	6,069,225	6,069,225
Other comprehensive loss - net of tax	-	-	-	-	-	-	(645,598)	-	(645,598)	-	(645,598)
Total comprehensive (loss) / income	-	-	-	-	-	-	(645,598)	-	(645,598)	6,069,225	5,423,627
Interim cash dividend declared 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 - 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	30,450,430	64,734,637

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

# Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2021

Note	Nine months ended	
	September 30, 2021	September 30, 2020
----- Rupees '000 -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	9,927,956	9,069,557
Less: dividend income	(346,144)	(271,878)
	9,581,812	8,797,679
<b>Adjustments:</b>		
Depreciation on owned fixed assets	30 1,023,258	993,724
Amortisation of intangible assets	30 107,051	141,056
Depreciation on right-of-use assets	30 1,156,439	1,010,522
Depreciation on non-banking assets	30 3,724	4,649
Workers Welfare Fund	208,534	195,891
Provision against loans and advances - net	32 838,709	2,129,066
Reversal of provision for diminution in value of investments - net	32 (320,589)	(63,511)
Provision against other assets	29,758	-
Reversal of provision against off balance sheet obligations - net	32 (21,956)	(9,621)
Unrealised loss on securities - held for trading - net	39,405	39,278
Gain on sale of fixed assets - net	29 (14,531)	(15,899)
Gain on sale of non-banking assets - net	29 (47,650)	-
Charge for defined benefit plan	158,143	125,646
Loss / (income) from derivative contracts - net	40,635	(79,693)
Mark-up / return / interest expensed - lease liability against right-of-use assets	26 980,752	776,436
Bad debts written off directly	32 23,886	12,723
	4,205,568	5,260,267
	13,787,380	14,057,946
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(9,015,000)	(1,996,880)
Held-for-trading securities	(12,759,847)	1,348,582
Advances	(49,611,936)	(2,757,082)
Others assets	(6,266,851)	2,040,845
	(77,653,634)	(1,364,535)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(1,526,770)	2,835,377
Borrowings from financial institutions	46,908,833	340,897
Deposits	73,036,653	56,847,335
Other liabilities (excluding current taxation)	1,519,353	1,566,890
	119,938,069	61,590,499
Income tax paid	(3,790,877)	(1,359,630)
Contribution to gratuity fund	(158,143)	(244,460)
<b>Net cash generated from operating activities</b>	52,122,795	72,679,820
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(55,137,593)	(69,627,395)
Net divestment in associates	200,000	-
Net divestment in held-to-maturity securities	113,066	1,128,333
Dividends received	313,148	261,446
Investment in operating fixed assets	(2,012,201)	(1,031,020)
Investment in intangible assets	(167,798)	(166,922)
Proceeds from sale of fixed assets	15,747	31,159
Proceeds from sale of non-banking assets	469,000	-
<b>Net cash used in investing activities</b>	(56,206,631)	(69,404,399)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(1,325,648)	(1,100,054)
Dividend paid	(686,734)	(136)
<b>Net cash used in financing activities</b>	(2,012,382)	(1,100,190)
<b>(Decrease) / increase in cash and cash equivalents during the period</b>	(6,096,218)	2,175,231
Cash and cash equivalents at the beginning of the period	61,126,505	62,765,265
<b>Cash and cash equivalents at the end of the period</b>	55,030,287	64,940,496

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

For the nine months ended September 30, 2021

## 1 STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now 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 575 branches (December 31, 2020: 575 branches) and 1 sub-branch (December 31, 2020: 1 sub-branch). Out of these, 521 (December 31, 2020: 500) are Islamic banking branches and 55 (December 31, 2020: 76) are conventional banking branches.

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

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

- 1.2** The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2020: 'AA') and the short term rating as 'A1+' (December 31, 2020: 'A1+') on June 30, 2021 and June 26, 2021 respectively.

## 2 BASIS OF PRESENTATION

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

## 3 STATEMENT OF COMPLIANCE

- 3.1** These condensed interim 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 and Exchange Commission of Pakistan (SECP).

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 3.2** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended September 30, 2021, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 37.574 million (September 30, 2020: Rs. 87.887 million) from the NCR.
- 3.3** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the annual audited unconsolidated financial statements for the year ended December 31, 2020.
- 3.4 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current period:**
- 3.4.1** There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim unconsolidated financial statements.
- 3.5 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:**
- 3.5.1** The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

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

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

\* The SBP vide its BPRD Circular Letter No. 24 dated July 5, 2021 has notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2022. IFRS 9, 'Financial instruments' has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has an impact on all the assets of the Bank which are exposed to credit risk.

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

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

will not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim unconsolidated financial statements.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## 5 BASIS OF MEASUREMENT

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

## 6 FUNCTIONAL AND PRESENTATION CURRENCY

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

## 7 CRITICAL ACCOUNTING ESTIMATES AND 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 unconsolidated financial statements of the Bank for the year ended December 31, 2020, except for a change in the accounting estimate for useful lives of certain categories of fixed assets, as disclosed in more details in note 14.4 to these condensed interim unconsolidated financial statements.

## 8 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2020.

## 9 CASH AND BALANCES WITH TREASURY BANKS

	Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----		
In hand		
- local currency	14,253,741	13,650,095
- foreign currencies	1,307,054	6,147,826
	15,560,795	19,797,921
With State Bank of Pakistan in		
- local currency current accounts	25,361,655	25,323,730
- foreign currency current accounts	2,292,273	2,121,802
- foreign currency deposit accounts	4,277,245	3,860,816
	31,931,173	31,306,348
With National Bank of Pakistan in		
- local currency current accounts	3,754,237	8,202,707
Prize bonds	280,655	574,313
	51,526,860	59,881,289



# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
<b>10 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
- in current accounts	1,724,230	645,262
Outside Pakistan		
- in current accounts	2,144,424	2,233,285
- in deposit accounts	23,892	-
	<u>3,892,546</u>	<u>2,878,547</u>
<b>11 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call money lendings	12,000,000	-
Repurchase agreement lendings (reverse repo)	-	2,985,000
	<u>12,000,000</u>	<u>2,985,000</u>

## 11.1 Securities held as collateral against lendings to financial institutions

	Un-audited September 30, 2021			Audited December 31, 2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- Rupees '000 -----					
Pakistan Investment Bonds	-	-	-	2,985,000	-	2,985,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,985,000</u>	<u>-</u>	<u>2,985,000</u>

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

## 12 INVESTMENTS

### 12.1 Investments by type:

Note	Un-audited September 30, 2021				Audited December 31, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus	Carrying value
Rupees '000								
<b>Held-for-trading securities</b>								
Federal Government securities	18,659,994	-	(3,330)	18,656,664	6,534,053	-	418	6,534,471
Shares	633,906	-	(35,657)	598,249	-	-	-	-
	19,293,900	-	(38,987)	19,254,913	6,534,053	-	418	6,534,471
<b>Available-for-sale securities</b>								
Federal Government securities	249,133,923	-	154,746	249,288,669	195,466,018	-	15,838	195,481,856
Shares	10,350,497	1,377,288	(827,630)	8,145,579	8,421,544	1,688,885	376,325	7,108,984
Non Government debt securities	51,179,570	557,516	2,530,469	53,152,523	51,638,835	559,787	2,523,780	53,602,828
	310,663,990	1,934,804	1,857,585	310,586,771	255,526,397	2,248,672	2,915,943	256,193,668
<b>Held-to-maturity securities</b>								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt securities	11,718,390	1,521,895	-	10,196,495	11,831,456	1,528,616	-	10,302,840
	13,315,438	1,521,895	-	11,793,543	13,428,504	1,528,616	-	11,899,888
<b>Associates *</b>								
Faysal Income & Growth Fund	268,625	-	-	268,625	268,625	-	-	268,625
Faysal Islamic Stock Fund	-	-	-	-	200,000	-	-	200,000
Faysal Savings Growth Fund	693,247	-	-	693,247	693,247	-	-	693,247
	961,872	-	-	961,872	1,161,872	-	-	1,161,872
<b>Subsidiary *</b>								
Faysal Asset Management Limited	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
<b>Total Investments - net</b>	<b>345,375,093</b>	<b>3,456,699</b>	<b>1,818,598</b>	<b>343,736,992</b>	<b>277,790,719</b>	<b>3,777,288</b>	<b>2,916,361</b>	<b>276,929,792</b>

\* related parties

Un-audited September 30, 2021      Audited December 31, 2020  
----- Rupees '000 -----

<b>12.2</b>	Bai Muajjal - gross	2,212,625	2,212,625
	Less: deferred income	(41,563)	(194,895)
	Less: profit receivable shown in other assets	(574,014)	(420,682)
	Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

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

Un-audited September 30, 2021      Audited December 31, 2020  
----- Rupees '000 -----

### 12.3 Investments given as collateral

- Market treasury bills	28,600,000	-
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# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

	Un-audited September 30, 2021	Audited December 31, 2020
	Rupees '000	
<b>12.4 Provision for diminution in value of investments</b>		
<b>12.4.1</b> Opening balance	3,777,288	3,849,281
Charge / (reversals)		
Charge for the period / year	-	379,785
Reversals for the period / year	(8,990)	(14,982)
Reversals on disposals for the period / year	(311,599)	(436,796)
	(320,589)	(71,993)
Closing balance	3,456,699	3,777,288

## 12.4.2 Particulars of provision against debt securities

	Un-audited September 30, 2021		Audited December 31, 2020	
Category of classification	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees '000			
<b>Domestic</b>				
- Loss	2,079,412	2,079,412	2,088,403	2,088,403

**12.5** The market value of non government debt securities classified as held-to-maturity as at September 30, 2021 amounted to Rs. 9,820.543 million (December 31, 2020: Rs. 10,029.170 million).

## 12.6 Investment in subsidiary and associates

Note	Un-audited As at September 30, 2021				Un-audited For nine months ended September 30, 2021		
	Country of incorporation	Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income
Rupees '000							
<b>Associates</b>							
Faysal Income & Growth Fund	Pakistan	26.26%	1,018,606	14,514	58,662	49,111	49,111
Faysal Savings Growth Fund	Pakistan	24.59%	2,796,809	31,790	150,732	125,272	125,272
<b>Subsidiary</b>							
Faysal Asset Management Limited	12.6.1	Pakistan	99.99%	1,266,665	155,528	440,427	182,144

	Audited As at December 31, 2020				Un-audited For nine months ended September 30, 2020		
	Country of incorporation	Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income
Rupees '000							
<b>Associates</b>							
Faysal Income & Growth Fund	Pakistan	40.67%	672,056	15,337	72,426	59,695	35,409
Faysal Islamic Stock Fund	Pakistan	37.64%	646,596	17,356	-	-	-
Faysal Savings Growth Fund	Pakistan	21.54%	3,232,073	44,947	118,353	99,254	99,254
<b>Subsidiary</b>							
Faysal Asset Management Limited		Pakistan	99.99%	1,062,615	133,622	150,283	4,546

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

**12.6.1** 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.

## 13 ADVANCES

Note	Performing		Non-performing		Total	
	Un-audited September 30, 2021	Audited December 31, 2020	Un-audited September 30, 2021	Audited December 31, 2020	Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----						
Loans, cash credits, running finances, etc.	58,163,706	119,418,082	19,462,640	22,406,562	77,626,346	141,824,644
Islamic financing and related assets	305,035,410	189,951,257	3,759,789	3,294,935	308,795,199	193,246,192
Bills discounted and purchased	636,881	4,150,522	450,547	523,928	1,087,428	4,674,450
Advances - gross	363,835,997	313,519,861	23,672,976	26,225,425	387,508,973	339,745,286
Provision against advances	13.3					
- specific	-	-	(19,666,971)	(20,649,632)	(19,666,971)	(20,649,632)
- general	(912,783)	(915,776)	-	-	(912,783)	(915,776)
	(912,783)	(915,776)	(19,666,971)	(20,649,632)	(20,579,754)	(21,565,408)
Advances - net of provision	362,923,214	312,604,085	4,006,005	5,575,793	366,929,219	318,179,878

### 13.1 Particulars of advances (gross)

	Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----		
- in local currency	383,417,770	339,106,568
- in foreign currency	4,091,203	638,718
	387,508,973	339,745,286

**13.2** Advances include Rs. 23,672.976 million (December 31, 2020: Rs. 26,225.425 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited September 30, 2021		Audited December 31, 2020	
	Non-performing loans	Provision	Non-performing loans	Provision
----- Rupees '000 -----				
<b>Domestic</b>				
- other assets especially mentioned	365,073	364	204,782	-
- substandard	1,096,698	109,216	2,727,006	541,529
- doubtful	624,746	204,568	900,979	237,209
- loss	21,586,459	19,352,823	22,392,658	19,870,894
Total	23,672,976	19,666,971	26,225,425	20,649,632

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

## 13.3 Particulars of provision against advances

	Un-audited			Audited		
	September 30, 2021			December 31, 2020		
	Specific	General	Total	Specific	General	Total
Rupees '000						
Opening balance	20,649,632	915,776	21,565,408	23,475,724	761,951	24,237,675
Exchange adjustments	30,278	-	30,278	25,095	-	25,095
Charge for the period / year	2,136,162	-	2,136,162	3,610,762	250,000	3,860,762
Reversals during the period / year	(1,294,460)	(2,993)	(1,297,453)	(1,485,958)	(96,175)	(1,582,133)
	841,702	(2,993)	838,709	2,124,804	153,825	2,278,629
Amounts written off	(1,854,641)	-	(1,854,641)	(4,975,991)	-	(4,975,991)
Closing balance	19,666,971	912,783	20,579,754	20,649,632	915,776	21,565,408

**13.3.1** 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.

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

**13.3.2** As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,251.319 million (December 31, 2020: Rs 2,632.364 million) relating to advances while determining the provisioning requirement against non-performing financing as at September 30, 2021. The additional profit arising from availing the FSV benefit (net of tax) as at September 30, 2021 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,373.305 million (December 31, 2020: Rs 1,605.742 million).

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

Note	Un-audited September 30, 2021	Audited December 31, 2020
	Rupees '000	
<b>14 FIXED ASSETS</b>		
Capital work-in-progress	14.1	1,311,036
Property and equipment		23,717,173
		25,028,209
<b>14.1 Capital work-in-progress</b>		
Civil works		253,657
Equipment		788,288
Furniture and fixture		61,613
Vehicles		36,004
Land and building		171,474
		1,311,036

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

Un-audited	
For the nine months ended	
September 30, 2021	September 30, 2020
----- Rupees '000 -----	

## 14.2 Additions to fixed assets

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

<b>Capital work-in-progress</b>	2,012,185	994,946
<b>Property and equipment</b>		
Building on freehold land	224,239	36,075
Land	495,062	-
Furniture and fixture	21,475	113,736
Electrical, office and computer equipment	589,176	629,200
Vehicles	16,562	127,181
Right-of-use assets - land and building	1,158,037	712,854
Others	188,112	553,070
	2,692,663	2,172,116
<b>Total</b>	4,704,848	3,167,062

## 14.3 Disposal of fixed assets

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

Furniture and fixture	49	3,583
Electrical, office and computer equipment	1,095	247
Vehicles	9	11,430
Others	64	-
<b>Total</b>	1,217	15,260

## 14.4 Change in accounting estimate

With effect from January 1, 2021, the management of the Bank has revised its estimate of the useful lives of core banking software and automated teller machines (ATMs) from 5 years to 7 years whereas the useful lives of other softwares and hardware projects have been revised from 3 years to 5 years. This revision has been made to make the useful lives of these assets more reflective of their consumption pattern.

The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of these assets not been made, the depreciation expense for the period would have been higher by Rs 135.027 million and consequently profit before tax would have been lower by the same amount.

Note	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	

## 15 INTANGIBLE ASSETS

Capital work-in-progress	15.1	423,022	567,658
Computer softwares		562,899	357,516
Customer relationship		554,009	615,605
		1,116,908	973,121
<b>Total</b>		1,539,930	1,540,779

### 15.1 Capital work-in-progress

Computer softwares	423,022	567,658
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# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

		Un-audited	
		For the nine months ended	
		September 30, 2021	September 30, 2020
		Rupees '000	
<b>15.2</b>	<b>Additions to intangible assets</b>		
The following additions have been made to intangible assets during the period:			
	Computer softwares - directly purchased	312,434	234,269
		Un-audited September 30, 2021	Audited December 31, 2020
		Rupees '000	
<b>16</b>	<b>OTHER ASSETS</b>		
	Income / mark-up accrued in local currency - net of provision	8,479,879	7,291,340
	Income / mark-up accrued in foreign currencies - net of provision	9,064	1,314
	Advances, deposits and other prepayments	1,114,006	788,518
	Non-banking assets acquired in satisfaction of claims	986,885	1,229,421
	Mark to market gain on forward foreign exchange contracts	2,898,740	649,361
	Fair value of derivative contracts	32,546	190,130
	Acceptances	13,101,501	10,726,305
	Credit cards and other products fee receivable	436,496	369,968
	Receivable from brokers against sale of shares	223,791	20,241
	Dividend receivable	117,628	84,632
	Receivable from 1Link (Private) Limited	551,518	515,944
	Rent and amenities receivable	11,669	33,159
	Rebate receivable - net	101,402	87,632
	Defined benefit plan asset	64,205	64,205
	Others	283,176	343,660
		28,412,506	22,395,830
	Less: provision held against other assets	(355,590)	(325,832)
	Other assets - net of provision	28,056,916	22,069,998
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	1,271,248	1,453,786
	Other assets - total	29,328,164	23,523,784
<b>16.1</b>	<b>Provision held against other assets</b>		
	Dividend receivable	75,348	75,348
	SBP penalties	51,050	51,050
	Fraud forgery theft and account receivable	50,625	20,867
	Security deposits	22,994	22,994
	Others	155,573	155,573
		355,590	325,832
<b>16.1.1</b>	<b>Movement in provision held against other assets</b>		
	Opening balance	325,832	252,176
	Charge for the period / year	29,758	74,536
	Reversals during the period / year	-	(795)
		29,758	73,741
	Amounts written off	-	(85)
	Closing balance	355,590	325,832

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
<b>17</b>		
<b>BILLS PAYABLE</b>		
In Pakistan	12,016,500	13,543,270
<b>18</b>		
<b>BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan (SBP)		
- under export refinance scheme - part I and II	584,152	8,623,400
- under long term financing facility	1,050,437	1,246,164
- under long term financing facility for renewable power energy (RPE)	763,299	809,662
- under scheme of financing facility for storage of agricultural produce	31,943	53,129
- under Islamic export refinance scheme - part I and II	23,726,535	19,400,601
- under refinance scheme for payment of wages and salaries	8,932,162	12,932,302
- under Islamic financing for renewable energy	5,600,232	1,400,274
- under Islamic long term financing facility	6,914,264	3,599,252
- under Islamic temporary economic refinance scheme	17,357,756	3,807,141
- under Islamic refinance facility for combating COVID-19	318,722	35,400
- under Islamic financing facility for storage of agricultural produce	49,382	-
Repurchase agreement borrowings	65,328,884	51,907,325
Borrowing from other financial institution	28,396,622	-
<b>Total secured</b>	475,605	500,000
	94,201,111	52,407,325
<b>Unsecured</b>		
Call borrowings	1,500,000	-
Overdrawn nostro accounts	389,119	1,633,331
Musharaka acceptances	-	410,000
Other borrowings	8,020,907	3,995,860
<b>Total unsecured</b>	9,910,026	6,039,191
	104,111,137	58,446,516

## 19 DEPOSITS AND OTHER ACCOUNTS

	Un-audited September 30, 2021			Audited December 31, 2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000 -----					
<b>Customers</b>						
Current deposits	185,698,030	23,850,819	209,548,849	144,344,241	20,813,651	165,157,892
Savings deposits	201,980,526	19,395,314	221,375,840	184,980,930	17,643,501	202,624,431
Term deposits	136,925,679	1,976,987	138,902,666	143,287,216	3,141,533	146,428,749
Margin deposits	2,809,946	7,178	2,817,124	3,341,663	15,132	3,356,795
	527,414,181	45,230,298	572,644,479	475,954,050	41,613,817	517,567,867
<b>Financial institutions</b>						
Current deposits	1,737,052	97,148	1,834,200	813,493	49,245	862,738
Savings deposits	30,209,777	-	30,209,777	15,880,218	-	15,880,218
Term deposits	8,984,030	-	8,984,030	6,325,010	-	6,325,010
	40,930,859	97,148	41,028,007	23,018,721	49,245	23,067,966
	568,345,040	45,327,446	613,672,486	498,972,771	41,663,062	540,635,833



# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
		----- Rupees '000 -----	
<b>20 DEFERRED TAX LIABILITIES / (ASSETS)</b>			
<b>Taxable temporary differences on</b>			
- surplus on revaluation of fixed assets		1,546,516	1,602,246
- surplus on revaluation of non-banking assets		14,113	14,113
- surplus on revaluation of investments		724,458	1,137,218
- fair value adjustment relating to net assets acquired upon amalgamation		216,065	240,087
- accelerated tax depreciation		20,689	97,327
		2,521,841	3,090,991
<b>Deductible temporary differences on</b>			
- provision for diminution in the value of investments		(45,476)	(155,137)
- provision against advances, off balance sheet, etc.		(1,356,012)	(1,215,623)
- provision against other assets		(140,068)	(128,462)
		(1,541,556)	(1,499,222)
		980,285	1,591,769
<b>21 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		2,970,745	3,792,193
Mark-up / return / interest payable in foreign currencies		9,967	6,344
Unearned commission and income on bills discounted		885,767	968,302
Accrued expenses		2,387,357	2,484,143
Acceptances	16	13,101,501	10,726,305
Unclaimed dividends		117,152	45,038
Mark to market loss on forward foreign exchange contracts		857,824	1,907,030
Current taxation (provision less payments)		509,759	58,669
Charity fund balance		1,094	1,070
Provision against off-balance sheet obligations	21.1	105,613	127,569
Security deposits against leases		269,305	586,301
Withholding tax payable		115,964	165,433
Federal excise duty payable		51,560	67,402
Payable to brokers against purchase of shares		1,255,309	35,001
Fair value of derivative contracts		922,796	964,671
Payable related to credit cards and other products		188,634	1,146,914
Lease liability against right-of-use assets		9,344,034	8,530,893
Advance against disposal of assets		21,723	459,467
Funds held as security		265,883	242,227
Payable to 1Link (Private) Limited		158,505	154,308
Insurance payable		101,633	115,600
Clearing and settlement accounts		3,942,568	2,706,765
Others		882,182	341,489
		38,466,875	35,633,134
<b>21.1 Provision against off-balance sheet obligations</b>			
Opening balance		127,569	113,676
Charge for the period / year		1,871	25,132
Reversals during the period / year		(23,827)	(11,239)
		(21,956)	13,893
Closing balance		105,613	127,569

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
		----- Rupees '000 -----	
<b>22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus on revaluation of:			
- available for sale securities		1,857,585	2,915,943
- fixed assets		7,268,422	7,411,321
- non-banking assets acquired in satisfaction of claims		1,271,248	1,453,786
		10,397,255	11,781,050
Deferred tax on surplus on revaluation of:			
- available for sale securities		(724,458)	(1,137,218)
- fixed assets		(1,546,515)	(1,602,246)
- non-banking assets acquired in satisfaction of claims		(14,113)	(14,113)
		(2,285,086)	(2,753,577)
		8,112,169	9,027,473
<b>23 CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	23.1	36,218,282	29,202,222
Commitments	23.2	237,601,290	183,850,529
Other contingent liabilities	23.3	4,122,244	4,122,244
		277,941,816	217,174,995
<b>23.1 Guarantees:</b>			
Financial guarantees		7,574,197	7,810,863
Performance guarantees		10,575,325	5,662,415
Other guarantees		18,068,760	15,728,944
		36,218,282	29,202,222
<b>23.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		79,699,505	50,571,999
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	94,054,435	93,025,986
- forward government securities transactions	23.2.2	28,409,410	2,989,036
- derivatives - cross currency and interest rate swaps (notional principal)	23.2.3	6,671,828	8,272,187
- extending credit (irrevocable)	23.5	28,598,923	28,859,840
Commitments for acquisition of:			
- operating fixed assets		31,030	49,303
- intangible assets		136,159	82,178
		237,601,290	183,850,529
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		67,440,020	66,134,904
Sale		26,614,415	26,891,082
		94,054,435	93,025,986
<b>23.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		28,409,410	-
Sale		-	2,989,036
		28,409,410	2,989,036
<b>23.2.3 Commitments in respect of derivatives</b>			
Sale	24	6,671,828	8,272,187

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

		Un-audited September 30, 2021	Audited December 31, 2020
Note			
		Rupees '000	
<b>23.3 Other contingent liabilities</b>			
	Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case	2,510,000	2,510,000
	Indemnity issued favouring the Honorable High Court in one of the cases	457,543	457,543
	Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	1,154,701	1,154,701
23.3.1		4,122,244	4,122,244

**23.3.1** Income tax assessments of the Bank have been finalised upto the tax year 2019 (accounting year 2018) and tax return for the tax year 2021 (accounting year 2020) has already been filed.

The department and the Bank has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154,701 million (December 31, 2020: Rs. 1,154,701 million). The Commissioner Inland Revenue (Appeals) [(CIR(A))] had deleted the said additional tax liability, however the income tax department had filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). During the current period, the ATIR has passed an order and maintained the decision of the CIR(A) in favour of the Bank. The management of the Bank is confident that in case an appeal is filed by the department against the order of the ATIR, the matter will be decided in the Bank's favour and accordingly, no provision has been recorded in these condensed interim unconsolidated financial statements in respect of this matter.

**23.4** There are certain claims against the Bank not acknowledged as debt amounting to Rs 33,864 million (December 31, 2020: Rs 31,374 million). These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment and cases for damages towards opportunity losses suffered by the customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2020: 25,299 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

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

## 23.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 28,599 million (December 2020: Rs. 28,860 million) which are irrevocable in nature.

	Un-audited September 30, 2021	Audited December 31, 2020
	Rupees '000	
<b>24 DERIVATIVE INSTRUMENTS</b>		
Cross currency swaps (notional principal)	6,415,842	7,792,684
Interest rate swap (notional principal)	255,986	479,503

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

## 24.1 Product analysis

Counterparties	September 30, 2021 (Un-audited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain
----- Rupees '000 -----				
<b>With banks for</b>				
Hedging	-	-	-	-
Market making	2,642,033	(29,283)	255,986	4,068
<b>With other entities for</b>				
Hedging	-	-	-	-
Market making	3,773,809	(865,059)	-	-
<b>Total</b>				
Hedging	-	-	-	-
Market making	6,415,842	(894,342)	255,986	4,068

  

Counterparties	December 31, 2020 (Audited)			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain
----- Rupees '000 -----				
<b>With banks for</b>				
Hedging	-	-	-	-
Market making	3,218,043	62,289	479,503	7,048
<b>With other entities for</b>				
Hedging	-	-	-	-
Market making	4,574,641	(843,878)	-	-
<b>Total</b>				
Hedging	-	-	-	-
Market making	7,792,684	(781,589)	479,503	7,048

Un-audited	
For the nine months ended	
September 30, 2021	September 30, 2020
----- Rupees '000 -----	

## 25 MARK-UP / RETURN / INTEREST EARNED

On:

Loans and advances	21,023,942	25,914,194
Investments	16,906,722	17,399,977
Lendings to financial institutions	254,573	45,198
Balances with banks	189	14,601
Securities purchased under resale agreements	109,446	926,197
	<u>38,294,872</u>	<u>44,300,167</u>

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

Note	Un-audited For the nine months ended	
	September 30, 2021	September 30, 2020
----- Rupees '000 -----		
<b>26 MARK-UP / RETURN / INTEREST EXPENSED</b>		
On:		
Deposits	14,746,025	20,265,878
Securities sold under repurchase agreements	733,789	166,713
Other short term borrowings	31,329	24,463
SBP borrowings	718,845	430,361
Short sale of Pakistan Investment Bonds	-	42,219
Bai Muajjal	-	178,419
Musharaka acceptances	115,822	633,290
Lease liability against right-of-use assets	980,752	776,436
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,047,055	2,757,358
	<u>19,373,617</u>	<u>25,275,137</u>
<b>27 FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	608,379	370,021
Consumer finance related fees	367,803	232,213
Card related fees (debit and credit cards)	1,440,287	1,075,500
Credit related fees	20,756	36,565
Investment banking fees	170,345	118,737
Commission on trade	288,653	199,576
Commission on guarantees	103,961	66,350
Commission on cash management	56,340	46,594
Commission on remittances including home remittances	256,943	106,507
Commission on bancassurance	221,307	225,209
Commission on sale of funds unit	144,439	90,190
Others	64,810	50,554
	<u>3,744,023</u>	<u>2,618,016</u>
<b>28 GAIN ON SECURITIES</b>		
Realised - net	28.1 562,958	1,729,986
Unrealised - held for trading - net	(39,405)	(39,278)
	<u>523,553</u>	<u>1,690,708</u>
<b>28.1 Realised gain on:</b>		
Federal Government securities	331,260	1,187,116
Shares	148,175	512,650
Open end mutual funds	22,003	30,220
Associates	61,520	-
	<u>562,958</u>	<u>1,729,986</u>
<b>29 OTHER INCOME</b>		
Rent on property	155,332	140,063
Gain on sale of fixed assets - net	14,531	15,899
Gain on sale of non-banking assets - net	47,650	-
Loss on short sale of Pakistan Investment Bonds (PIBs)	-	(88,139)
Notice pay	5,504	3,375
Scrap income	2,821	1,291
Others	272	381
	<u>226,110</u>	<u>72,870</u>

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

## 30 OPERATING EXPENSES

Un-audited	
For the nine months ended	
September 30, 2021	September 30, 2020
----- Rupees '000 -----	
6,021,798	5,480,855
334,748	156,010
44,235	45,854
569,739	532,641
551,286	564,138
403,754	359,155
396,968	388,989
3,724	4,649
1,156,439	1,010,522
64,735	54,573
3,525,628	3,116,531
1,051,144	1,199,542
189,239	197,290
265,317	280,732
107,051	141,056
177,487	192,454
304	2,025
1,790,542	2,013,099
80,080	115,741
80,210	56,563
282,893	280,548
65,100	49,191
38,035	35,782
360,973	324,003
15,042	16,042
109,107	121,398
143,820	103,358
332,957	293,621
79,917	77,424
16,514	12,436
679,433	613,247
258,902	264,091
114,150	86,210
53,909	51,564
390,176	292,992
137,116	134,357
402,041	325,339
3,640,375	3,253,907
14,978,343	13,864,392
5,466	106,023

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

		Un-audited	
		For the nine months ended	
Note		September 30, 2021	September 30, 2020
		Rupees '000	
<b>32</b>	<b>PROVISIONS AND WRITE-OFFS - NET</b>		
	Reversal of provision for diminution in value of investments	(320,589)	(63,511)
	Provision against loans and advances	838,709	2,129,066
	Bad debts written-off directly	23,886	12,723
	Recoveries of written-off / charged-off bad debts	(334,024)	(42,271)
	Reversal of provision against off balance sheet obligations	(21,956)	(9,621)
	Provision against other assets - net	29,758	55,373
		<u>215,784</u>	<u>2,081,759</u>
<b>33</b>	<b>TAXATION</b>		
	Current	3,993,433	3,751,314
	Prior periods	40,000	20,000
	Deferred	(174,702)	(216,309)
		<u>3,858,731</u>	<u>3,555,005</u>

## 34 BASIC / DILUTED EARNINGS PER SHARE

		Un-audited			
		For the quarter ended		For the nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		Rupees '000			
	Profit after tax for the period	<u>2,049,403</u>	<u>1,704,603</u>	<u>6,069,225</u>	<u>5,514,552</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>1.35</u>	<u>1.12</u>	<u>4.00</u>	<u>3.63</u>

**34.1** Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at September 30, 2021 and September 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

## 35 FAIR VALUE MEASUREMENTS

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

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

### 35.1 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:

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

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

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

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

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

September 30, 2021 (Un-audited)				
	Level 1	Level 2	Level 3	Total
	Rupees '000			
<b>On-balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	-	267,945,333	-	267,945,333
Shares	7,166,652	1,577,176	-	8,743,828
Non Government debt securities	47,512,500	5,640,023	-	53,152,523
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Non Government debt securities	-	9,820,543	-	9,820,543
<b>Non-financial assets - measured at fair value</b>				
Fixed assets (land and buildings)	-	-	11,978,362	11,978,362
Non-banking assets acquired in satisfaction of claims	-	-	2,258,133	2,258,133
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	70,334,897	-	70,334,897
Forward sale of foreign exchange	-	27,468,376	-	27,468,376
Derivatives sales	-	6,671,828	-	6,671,828
December 31, 2020 (Audited)				
	Level 1	Level 2	Level 3	Total
	Rupees '000			
<b>On-balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	-	202,016,327	-	202,016,327
Shares	5,631,735	1,477,249	-	7,108,984
Non Government debt securities	47,510,000	6,092,828	-	53,602,828
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Non Government debt securities	-	10,029,170	-	10,029,170
<b>Non-financial assets - measured at fair value</b>				
Fixed assets (land and buildings)	-	-	11,259,060	11,259,060
Non-banking assets acquired in satisfaction of claims	-	-	2,683,207	2,683,207
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	64,514,335	-	64,514,335
Forward sale of foreign exchange	-	26,528,182	-	26,528,182
Derivatives sales	-	8,272,187	-	8,272,187



# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

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

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

Item	Valuation approach and input used
Fixed assets (land and buildings)	Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. These were last revalued on December 31, 2019.
Non-banking assets acquired in satisfaction of claims	Non-banking assets acquired in satisfaction of claims are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. These were last revalued on December 31, 2019.

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

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

## 36 SEGMENT INFORMATION

### 36.1 Segment details with respect to business activities

	2021					Total
	Retail	CIBG	Treasury	SAM	Others	
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 September 30, 2021 (un-audited)						
Cash and bank balances	21,314,552	-	34,104,854	-	-	55,419,406
Lendings to financial institutions	-	-	12,000,000	-	-	12,000,000
Investments	-	15,865,029	326,892,219	3,296,550	1,139,893	347,193,691
- Investment provision	-	-	(1,377,288)	(2,079,411)	-	(3,456,699)
Net inter segment lending	484,282,618	-	-	-	(484,282,618)	-
Advances - performing	74,045,869	283,274,532	-	-	6,515,596	363,835,997
Advances - non-performing	4,468,490	5,552,943	-	13,588,332	63,211	23,672,976
- Advances - provisions	(3,201,008)	(3,940,909)	-	(13,058,688)	(379,149)	(20,579,754)
Others	14,054,076	3,709,173	4,241,979	(1,882,480)	35,773,555	55,896,303
Total assets	594,964,597	304,460,768	375,861,764	(135,697)	(441,169,512)	833,981,920
Borrowings	7,023,891	59,370,330	37,716,916	-	-	104,111,137
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	575,466,934	36,683,554	-	295,686	1,226,312	613,672,486
Net inter segment borrowing	-	206,544,601	330,854,716	(431,383)	(536,967,934)	-
Others	12,473,772	1,862,283	6,157,005	-	30,970,600	51,463,660
Total liabilities	594,964,597	304,460,768	374,728,637	(135,697)	(504,771,022)	769,247,283
Equity	-	-	1,133,127	-	63,601,510	64,734,637
Total equity and liabilities	594,964,597	304,460,768	375,861,764	(135,697)	(441,169,512)	833,981,920
Contingencies and commitments	18,531,697	96,557,120	-	1,286,513	-	116,375,330

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

2020					
Retail	CIBG	Treasury	SAM	Others	Total

----- Rupees `000 -----

## Profit and loss account for the nine months ended

September 30, 2020 (un-audited)

Net mark-up / return / profit	(12,915,126)	18,902,652	12,807,042	170,080	60,382	19,025,030
Inter segment revenue - net	24,825,284	(16,110,495)	(12,332,440)	(151,987)	3,769,638	-
Non mark-up / return / interest income	2,671,065	764,781	3,275,359	5,198	(423,811)	6,292,592
Total income	14,581,223	3,556,938	3,749,961	23,291	3,406,209	25,317,622

Segment direct expenses	8,153,714	392,847	263,031	93,367	5,263,347	14,166,306
Inter segment expense allocation	4,587,542	483,949	100,743	89,908	(5,262,142)	-
Total expenses	12,741,256	876,796	363,774	183,275	1,205	14,166,306
Provisions	785,587	1,459,979	(58,543)	(172,377)	67,113	2,081,759
Profit before tax	1,054,380	1,220,163	3,444,730	12,393	3,337,891	9,069,557

## Statement of financial position as at December 31, 2020 (audited)

Cash and bank balances	29,219,828	-	33,540,008	-	-	62,759,836
Lendings to financial institutions	-	-	2,985,000	-	-	2,985,000
Investments	-	16,430,902	259,865,978	3,298,820	1,111,380	280,707,080
- Investment provision	-	-	(1,688,885)	(2,088,403)	-	(3,777,288)
Net inter segment lending	412,879,111	-	-	-	(412,879,111)	-
Advances - performing	64,171,608	245,899,442	-	-	3,448,811	313,519,861
Advances - non-performing	6,647,456	3,489,249	-	16,049,685	39,035	26,225,425
- Advances - provisions	(5,245,632)	(2,755,805)	-	(13,299,212)	(264,759)	(21,565,408)
Others	10,290,418	3,793,772	4,945,294	(1,881,285)	31,955,249	49,103,448
<b>Total assets</b>	<b>517,962,789</b>	<b>266,857,560</b>	<b>299,647,395</b>	<b>2,079,605</b>	<b>(376,589,395)</b>	<b>709,957,954</b>
Borrowings	5,488,813	46,412,012	6,545,691	-	-	58,446,516
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	494,881,273	44,326,035	-	201,771	1,226,754	540,635,833
Net inter segment borrowing	-	175,499,595	289,997,780	1,871,334	(467,368,709)	-
Others	17,592,703	619,918	331,518	6,500	32,217,534	50,768,173
<b>Total liabilities</b>	<b>517,962,789</b>	<b>266,857,560</b>	<b>296,874,989</b>	<b>2,079,605</b>	<b>(433,924,421)</b>	<b>649,850,522</b>
Equity	-	-	2,772,406	-	57,335,026	60,107,432
<b>Total equity and liabilities</b>	<b>517,962,789</b>	<b>266,857,560</b>	<b>299,647,395</b>	<b>2,079,605</b>	<b>(376,589,395)</b>	<b>709,957,954</b>
Contingencies and commitments	14,672,741	64,309,145	-	1,249,878	-	80,231,764

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

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

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

	September 30, 2021 (Un-audited)					December 31, 2020 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
<b>Investments</b>												
Opening balance	-	-	-	1,139,893	1,161,872	3,495,158	-	-	-	639,893	961,872	3,614,956
Investment made during the period / year	-	-	-	-	-	11,750,000	-	-	-	500,000	200,000	21,245,000
Investment redeemed / sold during the period / year	-	-	-	-	(200,000)	(11,507,994)	-	-	-	-	-	(21,364,798)
Closing balance	-	-	-	1,139,893	961,872	3,737,164	-	-	-	1,139,893	1,161,872	3,495,158
Provision for diminution in value of investments	-	-	-	-	-	2,039,337	-	-	-	-	-	2,041,899
<b>Advances</b>												
Opening balance	-	-	255,772	-	-	1,799,681	-	-	226,887	-	-	9,441,893
Addition during the period / year	-	-	353,334	-	-	-	-	-	78,407	-	-	6,496
Repaid during the period / year	-	-	(188,412)	-	-	(72,719)	-	-	(49,522)	-	-	(5,296,772)
Written off during the period / year	-	-	-	-	-	-	-	-	-	-	-	(2,351,936)
Closing balance	-	-	420,694	-	-	1,726,962	-	-	255,772	-	-	1,799,681
Provision held against advances	-	-	-	-	-	511,816	-	-	-	-	-	511,816
<b>Fixed assets - right-of-use assets</b>												
Opening balance	-	-	-	7,814	-	-	-	-	-	12,750	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the period / year	-	-	-	(3,701)	-	-	-	-	-	(4,936)	-	-
Closing balance	-	-	-	4,113	-	-	-	-	-	7,814	-	-
Accumulated depreciation	-	-	-	10,693	-	-	-	-	-	6,992	-	-

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

	September 30, 2021 (Un-audited)					December 31, 2020 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
<b>Other assets</b>												
Interest / mark-up accrued	-	-	542	-	-	48,281	-	-	345	-	-	58,469
Commission income receivable	-	-	-	-	1,216	62,709	-	-	-	-	72	36,391
Defined benefit plan asset	-	-	-	-	-	64,205	-	-	-	-	-	64,205
Maintenance receivable	-	-	-	584	-	-	-	-	-	1,751	-	-
Rent receivable	-	-	-	2,156	-	-	-	-	-	6,467	-	-
Dividend receivable	-	-	-	-	-	1,559	-	-	-	-	-	1,398
Others	-	-	-	-	-	551,518	-	-	-	-	-	515,944
	-	-	542	2,740	1,216	728,272	-	-	345	8,218	72	676,407
<b>Deposits and other accounts</b>												
Opening balance	182	44,456	139,814	4,244	14,910	10,509,734	182	37,985	156,482	5,469	-	3,074,185
Received during the period / year	705,659	73,494	1,774,402	18,652,195	767,814	336,073,297	-	46,969	1,723,877	33,796,467	1,178,039	235,409,751
Withdrawn during the period / year	(377,444)	(69,805)	(1,751,639)	(18,556,970)	(769,730)	(329,684,057)	-	(40,498)	(1,740,545)	(33,797,692)	(1,163,129)	(227,974,202)
Transfer in / (out) during the period / year	-	-	-	-	(2,041)	2,041	-	-	-	-	-	-
Closing balance	328,397	48,145	162,577	99,469	10,953	16,901,015	182	44,456	139,814	4,244	14,910	10,509,734
<b>Other liabilities</b>												
Interest / mark-up payable	-	145	142	-	-	42,480	-	129	217	-	11	38,703
Lease liability against right-of-use asset	-	-	-	-	-	-	-	-	-	5,640	-	-
Other liabilities	-	-	-	11,062	-	158,505	-	-	-	-	-	154,308
	-	145	142	11,062	-	200,985	-	129	217	5,640	11	183,011
<b>Contingencies and commitments</b>												
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	-	6,603	-	-	-	-	-	4,397
Trade related commitments	-	-	-	-	-	132,453	-	-	-	-	-	90,506
	-	-	-	-	-	139,056	-	-	-	-	-	94,903

\* represents outstanding guarantee

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

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, 2021 (Un-audited)					September 30, 2020 (Un-audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
<b>Income</b>												
Mark-up / return / interest earned	-	-	11,859	-	-	61,925	-	-	9,711	-	-	254,422
Fee and commission income	-	25	61	47	34	148,453	-	39	103	40	-	108,081
Dividend income	-	-	-	-	57,867	37,879	-	-	-	-	-	146,919
Net gain on sale of securities	-	-	163	17	61,520	22,257	-	-	-	-	-	30,220
Gain on sale of fixed assets	-	-	11	-	-	-	-	-	-	-	-	-
Maintenance income	-	-	-	5,254	-	-	-	-	-	18,406	-	-
Occupancy and conservancy income	-	-	-	19,400	-	-	-	-	-	4,985	-	-
Other income	-	-	-	875	-	-	-	-	-	700	-	-
<b>Expense</b>												
Mark-up / return / interest paid	-	807	2,193	1,246	875	475,801	-	1,797	6,025	1,151	-	161,906
Interest expense on lease liability	-	-	-	474	-	-	-	-	-	976	-	-
Director's fee and other expenses	-	80,080	-	-	-	-	-	115,741	-	-	-	-
Remuneration	-	-	421,236	-	-	1,385	-	-	413,222	-	-	1,343
Consultancy fee	-	-	-	-	-	7,947	-	-	-	-	-	578
Commission expense	-	-	-	11,062	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	158,143	-	-	-	-	-	125,646
Contribution to defined contribution plan	-	-	-	-	-	187,057	-	-	-	-	-	170,138
<b>Others</b>												
Shares / units purchased during the period	-	-	-	-	-	11,750,000	-	-	-	500,000	-	15,450,000
Shares / units sold during the period	-	-	-	-	261,520	11,529,997	-	-	-	-	-	14,852,291
Government securities purchased during the period	-	-	599,573	-	-	3,659,466	-	-	539,806	-	-	6,340,856
Government securities sold during the period	-	-	754,889	495,847	-	6,002,957	-	-	562,901	-	-	7,186,930
Contribution to defined benefit plan	-	-	-	-	-	158,143	-	-	-	-	-	244,460
Sale proceeds from disposal of fixed assets	-	-	25	-	-	-	-	-	-	-	-	-

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

Un-audited  
September 30,  
2021

Audited  
December 31,  
2020

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

## 38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

### Minimum capital requirement (MCR):

Paid-up capital (net of losses)

15,176,965

15,176,965

### Capital adequacy ratio (CAR):

Eligible common equity tier 1 (CET 1) capital

55,296,277

49,714,043

Eligible additional tier 1 (ADT 1) capital

-

-

Total eligible tier 1 capital

55,296,277

49,714,043

Eligible tier 2 capital

7,767,817

8,503,577

Total eligible capital (tier 1 + tier 2)

63,064,094

58,217,620

Risk weighted assets (RWAs):

Credit risk

264,081,023

238,337,872

Market risk

26,272,456

21,979,018

Operational risk

51,445,036

51,445,036

Total

341,798,515

311,761,926

Common equity tier 1 capital adequacy ratio (in %)

16.18%

15.95%

Tier 1 Capital adequacy ratio (in %)

16.18%

15.95%

Total Capital adequacy ratio (in %)

18.45%

18.67%

### Leverage ratio (LR):

Eligible tier-1 capital

55,296,277

49,714,043

Total exposures

1,020,495,625

833,578,134

Leverage ratio (in %)

5.42%

5.96%

### Liquidity coverage ratio (LCR):

Total high quality liquid assets

321,394,295

265,715,345

Total net cash outflow

145,732,025

125,951,241

Liquidity coverage ratio (Ratio)

2.205

2.110

### Net stable funding ratio (NSFR):

Total available stable funding

566,067,803

493,425,675

Total required stable funding

336,453,813

291,491,198

Net stable funding ratio (in %)

168.25%

169.28%

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

## 39 ISLAMIC BANKING BUSINESS

The Bank is operating 521 Islamic banking branches (December 31, 2020: 500) including 1 Islamic sub-branch (December 31, 2020: 1). The statement of financial position and profit and loss account of these branches for the period ended September 30, 2021 are as follows:

		Un-audited September 30, 2021	Audited December 31, 2020
Statement of financial position	Note	Rupees '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		22,060,322	21,763,033
Balances with other banks		2,787,778	1,929,779
Due from financial institutions	39.1	28,000,000	28,000,000
Investments	39.2	68,328,003	67,554,233
Islamic financing and related assets - net	39.3	305,973,261	189,941,639
Fixed assets		14,278,389	13,345,113
Intangible assets		179,604	136,688
Other assets		13,283,378	6,278,487
		454,890,735	328,948,972
<b>LIABILITIES</b>			
Bills payable		7,062,482	6,029,790
Due to financial institutions		75,756,094	47,086,694
Deposits and other accounts	39.4	323,732,281	248,090,892
Due to head office		4,449,023	769,570
Other liabilities		12,569,828	11,198,497
		423,569,708	313,175,443
		31,321,027	15,773,529
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
Islamic banking fund		22,180,000	9,180,000
Surplus on revaluation of assets - net of tax		1,503,354	1,468,656
Unappropriated profit	39.5	7,637,673	5,124,873
		31,321,027	15,773,529
<b>CONTINGENCIES AND COMMITMENTS</b>			
	39.6		



# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

Note	Un-audited	
	For the nine months ended	
	September 30, 2021	September 30, 2020
	Rupees '000	
<b>Profit and loss account</b>		
Profit / return earned	39.7	18,917,011
Profit / return expensed	39.8	7,212,556
<b>Net profit / return</b>		11,704,455
<b>Other income</b>		
Fee and commission income		1,357,147
Foreign exchange income		281,092
Gain on securities		76,598
Others		97,795
Total other income		1,812,632
<b>Total income</b>		13,517,087
<b>Other expenses</b>		
Operating expenses		7,375,831
Other charges		825
Total other expenses		7,376,656
Profit before provisions		6,140,431
Provisions and write offs - net		2,021,087
<b>Profit before taxation</b>		4,119,344
Taxation		1,606,544
<b>Profit after taxation</b>		2,512,800
	<b>Un-audited</b>	<b>Audited</b>
	<b>September 30, 2021</b>	<b>December 31, 2020</b>

## 39.1 Due from financial institutions

Musharaka placement

	Rupees '000
28,000,000	28,000,000

## 39.2 Investments by segments:

	Un-audited				Audited			
	September 30, 2021				December 31, 2020			
	Cost / amortised cost	Provision for diminution	Surplus	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees '000								
<b>Federal Government securities:</b>								
- Ijarah Sukuks	34,524,485	-	202,155	34,726,640	34,434,037	-	(27,948)	34,406,089
- Bai Muajjal								
- Government of Pakistan	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
- Other Federal Government securities	1,091,045	-	-	1,091,045	466,435	-	-	466,435
	37,212,578	-	202,155	37,414,733	36,497,520	-	(27,948)	36,469,572
<b>Shares</b>								
- Listed companies	100,000	-	-	100,000	-	-	-	-
<b>Non Government Debt securities:</b>								
- Listed	15,000,000	-	487,500	15,487,500	15,000,000	-	410,000	15,410,000
- Unlisted	15,308,032	-	17,738	15,325,770	15,663,124	-	11,537	15,674,661
	30,308,032	-	505,238	30,813,270	30,663,124	-	421,537	31,084,661
<b>Total investments</b>	<b>67,620,610</b>	<b>-</b>	<b>707,393</b>	<b>68,328,003</b>	<b>67,160,644</b>	<b>-</b>	<b>393,589</b>	<b>67,554,233</b>

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

## 39.3 Islamic financing and related assets - net

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
Murabaha	18,743,930	2,802,616
Musharaka	7,164	7,194
Diminishing Musharaka	135,075,691	102,902,725
Istisna	21,471,481	17,760,768
Tawwaruq	1,053,123	55,002
Running Musharaka	72,601,965	37,086,503
Fixed assets Ijarah financing - net	60,650	78,056
Tijarah	286,461	232,113
Advance against Murabaha financing	1,855,236	1,267,610
Advanced against Diminishing Musharaka	29,058,983	16,552,367
Advance against Ijarah	1,624,922	937,383
Advance against Istisna	11,698,288	6,890,624
Advance against Islamic export refinance	7,521,931	2,650,700
Advance against Tijarah	115,000	-
Musawamah	120,561	-
Bai salam	326,675	-
Salam	112,300	-
Inventory related to Islamic financing	7,060,838	1,974,625
Gross Islamic financing and related assets	308,795,199	191,198,286
Less: provision against Islamic financings		
- specific	(2,597,856)	(1,094,130)
- general	(224,082)	(162,517)
	(2,821,938)	(1,256,647)
Islamic financing and related assets - net of provision	305,973,261	189,941,639

## 39.4 Deposits

	Un-audited September 30, 2021			Audited December 31, 2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees '000 -----					
<b>Customers</b>						
Current deposits	128,911,931	11,764,214	140,676,145	82,149,540	8,463,757	90,613,297
Savings deposits	121,377,264	8,296,042	129,673,306	95,053,032	6,078,395	101,131,427
Term deposits	27,725,277	192,416	27,917,693	45,612,885	245,025	45,857,910
	278,014,472	20,252,672	298,267,144	222,815,457	14,787,177	237,602,634
<b>Financial institutions</b>						
Current deposits	251,112	8,247	259,359	171,270	78	171,348
Savings deposits	17,665,728	-	17,665,728	8,426,214	7,646	8,433,860
Term deposits	7,540,050	-	7,540,050	1,883,050	-	1,883,050
	25,456,890	8,247	25,465,137	10,480,534	7,724	10,488,258
	303,471,362	20,260,919	323,732,281	233,295,991	14,794,901	248,090,892

# Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements

For the nine months ended September 30, 2021

Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----	

## 39.5 Islamic banking business unappropriated profit

Opening balance	5,124,873	2,794,403
Add: Islamic Banking profit for the period / year	4,119,344	3,820,444
Less: taxation	(1,606,544)	(1,489,974)
Closing balance	7,637,673	5,124,873

## 39.6 Contingencies and commitments

Guarantees	23,410,889	12,003,581
Commitments	72,569,470	50,760,337
	95,980,359	62,763,918

Un-audited For the nine months ended	
September 30, 2021	September 30, 2020
----- Rupees '000 -----	

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

Financing	13,670,896	10,916,946
Investments	5,246,115	2,863,805
	18,917,011	13,780,751

## 39.8 Profit on deposits and other dues expensed

Deposits and other accounts	5,120,982	4,255,011
Other short term borrowings	1,437,662	1,758,643
Lease liability against right-of-use assets	653,912	525,824
	7,212,556	6,539,478

## 40 GENERAL

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

## 41 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on October 27, 2021 by the Board of Directors of the Bank.

# Directors' Report

## Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited Group, along with unaudited condensed interim consolidated financial statements for the quarter and nine months ended September 30, 2021.

### Group Profile

Faysal Bank Ltd. (FBL) holds 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 based on its holding in the following open-ended mutual funds managed by FAML.

Associates	% Holding
Faysal Income & Growth Fund	70.39%
Faysal Cash Fund	30.24%
Faysal Asset Allocation Fund	21.00%
Faysal Savings Growth Fund	24.59%

### FBL Group Financial Highlights:

Key Balance Sheet Numbers	Rs. in million		
	September '21	December '20	Growth %
Investment	343,351	276,470	24.2%
Financing	366,929	318,180	15.3%
Total Assets	834,214	710,064	17.5%
Deposits	613,580	540,632	13.5%

Profit & Loss Account	Rs. in million		
	September '21	September '20	Growth %
Total Revenue	25,606	25,440	0.7%
Non-Markup Expenses	15,336	14,269	7.5%
Share of profit of associates	83	-	-
Profit before tax & provisions	10,353	11,171	-7.3%
Net Provisions	216	2,082	-89.6%
Profit before tax	10,137	9,089	11.5%
Tax	3,931	3,566	10.2%
Profit after tax	6,206	5,523	12.4%
Earnings per share (Rupees)	4.09	3.64	

Despite a significant reduction in banking spreads due to reduction in markup rates, FBL's consolidated profit after tax for the nine months ended September 30, 2021 at PKR 6,206

million is 12.4% higher than corresponding period of previous year. The Group was able to protect its margins by aggressively growing its low-cost core deposits. Consequently, Earnings Per Share in the first nine months of 2021 was PKR 4.09 as compared to PKR 3.64 in the corresponding period of last year.

FAML continued to show improvement in performance. Assets Under Management (AUMs) have grown by 39.2% over December 2020 to PKR 66 billion. One of the reasons for growth in AUMs is that FBL is effectively leveraging its branch network to generate Faysal Funds sales in targeted customer segments.

FAML has recorded profit after tax of PKR 182.14 million during the period under review as against a profit of PKR 4.55 million during the corresponding period last year. This shows remarkable turnaround in operating performance of the entity post acquisition of control by FBL.

FAML strives to enhance its product suite and has acquired Private Fund Management and REIT Management licenses in the second quarter of 2021. Further FAML has launched Faysal Pension Fund and Faysal Islamic Pension Fund in the first week of October '21.

**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 recently upgraded Management Quality Rating (MQR) of FAML to Am2+. The rating signifies asset manager exhibiting very good management characteristics. The rating upgrade reflects improvement in market share, growing proportion of retail investments in relation to total AUMs, growth in advisory portfolio and capitalization. Post-acquisition by FBL, the MQR of FAML has been upgraded by three notches.

**Holding Company**

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

**Subsequent Events**

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

**Acknowledgement**

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

**Approval**

In compliance with the requirement of the Companies Act, 2017, this directors' report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on October 27, 2021 and signed by the Chief Executive Officer and a director.

**President & CEO**

**Chairman**

Karachi

Dated: October 27, 2021

## توثیقی بیان:

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

## منظوری:

کمپنیز ایکٹ 2017 کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 27 اکتوبر 2021 کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

چیئر مین

صدر اور سی ای او

کراچی

تاریخ: 27 اکتوبر، 2021

## کریڈٹ ریٹنگ:

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

طویل المیعاد: AA

قلیل المیعاد: A1+

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

وی آئی ایس کریڈٹ ریٹنگ کمپنی نے ایف اے ایم ایل کے لیے مینجمنٹ کواٹری ریٹنگ (MQR) AM2+ تفویض کی ہے۔ ریٹنگ میں بہتری نہ صرف منتظمین کی اچھی کارکردگی کی عکاس ہے بلکہ مارکیٹ شیئر میں اضافہ، ٹوٹل AUMS کے حوالے سے ریٹیل سرمایہ کاریوں کا بڑھتا ہوا تناسب، ایڈوائزری اور کپیٹل نریشن پورٹ فولیو میں نمو بھی اسی کا نتیجہ ہے۔ ایف بی ایل کی جانب سے انتظامی کنٹرول سنبھالنے کے بعد، ایف اے ایم ایل کا MQR تین درجے بہتر ہوا ہے۔

## ہولڈنگ کمپنی

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

## بعد ازاں رپورٹنگ کے واقعات:

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



(ملین روپے)			نفع اور نقصان اکاؤنٹ
نمبر	ستمبر ۲۰۲۰ء	ستمبر ۲۰۲۱ء	
0.7 فیصد	25,440	25,606	مجموعی آمدنی
7.5 فیصد	14,269	15,336	مارک اپ کے علاوہ اخراجات
-	-	83	ایسوسی ایٹس کے منافع کا حصہ
-7.3 فیصد	11,171	10,353	منافع قبل از ٹیکس اور پروویژن
-89.6 فیصد	2,082	216	نیٹ پروویژن
11.5 فیصد	9,089	10,137	منافع قبل از ٹیکس
10.2 فیصد	3,566	3,931	ٹیکسز
12.4 فیصد	5,523	6,206	منافع بعد از ٹیکس
	3.64	4.09	فی حصص آمدن (روپے)

شرح سود میں کمی کی وجہ سے بینکنگ منافع جات بہت کم ہونے کے باوجود 30 ستمبر، 2021 کو ختم ہونے والے نو ماہ میں فیصل بینک لمیٹڈ کا مجموعی بعد از ٹیکس منافع 6,206 ملین روپے رہا جو کہ گزشتہ سال اسی مدت کے مقابلے میں 12.4 فیصد زیادہ ہے۔ گروپ نے کم لاگت والے بنیادی ڈپازٹس میں تیزی کے ساتھ اضافہ کرتے ہوئے اپنے منافع جات کو محفوظ کر لیا۔ اس کے نتیجے میں گزشتہ سال کی اسی مدت کے 3.64 روپے کے مقابلے میں اس سال نو ماہ میں فی حصص آمدنی (EPS) 4.09 روپے ریکارڈ کی گئی۔

ایف اے ایم ایل نے اپنی کارکردگی میں بہتری کو برقرار رکھا ہوا ہے۔ ستمبر 2021 میں ایف اے ایم ایل کے ایسٹس انڈر مینجمنٹ (AUMs) 39.2 فیصد اضافے کے ساتھ 66 ارب روپے تک جا پہنچے ہیں۔ AUMs میں اضافے کی ایک وجہ یہ بھی ہے کہ فیصل بینک نے اپنے وسیع ترین ورک کے ذریعے خاص صارفین پر توجہ مرکوز کی اور فیصل فنڈز کی سیلز بڑھائی۔

ایف اے ایم ایل کو زیر جائزہ مدت کے دوران 182.14 ملین روپے بعد از ٹیکس منافع ہوا، جبکہ گزشتہ سال اسی مدت کے دوران 4.55 ملین روپے بعد از ٹیکس منافع تھا۔ یہ ایف بی ایل کے زیر انتظام ادارے کی آپریٹو کارکردگی میں قابل ذکر تبدیلی کا منہ بولتا ثبوت ہے۔

ایف اے ایم ایل اپنی پروڈکٹس کی پیش کش بڑھانے کے لیے کوشاں ہے اور اس ضمن میں ہم 2021 کی دوسری سہ ماہی کے دوران پرائیویٹ فنڈ مینجمنٹ اور REIT مینجمنٹ کے لائسنس حاصل کرنے میں کامیاب رہے ہیں۔ علاوہ ازیں ایف اے ایم ایل نے اکتوبر 2021 کے پہلے ہفتے میں فیصل پینشن فنڈ اور فیصل اسلامک پینشن فنڈ کا آغاز بھی کر دیا ہے۔

## ڈائریکٹرز کا جائزہ

کنسولیدیٹڈ مالیاتی گوشوارے برائے تیسری سہ ماہی اور نو ماہی 2021

بورڈ آف ڈائریکٹرز کی جانب سے ہم آپ کی خدمت میں 30 ستمبر 2021 کو ختم شدہ سہ ماہی اور نو ماہی کے لئے فیصل بینک لمیٹڈ ("FBL" یا "دی بینک") کی ڈائریکٹرز رپورٹ کنسولیدیٹڈ عبوری مالیاتی گوشواروں کے ساتھ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### گروپ پروفائل

فیصل بینک لمیٹڈ (FBL) فیصل ایسیٹ مینجمنٹ لمیٹڈ (FAML) کے 99.9 فیصد حصص کا شراکت 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 (اسٹبلشمنٹ اینڈ ریگولیشنز) رولز، 2003 اور نان-بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹائٹلز ریگولیشنز، 2008 کے تحت ایسیٹ مینجمنٹ اور سرمایہ کاری کے لیے ایڈوائزری سروس فراہم کرنے کا لائسنس ہے۔

فیصل بینک لمیٹڈ کو FAML کے زیر انتظام درج ذیل اوپن اینڈ میوچل فنڈز میں اپنی ہولڈنگ کی بنیاد پر زیادہ اثر و رسوخ حاصل ہے۔

ہولڈنگ %	ایسوی ایٹس
70.39	فیصل انکم اینڈ گروتھ فنڈ
30.24	فیصل کیش فنڈ
21.00	فیصل ایسیٹ ایلوکیشن فنڈ
24.59	فیصل سیونگزر گروتھ فنڈ

### مالیاتی جھلکیاں:

نمونہ	دسمبر ۲۰۲۰ء	ستمبر ۲۰۲۱ء	بیلنس شیٹ
24.2 فیصد	276,470	343,351	سرمایہ کاری
15.3 فیصد	318,180	366,929	فنانسنگ
17.5 فیصد	710,064	834,214	کل اثاثہ جات
13.5 فیصد	540,632	613,580	ڈپازٹس

# Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2021

		Un-audited September 30, 2021	Audited December 31, 2020
Note		Rupees '000	
<b>ASSETS</b>			
Cash and balances with treasury banks	10	51,526,909	59,881,290
Balances with other banks	11	3,892,625	2,878,630
Lendings to financial institutions	12	12,000,000	2,985,000
Investments	13	343,351,483	276,469,824
Advances	14	366,929,219	318,179,878
Fixed assets	15	25,104,491	24,102,155
Intangible assets	16	1,893,268	1,894,204
Deferred tax assets	21	-	-
Other assets	17	29,516,135	23,673,221
		834,214,130	710,064,202
<b>LIABILITIES</b>			
Bills payable	18	12,016,500	13,543,270
Borrowings	19	104,111,137	58,446,516
Deposits and other accounts	20	613,579,947	540,632,217
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	21	996,508	1,582,351
Other liabilities	22	38,528,014	35,641,746
		769,232,106	649,846,100
		64,982,024	60,218,102
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
Share capital		15,176,965	15,176,965
Reserves		10,995,073	11,032,647
Surplus on revaluation of assets - net	23	8,112,169	9,027,473
Unappropriated profit		30,697,778	24,981,002
Total equity attributable to the equity holders of the Bank		64,981,985	60,218,087
Non-controlling interest		39	15
		64,982,024	60,218,102
<b>CONTINGENCIES AND COMMITMENTS</b>			
	24		

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

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

For the quarter and nine months ended September 30, 2021

Note	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
----- Rupees '000 -----				
Mark-up / return / interest earned	26 13,800,982	12,343,214	38,298,178	44,300,287
Mark-up / return / interest expensed	27 6,793,554	6,535,177	19,367,950	25,274,019
Net mark-up / interest income	7,007,428	5,808,037	18,930,228	19,026,268
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee and commission income	28 1,468,660	1,013,635	4,122,728	2,727,888
Dividend income	102,547	43,937	290,564	283,825
Foreign exchange income	589,865	630,863	1,615,633	1,559,427
Income / (loss) from derivatives	4,240	(21,350)	(40,635)	79,693
Gain on securities	29 81,704	689,156	480,306	1,713,102
Other income	30 51,932	59,310	206,777	50,045
Total non mark-up / interest income	2,298,948	2,415,551	6,675,373	6,413,980
Total income	9,306,376	8,223,588	25,605,601	25,440,248
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Operating expenses	31 5,520,245	4,788,029	15,122,347	13,967,341
Workers Welfare Fund	74,722	47,764	208,534	195,891
Other charges	32 1,325	(1,789)	5,466	106,223
Total non mark-up / interest expenses	5,596,292	4,834,004	15,336,347	14,269,455
Share of profit of associates	13.6 16,321	-	83,708	-
Profit before provisions	3,726,405	3,389,584	10,352,962	11,170,793
Provisions and write-offs - net	33 227,332	616,951	215,784	2,081,759
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	3,499,073	2,772,633	10,137,178	9,089,034
Taxation	34 1,361,387	1,043,855	3,931,236	3,566,235
<b>PROFIT AFTER TAXATION</b>	2,137,686	1,728,778	6,205,942	5,522,799
<b>Attributable to:</b>				
Equity holders of the Bank	2,137,677	1,728,775	6,205,918	5,522,798
Non-controlling interest	9	3	24	1
	2,137,686	1,728,778	6,205,942	5,522,799
----- Rupees -----				
<b>Basic / diluted earnings per share</b>	35 1.41	1.14	4.09	3.64

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, 2021

	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	Rupees '000			
Profit after taxation for the period	2,137,686	1,728,778	6,205,942	5,522,799
<b>Other comprehensive loss</b>				
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>				
- Movement in surplus on revaluation of investments - net of tax	(95,961)	(200,629)	(645,598)	(1,186,050)
<i>Items that will not be reclassified to the profit and loss account in subsequent periods:</i>				
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	(86,560)	-	(86,560)
	(95,961)	(287,189)	(645,598)	(1,272,610)
<b>Total comprehensive income</b>	<u>2,041,725</u>	<u>1,441,589</u>	<u>5,560,344</u>	<u>4,250,189</u>
<b>Attributable to:</b>				
Equity holders of the Bank	2,041,716	1,441,586	5,560,320	4,250,188
Non-controlling interest	9	3	24	1
	<u>2,041,725</u>	<u>1,441,589</u>	<u>5,560,344</u>	<u>4,250,189</u>

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

# Condensed Interim Consolidated Statement of Changes In Equity

For the nine months ended September 30, 2021

	Share capital	Reserves				Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total	
		Capital reserves		Statutory reserve	Total	Investments	Fixed assets / non-banking assets	Total				
		Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase									Reserve arising on amalgamation
Rupees '000												
Balance as at January 1, 2020 (audited)	15,176,965	10,131	475,930	23,952	9,320,945	9,830,958	3,383,915	7,364,165	10,748,080	19,449,413	11 55,205,427	
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	-	-	5,522,798	1	5,522,799	
Other comprehensive loss - net of tax	-	-	-	-	-	(1,186,050)	-	(1,186,050)	-	-	(1,186,050)	
Total comprehensive (loss) / income	-	-	-	-	-	(1,186,050)	-	(1,186,050)	5,522,798	1	4,336,749	
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(86,560)	(86,560)	86,560	-	-	
Amortisation of intangible assets - customer relationship - net of tax	-	-	(87,887)	-	-	(87,887)	-	-	-	-	(87,887)	
Balance as at September 30, 2020 (un-audited)	15,176,965	10,131	388,043	23,952	9,320,945	9,743,071	2,197,865	7,277,605	9,475,470	25,058,771	12 59,454,289	
Profit after taxation for the period from October 1, 2020 to December 31, 2020	-	-	-	-	-	-	-	-	1,157,819	3	1,157,822	
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	(419,140)	-	(419,140)	37,656	-	(381,484)	
Total comprehensive (loss) / income	-	-	-	-	-	(419,140)	-	(419,140)	1,195,475	3	776,338	
Transfer to statutory reserve	-	-	-	-	1,302,101	1,302,101	-	-	-	(1,302,101)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(28,857)	(28,857)	28,857	-	-	
Amortisation of intangible assets - customer relationship - net of tax	-	-	(12,525)	-	-	(12,525)	-	-	-	-	(12,525)	
Balance as at December 31, 2020 (audited)	15,176,965	10,131	375,518	23,952	10,623,046	11,032,647	1,778,725	7,248,748	9,027,473	24,981,002	15 60,218,102	
Profit after taxation for the 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	
Interim cash dividend declared 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 - 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	

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, 2021

		Nine months ended	
Note	September 30, 2021	September 30, 2020	
		----- Rupees '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation	10,137,178	9,089,034	
Less: dividend income	(290,564)	(283,825)	
Less: share of profit of associates	(83,708)	-	
	9,762,906	8,805,209	
<b>Adjustments:</b>			
Depreciation on owned fixed assets	31 1,025,630	995,010	
Amortisation of intangible assets	31 107,139	141,056	
Depreciation on right-of-use assets	31 1,153,971	1,006,820	
Depreciation on non-banking assets	31 3,724	4,649	
Workers Welfare Fund	208,534	195,891	
Provision against loans and advances - net	33 838,709	2,129,066	
Reversal of provision for diminution in value of investments - net	33 (320,589)	(63,511)	
Provision against other assets	29,758	-	
Reversal of provision against off balance sheet obligations - net	33 (21,956)	(9,621)	
Unrealised loss on securities - held for trading - net	42,462	32,633	
Gain on sale of fixed assets - net	30 (14,597)	(16,167)	
Gain on sale of non-banking assets	30 (47,650)	-	
Charge for defined benefit plan	162,425	134,805	
Loss / (income) from derivative contracts - net	40,635	(79,693)	
Mark-up / return / interest expensed - leased liability against right-of-use assets	27 976,331	776,452	
Bad debts written off directly	33 23,886	12,723	
	4,208,412	5,260,113	
	13,971,318	14,065,322	
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions	(9,015,000)	(1,996,880)	
Held-for-trading securities	(12,340,702)	914,650	
Advances	(49,611,936)	(2,757,082)	
Others assets	(6,332,824)	1,697,127	
	(77,300,462)	(2,142,185)	
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable	(1,526,770)	2,835,377	
Borrowings from financial institutions	46,908,833	340,897	
Deposits	72,947,730	56,847,997	
Other liabilities (excluding current taxation)	1,559,974	1,615,612	
	119,889,767	61,639,883	
Income tax paid	(3,790,039)	(1,107,416)	
Contribution to gratuity fund	(160,287)	(253,770)	
<b>Net cash generated from operating activities</b>	52,610,297	72,201,834	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investment in available for sale securities	(55,137,593)	(69,127,395)	
Net investment in associates	(212,953)	-	
Net divestment in held to maturity securities	113,066	1,128,333	
Dividends received	257,568	273,393	
Investment in operating fixed assets	(2,013,210)	(1,031,689)	
Investment in intangible assets	(167,799)	(166,922)	
Proceeds from sale of fixed assets	15,814	32,759	
Proceeds from sale of non-banking assets	469,000	-	
<b>Net cash used in investing activities</b>	(56,676,107)	(68,891,521)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets	(1,343,629)	(1,134,876)	
Dividend paid	(686,735)	(137)	
<b>Net cash used in financing activities</b>	(2,030,364)	(1,135,013)	
<b>(Decrease) / increase in cash and cash equivalents during the period</b>			
Cash and cash equivalents at the beginning of the period	61,126,589	62,765,354	
<b>Cash and cash equivalents at the end of the period</b>	55,030,415	64,940,654	

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

For the nine months ended September 30, 2021

## 1 STATUS AND NATURE OF BUSINESS

### 1.1 The "Group" consists of:

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

#### 1.1.1 Holding Company - Faysal Bank Limited

Faysal Bank Limited (the Bank or the Holding Company) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now 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 575 branches (December 31, 2020: 575 branches) and 1 sub-branch (December 31, 2020: 1 sub-branch). Out of these, 521 (December 31, 2020: 500) are Islamic banking branches and 55 (December 31, 2020: 76) are conventional banking branches.

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

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

The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2020: 'AA') and the short term rating as 'A1+' (December 31, 2020: 'A1+') on June 30, 2021 and June 26, 2021 respectively.

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

	Percentage of holding	
	September 30, 2021	December 31, 2020
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

Faysal Asset Management Limited (the Subsidiary Company) was incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Subsidiary Company commenced its operations on November 14, 2003. The registered office of the Subsidiary Company is located at 7th Floor, West Wing, Faysal House, ST-02, 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+' as at August 10, 2021 (December 31, 2020: 'AM2').

## 2 BASIS OF PRESENTATION

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



# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

- 2.2** The financial results of the Islamic banking branches have been consolidated in these condensed interim consolidated financial statements for reporting purposes after eliminating inter branch transactions and balances. The financial results of all the Islamic banking branches are disclosed in note 40 to these condensed interim consolidated financial statements.

## **3 BASIS OF CONSOLIDATION**

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

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

Material intra-group balances and transactions are eliminated.

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

## **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 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 and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 4.2** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Holding Company to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended September 30, 2021, the Group has adjusted amortisation of intangible assets net of tax amounting to Rs. 37.574 million (September 30, 2020: Rs. 87.887 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 year ended December 31, 2020.

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 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, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these condensed interim consolidated financial statements.

## 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, 2022*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2022
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 3 - 'Business combinations' (amendments)	January 1, 2022

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

\* The SBP vide its BPRD Circular No. 24 dated July 5, 2021 has notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2022. IFRS 9, 'Financial instruments' has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has an impact on all the assets of the Bank which are exposed to credit risk.

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

## 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, 2020.

## 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 certain specified costs) and depreciated over the respective lease terms.

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

## 7 FUNCTIONAL AND PRESENTATION CURRENCY

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

## 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, 2020, except for a change in the accounting estimate for useful lives of certain categories of fixed assets, as disclosed in more details in note 15.4 to these condensed interim consolidated financial statements.

## 9 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the condensed interim consolidated financial statements for the year ended December 31, 2020.

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
<b>10 CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
- local currency	14,253,790	13,650,096
- foreign currencies	1,307,054	6,147,826
	15,560,844	19,797,922
With State Bank of Pakistan in		
- local currency current accounts	25,361,655	25,323,730
- foreign currency current accounts	2,292,273	2,121,802
- foreign currency deposit accounts	4,277,245	3,860,816
	31,931,173	31,306,348
With National Bank of Pakistan in		
- local currency current accounts	3,754,237	8,202,707
Prize bonds	280,655	574,313
	51,526,909	59,881,290
<b>11 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
- in current accounts	1,724,241	645,273
- in saving accounts	67	72
	1,724,308	645,345
Outside Pakistan		
- in current accounts	2,144,424	2,233,285
- in deposit accounts	23,893	-
	3,892,625	2,878,630
<b>12 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call money lendings	12,000,000	-
Repurchase agreement lendings (reverse repo)	-	2,985,000
	12,000,000	2,985,000

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

## 12.1 Securities held as collateral against lendings to financial institutions

	Un-audited September 30, 2021			Audited December 31, 2020		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
----- Rupees '000 -----						
Pakistan Investment Bonds	-	-	-	2,985,000	-	2,985,000
	-	-	-	2,985,000	-	2,985,000

## 13 INVESTMENTS

### 13.1 Investments by type:

Note	Un-audited September 30, 2021				Audited December 31, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus	Carrying value
----- Rupees '000 -----								
<b>Held-for-trading securities</b>								
Federal Government securities	18,659,994	-	(3,330)	18,656,664	6,534,053	-	418	6,534,471
Shares	813,929	-	(37,628)	776,301	599,168	-	1,086	600,254
	19,473,923	-	(40,958)	19,432,965	7,133,221	-	1,504	7,134,725
<b>Available-for-sale securities</b>								
Federal Government securities	249,133,923	-	154,746	249,288,669	195,466,018	-	15,838	195,481,856
Shares	10,350,497	1,377,288	(827,630)	8,145,579	8,421,544	1,688,885	376,325	7,108,984
Non Government debt securities	51,179,570	557,516	2,530,469	53,152,523	51,638,835	559,787	2,523,780	53,602,828
	310,663,990	1,934,804	1,857,585	310,586,771	255,526,397	2,248,672	2,915,943	256,193,668
<b>Held-to-maturity securities</b>								
Federal Government securities	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
Non Government debt securities	11,718,390	1,521,895	-	10,196,495	11,831,456	1,528,616	-	10,302,840
	13,315,438	1,521,895	-	11,793,543	13,428,504	1,528,616	-	11,899,888
<b>Associates *</b>								
Faysal Income & Growth Fund	706,757	-	-	706,757	267,056	-	-	267,056
Faysal Cash Fund	77,111	-	-	77,111	-	-	-	-
Faysal Islamic Stock Fund	-	-	-	-	236,820	-	-	236,820
Faysal Asset Allocation Fund	74,436	-	-	74,436	51,158	-	-	51,158
Faysal Savings Growth Fund	679,900	-	-	679,900	686,509	-	-	686,509
	1,538,204	-	-	1,538,204	1,241,543	-	-	1,241,543
<b>Total Investments - net</b>	<b>344,991,555</b>	<b>3,456,699</b>	<b>1,816,627</b>	<b>343,351,483</b>	<b>277,329,665</b>	<b>3,777,288</b>	<b>2,917,447</b>	<b>276,469,824</b>

\* related parties

Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----	

<b>13.2</b>	Bai Muajjal - gross	2,212,625	2,212,625
	Less: deferred income	(41,563)	(194,895)
	Less: profit receivable shown in other assets	(574,014)	(420,682)
	Bai Muajjal - net	<u>1,597,048</u>	<u>1,597,048</u>

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

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

	Un-audited September 30, 2021	Audited December 31, 2020
----- Rupees '000 -----		
<b>13.3 Investments given as collateral</b>		
- Market treasury bills	28,600,000	-
<b>13.4 Provision for diminution in value of investments</b>		
<b>13.4.1</b> Opening balance	3,777,288	3,849,281
Charge / (reversals)		
Charge for the period / year	-	379,785
Reversals for the period / year	(8,990)	(14,982)
Reversals on disposals	(311,599)	(436,796)
	(320,589)	(71,993)
Closing balance	3,456,699	3,777,288

	Un-audited September 30, 2021		Audited December 31, 2020	
	Non-performing investment	Provision	Non-performing investment	Provision
----- Rupees '000 -----				
<b>13.4.2 Particulars of provision against debt securities</b>				
<b>Category of classification</b>				
<b>Domestic</b>	2,079,412	2,079,412	2,088,403	2,088,403
- Loss				

**13.5** The market value of non government debt securities classified as held-to-maturity as at September 30, 2021 amounted to Rs. 9,820.543 million (December 31, 2020: Rs. 10,029.170 million).

## 13.6 Movement of investment in associates

As at September 30, 2021							
Country of incorporation	Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit	Dividend received	Investment at the end of the period	
----- Rupees '000 -----							
<b>Associates</b>							
Faysal Income & Growth Fund	Pakistan	70.39%	267,056	442,519	19,979	(22,797)	706,757
Faysal Cash Fund	Pakistan	30.24%	-	76,453	4,828	(4,170)	77,111
Faysal Islamic Stock Fund	Pakistan	17.69%	236,820	(261,520)	24,700	-	-
Faysal Asset Allocation Fund	Pakistan	21.00%	51,158	23,415	(137)	-	74,436
Faysal Savings Growth Fund	Pakistan	24.59%	686,509	-	34,338	(40,947)	679,900
			<u>1,241,543</u>	<u>280,867</u>	<u>83,708</u>	<u>(67,914)</u>	<u>1,538,204</u>

As at December 31, 2020							
Country of incorporation	Holding	Investment at the beginning of the year	Investment / (redemption) during the year	Share of profit	Dividend received	Investment at the end of the year	
----- Rupees '000 -----							
<b>Associates</b>							
Faysal Income & Growth Fund	Pakistan	40.67%	268,625	-	26,672	(28,241)	267,056
Faysal Islamic Stock Fund	Pakistan	37.64%	-	200,000	41,860	(5,040)	236,820
Faysal Asset Allocation Fund	Pakistan	28.12%	-	34,279	17,665	(786)	51,158
Faysal Savings Growth Fund	Pakistan	21.54%	693,247	-	69,973	(76,711)	686,509
			<u>961,872</u>	<u>234,279</u>	<u>156,170</u>	<u>(110,778)</u>	<u>1,241,543</u>

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

## 14 ADVANCES

Note	Performing		Non performing		Total	
	Un-audited September 30, 2021	Audited December 31, 2020	Un-audited September 30, 2021	Audited December 31, 2020	Un-audited September 30, 2021	Audited December 31, 2020
Rupees '000						
Loans, cash credits, running finances, etc.	58,163,706	119,418,082	19,462,640	22,406,562	77,626,346	141,824,644
Islamic financing and related assets	305,035,410	189,951,257	3,759,789	3,294,935	308,795,199	193,246,192
Bills discounted and purchased	636,881	4,150,522	450,547	523,928	1,087,428	4,674,450
Advances - gross	363,835,997	313,519,861	23,672,976	26,225,425	387,508,973	339,745,286
Provision against advances	14.3					
- specific	-	-	(19,666,971)	(20,649,632)	(19,666,971)	(20,649,632)
- general	(912,783)	(915,776)	-	-	(912,783)	(915,776)
	(912,783)	(915,776)	(19,666,971)	(20,649,632)	(20,579,754)	(21,565,408)
Advances - net of provision	362,923,214	312,604,085	4,006,005	5,575,793	366,929,219	318,179,878

### 14.1 Particulars of advances (gross)

- in local currency
- in foreign currency

Un-audited September 30, 2021	Audited December 31, 2020
Rupees '000	
383,417,770	339,106,568
4,091,203	638,718
387,508,973	339,745,286

**14.2** Advances include Rs. 23,672.976 million (December 31, 2020: Rs. 26,225.425 million) which have been placed under non-performing status as detailed below:-

Category of classification	Un-audited September 30, 2021		Audited December 31, 2020	
	Non-performing loans	Provision	Non-performing loans	Provision
Domestic				
Rupees '000				
- other assets especially mentioned	365,073	364	204,782	-
- substandard	1,096,698	109,216	2,727,006	541,529
- doubtful	624,746	204,568	900,979	237,209
- loss	21,586,459	19,352,823	22,392,658	19,870,894
Total	23,672,976	19,666,971	26,225,425	20,649,632

### 14.3 Particulars of provision against advances

	Un-audited September 30, 2021			Audited December 31, 2020		
	Specific	General	Total	Specific	General	Total
Rupees '000						
Opening balance	20,649,632	915,776	21,565,408	23,475,724	761,951	24,237,675
Exchange adjustment	30,278	-	30,278	25,095	-	25,095
Charge for the period / year	2,136,162	-	2,136,162	3,610,762	250,000	3,860,762
Reversals during the period / year	(1,294,460)	(2,993)	(1,297,453)	(1,485,958)	(96,175)	(1,582,133)
	841,702	(2,993)	838,709	2,124,804	153,825	2,278,629
Amounts written off	(1,854,641)	-	(1,854,641)	(4,975,991)	-	(4,975,991)
Closing balance	19,666,971	912,783	20,579,754	20,649,632	915,776	21,565,408

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

**14.3.1** 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.

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

**14.3.2** As allowed by the SBP, the Holding Company has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,251.319 million (December 31, 2020: Rs 2,632.364 million) relating to advances while determining the provisioning requirement against non-performing financing as at September 30, 2021. The additional profit arising from availing the FSV benefit (net of tax) as at September 30, 2021 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees approximately amounted to Rs 1,373.305 million (December 31, 2020: Rs 1,605.742 million).

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

		Un-audited September 30, 2021	Audited December 31, 2020
Note		----- Rupees '000 -----	
15	<b>FIXED ASSETS</b>		
	Capital work-in-progress	15.1 1,312,346	833,762
	Property and equipment	23,792,145	23,268,393
		25,104,491	24,102,155
15.1	<b>Capital work-in-progress</b>		
	Civil works	253,657	225,737
	Equipment	789,598	561,345
	Furniture and fixture	61,613	18,838
	Vehicles	36,004	42
	Land and building	171,474	27,800
		1,312,346	833,762

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

## 15.2 Additions to fixed assets

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

		Un-audited For the nine months ended	
		September 30, 2021	September 30, 2020
		Rupees '000	
<b>Capital work-in-progress</b>		2,012,185	994,946
<b>Property and equipment</b>			
Building on freehold land		224,239	36,075
Land		495,062	-
Furniture and fixture		21,475	113,856
Electrical, office and computer equipment		589,176	629,749
Vehicles		16,562	127,181
Right-of-use assets - land and building		1,169,944	712,854
Others		188,112	553,070
		2,704,570	2,172,785
<b>Total</b>		<b>4,716,755</b>	<b>3,167,731</b>

## 15.3 Disposal of fixed assets

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

Furniture and fixture	49	3,590
Electrical, office and computer equipment	1,095	1,572
Vehicles	64	11,430
Others	9	-
<b>Total</b>	<b>1,217</b>	<b>16,592</b>

## 15.4 Change in accounting estimate

With effect from January 1, 2021, the management of the Holding Company has revised its estimate of the useful lives of core banking software and automated teller machines (ATMs) from 5 years to 7 years whereas the useful lives of other softwares and hardware projects have been revised from 3 years to 5 years. This revision has been made to make the useful lives of these assets more reflective of their consumption pattern.

The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of these assets not been made, the depreciation expense for the period would have been higher by Rs 135.027 million and consequently profit before tax would have been lower by the same amount.

## 16 INTANGIBLE ASSETS

		Un-audited September 30, 2021	Audited December 31, 2020
		Rupees '000	
Capital work-in-progress	16.1	423,022	567,658
Computer softwares		563,153	357,857
Customer relationship		554,009	615,605
Management rights		238,484	238,484
Goodwill		114,600	114,600
		1,470,246	1,326,546
<b>Total</b>		<b>1,893,268</b>	<b>1,894,204</b>



# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

		Un-audited September 30, 2021	Audited December 31, 2020
		----- Rupees '000 -----	
<b>16.1 Capital work-in-progress</b>			
Computer softwares		423,022	567,658
		<b>Un-audited</b>	
		<b>For the nine months ended</b>	
		<b>September 30, 2021</b>	<b>September 30, 2020</b>
		----- Rupees '000 -----	
<b>16.2 Additions to intangible assets</b>			
The following additions have been made to intangible assets during the period:			
Directly purchased		312,434	234,269
		<b>Un-audited</b>	
		<b>September 30, 2021</b>	
		<b>Audited</b>	
		<b>December 31, 2020</b>	
		----- Rupees '000 -----	
	<b>Note</b>		
<b>17 OTHER ASSETS</b>			
Income / mark-up accrued in local currency - net of provision		8,479,879	7,291,340
Income / mark-up accrued in foreign currencies - net of provision		9,064	1,314
Advances, deposits and other prepayments		1,163,139	796,101
Advance taxation (payments less provisions)		-	25,301
Non-banking assets acquired in satisfaction of claims		986,885	1,229,421
Mark to market gain on forward foreign exchange contracts		2,898,740	649,361
Fair value of derivative contracts		32,546	190,130
Acceptances	22	13,101,501	10,726,305
Credit cards and other products fee receivable		436,496	369,968
Receivable from brokers against sale of shares		223,791	20,241
Dividend receivable		117,628	84,632
Receivable from 1Link (Private) Limited		551,518	515,944
Rent and amenities receivable		11,669	33,159
Rebate receivable - net		101,402	87,632
Defined benefit plan asset		64,205	66,343
Others		426,060	462,121
		28,604,523	22,549,313
Less: provision held against other assets	17.1	(359,636)	(329,878)
Other assets - net of provision		28,244,887	22,219,435
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net		1,271,248	1,453,786
Other assets - total		29,516,135	23,673,221
<b>17.1 Provision held against other assets</b>			
Dividend receivable		75,348	75,348
SBP penalties		51,050	51,050
Fraud forgery theft and account receivable		50,625	20,867
Security deposits		22,994	22,994
Others		159,619	159,619
		359,636	329,878

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

	Un-audited September 30, 2021	Audited December 31, 2020
	Rupees '000	
<b>17.1.1 Movement in provision held against other assets</b>		
Opening balance	329,878	256,222
Charge for the period / year	29,758	74,536
Reversals during the period / year	-	(795)
	29,758	73,741
Amounts written off	-	(85)
Closing balance	359,636	329,878
<b>18 BILLS PAYABLE</b>		
In Pakistan	12,016,500	13,543,270
<b>19 BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan (SBP)		
- under export refinance scheme - part I and II	584,152	8,623,400
- under long term financing facility	1,050,437	1,246,164
- under long term financing facility for renewable power energy (RPE)	763,299	809,662
- under scheme of financing facility for storage of agricultural produce	31,943	53,129
- under Islamic export refinance scheme - part I and II	23,726,535	19,400,601
- under refinance scheme for payment of wages and salaries	8,932,162	12,932,302
- under Islamic financing for renewable energy	5,600,232	1,400,274
- under Islamic long term financing facility	6,914,264	3,599,252
- under Islamic temporary economic refinance scheme	17,357,756	3,807,141
- under Islamic refinance facility for combating COVID-19	318,722	35,400
- under Islamic financing facility for storage of agricultural produce	49,382	-
	65,328,884	51,907,325
Repurchase agreement borrowings	28,396,622	-
Borrowing from other financial institution	475,605	500,000
<b>Total secured</b>	94,201,111	52,407,325
<b>Unsecured</b>		
Call borrowings	1,500,000	-
Overdrawn nostro accounts	389,119	1,633,331
Musharaka acceptances	-	410,000
Other borrowings	8,020,907	3,995,860
<b>Total unsecured</b>	9,910,026	6,039,191
	104,111,137	58,446,516

## 20 DEPOSITS AND OTHER ACCOUNTS

	Un-audited September 30, 2021			Audited December 31, 2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees '000					
<b>Customers</b>						
Current deposits	185,698,030	23,850,819	209,548,849	144,344,213	20,813,651	165,157,864
Savings deposits	201,887,987	19,395,314	221,283,301	184,977,342	17,643,501	202,620,843
Term deposits	136,925,679	1,976,987	138,902,666	143,287,216	3,141,533	146,428,749
Margin deposits	2,809,946	7,178	2,817,124	3,341,663	15,132	3,356,795
	527,321,642	45,230,298	572,551,940	475,950,434	41,613,817	517,564,251
<b>Financial institutions</b>						
Current deposits	1,737,052	97,148	1,834,200	813,493	49,245	862,738
Savings deposits	30,209,777	-	30,209,777	15,880,218	-	15,880,218
Term deposits	8,984,030	-	8,984,030	6,325,010	-	6,325,010
	40,930,859	97,148	41,028,007	23,018,721	49,245	23,067,966
	568,252,501	45,327,446	613,579,947	498,969,155	41,663,062	540,632,217

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

		Un-audited September 30, 2021	Audited December 31, 2020
	Note	----- Rupees '000 -----	
<b>21 DEFERRED TAX LIABILITIES / (ASSETS)</b>			
<b>Taxable temporary differences on</b>			
- surplus on revaluation of fixed assets		1,546,516	1,599,730
- surplus on revaluation of non-banking assets		14,113	14,113
- surplus on revaluation of investments		724,458	1,137,218
- fair value adjustment relating to net assets acquired upon amalgamation		216,065	240,087
- fair value adjustment relating to net assets acquired upon business combination		52,496	52,496
- accelerated tax depreciation		20,689	96,495
- right-of-use of asset		4,534	-
- fair valuation of previously held equity interest in the Subsidiary Company		13,118	13,118
		2,591,989	3,153,257
<b>Deductible temporary differences on</b>			
- provision for diminution in the value of investments		(45,584)	(152,577)
- provision against advances, off balance sheet, etc.		(1,356,012)	(1,215,623)
- provision against other assets		(140,068)	(128,462)
- Alternate Corporate Tax (ACT)		(37,188)	(4,675)
- defined benefit obligation		(505)	620
- unused tax losses		(8,712)	(69,652)
- others		(7,412)	(537)
		(1,595,481)	(1,570,906)
		996,508	1,582,351
<b>22 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		2,970,745	3,792,193
Mark-up / return / interest payable in foreign currencies		9,967	6,344
Unearned commission and income on bills discounted		885,767	968,302
Accrued expenses		2,480,039	2,531,060
Acceptances	17	13,101,501	10,726,305
Unclaimed dividends		117,156	45,043
Mark to market loss on forward foreign exchange contracts		857,824	1,907,030
Current taxation (provision less payments)		473,490	-
Charity fund balance		1,094	1,070
Provision against off-balance sheet obligations	22.1	105,613	127,569
Security deposits against leases		269,305	586,301
Withholding tax payable		130,301	182,100
Federal excise duty payable		51,560	67,402
Payable to brokers against purchase of shares		1,255,309	35,001
Fair value of derivative contracts		922,796	964,671
Payable related to credit cards and other products		188,634	1,146,914
Lease liability against right-of-use assets		9,327,900	8,525,253
Advance against disposal of assets		21,723	459,467
Funds held as security		265,883	242,227
Payable to 1Link (Private) Limited		158,505	154,308
Insurance payable		101,633	115,012
Clearing and settlement accounts		3,942,568	2,706,765
Others		888,701	351,409
		38,528,014	35,641,746

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
		Rupees '000	
<b>22.1 Provision against off-balance sheet obligations</b>			
Opening balance		127,569	113,676
Charge for the period / year		1,871	25,132
Reversals during the period / year		(23,827)	(11,239)
		(21,956)	13,893
Closing balance		105,613	127,569
<b>23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus on revaluation of:			
- available for sale securities		1,857,585	2,915,943
- fixed assets		7,268,422	7,411,321
- non-banking assets acquired in satisfaction of claims		1,271,248	1,453,786
		10,397,255	11,781,050
Deferred tax on surplus on revaluation of:			
- available for sale securities		(724,458)	(1,137,218)
- fixed assets		(1,546,515)	(1,602,246)
- non-banking assets acquired in satisfaction of claims		(14,113)	(14,113)
		(2,285,086)	(2,753,577)
		8,112,169	9,027,473
<b>24 CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	24.1	36,218,282	29,202,222
Commitments	24.2	237,601,290	183,850,529
Other contingent liabilities	24.3	4,122,244	4,122,244
		277,941,816	217,174,995
<b>24.1 Guarantees:</b>			
Financial guarantees		7,574,197	7,810,863
Performance guarantees		10,575,325	5,662,415
Other guarantees		18,068,760	15,728,944
		36,218,282	29,202,222
<b>24.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		79,699,505	50,571,999
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	94,054,435	93,025,986
- forward government securities transactions	24.2.2	28,409,410	2,989,036
- derivatives - cross currency and interest rate swaps (notional principal)	24.2.3	6,671,828	8,272,187
- extending credit (irrevocable)	24.4	28,598,923	28,859,840
Commitments for acquisition of:			
- operating fixed assets		31,030	49,303
- intangible assets		136,159	82,178
		237,601,290	183,850,529

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
Rupees '000			
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		67,440,020	66,134,904
Sale		26,614,415	26,891,082
		<u>94,054,435</u>	<u>93,025,986</u>
<b>24.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		28,409,410	-
Sale		-	2,989,036
		<u>28,409,410</u>	<u>2,989,036</u>
<b>24.2.3 Commitments in respect of derivatives</b>			
Sale		<u>6,671,828</u>	<u>8,272,187</u>
<b>24.3 Other contingent liabilities</b>			
<b>24.3.1 Holding Company:</b>			
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Holding Company's legal advisors are confident that the Holding Company has a strong case		2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan (i)		1,154,701	1,154,701
		<u>4,122,244</u>	<u>4,122,244</u>

- (i) Income tax assessments of the Holding Company have been finalised upto the tax year 2019 (accounting year 2018) and tax return for the tax year 2021 (accounting year 2020) has already been filed.

The department and the Holding Company has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs.1,154.701 million (December 31, 2020: Rs. 1,154.701 million). The Commissioner Inland Revenue (Appeals) [CIR(A)] had deleted the said additional tax liability, however the income tax department had filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). During the current period, the ATIR has passed an order and maintained the decision of the CIR(A) in favour of the Holding Company. The management of the Holding Company is confident that in case an appeal is filed by the department against the order of the ATIR, the matter will be decided in the Holding Company favour and accordingly, no provision has been recorded in these condensed interim consolidated financial statements in respect of this matter.

- (ii) There are certain claims against the Bank not acknowledged as debt amounting to Rs 33,853 million (December 31, 2020: Rs 31,374 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by customers due to non-disbursements of running finance facility as per the agreed terms. The above also includes an amount of Rs 25,299 million (December 31, 2020: 25,299 million) in respect of a suit filed against the Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

Based on legal advices 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.

## 24.3.2 Subsidiary Company:

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

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

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

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

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

- (iv) During the prior period, the audit of the tax year 2013 (financial year ended June 30, 2013) was completed by the taxation authorities. The tax authorities have passed an order under section 122(5A) of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 4.964 million for the tax year 2013 on account of apportionment of expenses, salary expenses and hardware and software expense. The management filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on the grounds of

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

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.

During the current period, the Subsidiary Company has received an appellate order on June 15, 2021 from the CIR(A), dismissing the appeal filed by the Subsidiary Company on August 17, 2020. The management intends to file an appeal before the Appellate Tribunal Inland Revenue (ATIR), but as a matter of abundant caution has recognised a provision of the full amount of penalty of Rs. 0.833 million in these condensed interim consolidated financial statements.

## 24.4 Commitments to extend credits

The Holding Company makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for Rs 28,599 million (December 31, 2020: Rs 28,860 million) which are irrevocable in nature.

## 25 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

Interest rate swap (notional principal)

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
	6,415,842	7,792,684
	255,986	479,503

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

## 25.1 Product analysis

Counterparties	September 30, 2021 (Un-audited)			
	Cross currency swaps		Interest rate swap	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain

Rupees '000

### With banks for

Hedging	-	-	-	-
Market making	2,642,033	(29,283)	255,986	4,068

### With other entities for

Hedging	-	-	-	-
Market making	3,773,809	(865,059)	-	-

### Total

Hedging	-	-	-	-
Market making	6,415,842	(894,342)	255,986	4,068

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

Rupees '000

### With banks for

Hedging	-	-	-	-
Market making	3,218,043	62,289	479,503	7,048

### With other entities for

Hedging	-	-	-	-
Market making	4,574,641	(843,878)	-	-

### Total

Hedging	-	-	-	-
Market making	7,792,684	(781,589)	479,503	7,048

Un-audited	
For the nine months ended	
September 30, 2021	September 30, 2020

Rupees '000

## 26 MARK-UP / RETURN / INTEREST EARNED

On:

Loans and advances	21,024,039	25,914,314
Investments	16,909,920	17,399,977
Lendings to financial institutions	254,573	45,198
Balances with banks	200	14,601
Securities purchased under resale agreements	109,446	926,197
	38,298,178	44,300,287



# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

Note	Un-audited For the nine months ended	
	September 30, 2021	September 30, 2020
----- Rupees '000 -----		
<b>27 MARK-UP / RETURN / INTEREST EXPENSED</b>		
On:		
Deposits	14,744,779	20,264,744
Securities sold under repurchase agreements	733,789	166,713
Other short term borrowings	31,329	24,463
SBP borrowings	718,845	430,361
Short sale of Pakistan Investment Bonds	-	42,219
Bai Muajjal	-	178,419
Musharaka acceptances	115,822	633,290
Lease liability against right-of-use assets	976,331	776,452
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,047,055	2,757,358
	<u>19,367,950</u>	<u>25,274,019</u>
<b>28 FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	608,373	370,021
Consumer finance related fees	367,803	232,213
Card related fees (debit and credit cards)	1,440,287	1,075,500
Credit related fees	20,756	36,565
Investment banking fees	170,345	118,737
Commission on trade	288,653	199,576
Commission on guarantees	103,961	66,350
Commission on cash management	56,340	46,594
Commission on remittances including home remittances	256,943	106,507
Commission on bancassurance	221,307	225,209
Commission on sale of funds unit	144,439	90,190
Management fee	261,628	105,264
Advisory fee	10,403	656
Sales load	106,673	-
Others	64,817	54,506
	<u>4,122,728</u>	<u>2,727,888</u>
<b>29 GAIN ON SECURITIES</b>		
Realised - net	522,768	1,745,735
Unrealised - held for trading - net	(42,462)	(32,633)
	<u>480,306</u>	<u>1,713,102</u>
<b>29.1 Realised gain on:</b>		
Federal Government securities	331,260	1,187,116
Shares	169,505	528,399
Open end mutual funds	22,003	30,220
	<u>522,768</u>	<u>1,745,735</u>
<b>30 OTHER INCOME</b>		
Rent on property	135,932	116,675
Gain on sale of fixed assets - net	14,597	16,167
Gain on sale of non-banking assets	47,650	-
Loss on short sale of Pakistan Investment Bonds (PIBs)	-	(88,139)
Notice pay	5,504	3,375
Scrap income	2,821	1,291
Others	273	676
	<u>206,777</u>	<u>50,045</u>

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

## 31 OPERATING EXPENSES

### Total compensation expense

6,114,436 5,539,252

### Property expense

Rent and taxes	336,359	151,895
Insurance	44,430	45,979
Utilities cost	570,632	534,116
Security (including guards)	551,286	564,138
Repair and maintenance (including janitorial charges)	410,717	358,342
Depreciation on owned fixed assets	397,423	389,142
Depreciation on non-banking assets	3,724	4,649
Depreciation on right-of-use assets	1,153,971	1,006,820
Others	65,190	55,235

3,533,732 3,110,316

### Information technology expenses

Software maintenance	1,053,910	1,203,337
Hardware maintenance	189,894	197,627
Depreciation on owned fixed assets	266,841	281,189
Amortisation	107,139	141,056
Network charges	177,487	192,454
Others	300	2,025

1,795,571 2,017,688

### Other operating expenses

Directors' fees and allowances	83,955	119,166
Legal and professional charges	113,499	75,438
Outsourced services costs - staff	282,996	280,579
Travelling and conveyance	65,870	49,651
NIFT clearing charges	38,035	35,782
Depreciation on owned fixed assets	361,366	324,679
Training and development	15,457	16,600
Postage and courier charges	109,335	121,726
Communication	145,315	104,752
Marketing, advertisement and publicity	333,071	293,821
Donations	79,917	77,424
Auditors remuneration	20,429	17,596
Insurance	681,347	614,123
Stationery and printing	258,902	264,091
Bank fees and charges	115,095	87,166
Brokerage and commission	33,080	52,737
Deposit protection premium	390,176	292,992
Credit card bonus points redemption	90,402	134,357
Others	460,361	337,405

3,678,608 3,300,085

15,122,347 13,967,341

## 32 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	5,466	106,023
Penalties imposed by Securities Exchange Commission of Pakistan (SECP)	-	200

5,466 106,223

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

		Un-audited	
		For the nine months ended	
	Note	September 30, 2021	September 30, 2020
----- Rupees '000 -----			
<b>33 PROVISIONS AND WRITE-OFFS - NET</b>			
Reversal of provision for diminution in value of investments	13.4	(320,589)	(63,511)
Provision against loans and advances	14.3	838,709	2,129,066
Bad debts written off directly		23,886	12,723
Recoveries of written off / charged off bad debts		(334,024)	(42,271)
Reversal of provision against off balance sheet obligations	22.1	(21,956)	(9,621)
Provision against other assets	17.1.1	29,758	55,373
		<u>215,784</u>	<u>2,081,759</u>
<b>34 TAXATION</b>			
Current		4,040,296	3,763,533
Prior periods		40,000	20,000
Deferred		(149,060)	(217,298)
		<u>3,931,236</u>	<u>3,566,235</u>

## 35 BASIC / DILUTED EARNINGS PER SHARE

	Un-audited			
	For the quarter ended		For the nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
----- Rupees '000 -----				
Profit after tax for the period	<u>2,137,686</u>	<u>1,728,778</u>	<u>6,205,942</u>	<u>5,522,799</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>1.41</u>	<u>1.14</u>	<u>4.09</u>	<u>3.64</u>

**35.1** Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at September 30, 2021 and September 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

## 36 FAIR VALUE MEASUREMENTS

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

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

### Fair value of financial assets

The Group measures fair values using the following fair value hierarchy that reflects the significance of the

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

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:

September 30, 2021 (Un-audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
<b>On-balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	-	267,945,333	-	267,945,333
Shares	6,568,403	1,577,176	-	8,145,579
Non Government debt securities	47,512,500	5,640,023	-	53,152,523
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Non Government debt securities	-	9,820,543	-	9,820,543
<b>Non-financial assets - measured at fair value</b>				
Fixed assets (land and buildings)	-	-	12,043,044	12,043,044
Non-banking assets acquired in satisfaction of claims	-	-	2,258,133	2,258,133
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	70,334,897	-	70,334,897
Forward sale of foreign exchange	-	27,468,376	-	27,468,376
Derivatives sales	-	6,671,828	-	6,671,828
December 31, 2020 (Audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
<b>On-balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government securities	-	202,016,327	-	202,016,327
Shares	5,631,735	2,077,503	-	7,709,238
Non Government debt securities	47,510,000	6,092,828	-	53,602,828
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Non Government debt securities	-	10,029,170	-	10,029,170
<b>Non-financial assets - measured at fair value</b>				
Fixed assets (land and buildings)	-	-	11,323,744	11,323,744
Non-banking assets acquired in satisfaction of claims	-	-	2,683,207	2,683,207
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	64,514,335	-	64,514,335
Forward sale of foreign exchange	-	26,528,182	-	26,528,182
Derivatives sales	-	8,272,187	-	8,272,187

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

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

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

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

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

Item	Valuation approach and input used
Fixed assets (land and building)	Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. These were last revalued on December 31, 2019.
Non-banking assets acquired in satisfaction of claims	Non-banking assets acquired in satisfaction of claims are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. These were last revalued on December 31, 2019.

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

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

## 37 SEGMENT INFORMATION

### 37.1 Segment details with respect to business activities

	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	(129,356)	19,013,936
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)	6,675,373
Total Income	16,704,215	4,174,640	3,152,818	98,673	1,558,963	25,689,309
Segment direct expenses	8,960,229	364,974	209,744	104,704	5,696,696	15,336,347
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	144,004	15,336,347
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	1,418,050	10,137,178
Statement of financial position as at September 30, 2021 (un-audited)						
Cash and bank balances	21,314,680	-	34,104,854	-	-	55,419,534
Lendings to financial institutions	-	-	12,000,000	-	-	12,000,000
Investments	-	15,865,029	326,892,219	3,296,550	754,384	346,808,182
- Investment provision	-	-	(1,377,288)	(2,079,411)	-	(3,456,699)
Net inter segment lending	484,282,618	-	-	-	(484,282,618)	-
Advances - performing	74,045,869	283,274,532	-	-	6,515,596	363,835,997
Advances - non-performing	4,468,490	5,552,943	-	13,588,332	63,211	23,672,976
- Advances - provisions	(3,201,008)	(3,940,909)	-	(13,058,688)	(379,149)	(20,579,754)
Others	14,054,076	3,709,173	4,241,979	(1,882,480)	36,391,145	56,513,893
Total assets	594,964,725	304,460,768	375,861,764	(135,697)	(440,937,431)	834,214,129
Borrowings	7,023,891	59,370,330	37,716,916	-	-	104,111,137
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	575,466,934	36,683,554	-	295,686	1,133,773	613,579,947
Net inter segment borrowing	-	206,544,601	330,854,716	(431,383)	(536,967,934)	-
Others	12,473,900	1,862,283	6,157,005	-	31,047,833	51,541,021
Total liabilities	594,964,725	304,460,768	374,728,637	(135,697)	(504,786,328)	769,232,105
Equity	-	-	1,133,127	-	63,848,897	64,982,024
Total equity and liabilities	594,964,725	304,460,768	375,861,764	(135,697)	(440,937,431)	834,214,129
Contingencies and commitments	18,531,697	96,557,120	-	1,286,513	-	116,375,330

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

	2020					
	Retail	CIBG	Treasury	SAM	Others	Total
<b>Profit and loss account for the nine months ended September 30, 2020 (un-audited)</b>	Rupees '000					
Net mark-up / return / profit	(12,915,126)	18,902,652	12,807,042	170,080	61,620	19,026,268
Inter segment revenue - net	24,825,284	(16,110,495)	(12,332,440)	(151,987)	3,769,638	-
Non mark-up / return / interest income	2,671,065	764,781	3,275,359	5,198	(302,423)	6,413,980
<b>Total Income</b>	<b>14,581,223</b>	<b>3,556,938</b>	<b>3,749,961</b>	<b>23,291</b>	<b>3,528,835</b>	<b>25,440,248</b>
Segment direct expenses	8,153,714	392,847	263,031	93,367	5,366,496	14,269,455
Inter segment expense allocation	4,587,542	483,949	100,743	89,908	(5,262,142)	-
<b>Total expenses</b>	<b>12,741,256</b>	<b>876,796</b>	<b>363,774</b>	<b>183,275</b>	<b>104,354</b>	<b>14,269,455</b>
Provisions	785,587	1,459,979	(58,543)	(172,377)	67,113	2,081,759
<b>Profit before tax</b>	<b>1,054,380</b>	<b>1,220,163</b>	<b>3,444,730</b>	<b>12,393</b>	<b>3,357,368</b>	<b>9,089,034</b>
<b>Statement of financial position as at December 31, 2020 (audited)</b>						
Cash and bank balances	29,219,912	-	33,540,008	-	-	62,759,920
Lendings to financial institutions	-	-	2,985,000	-	-	2,985,000
Investments	-	16,430,902	259,865,978	3,298,820	651,412	280,247,112
- Investment provision	-	-	(1,688,885)	(2,088,403)	-	(3,777,288)
Net inter segment lending	412,879,111	-	-	-	(412,879,111)	-
Advances - performing	64,171,608	245,899,442	-	-	3,448,811	313,519,861
Advances - non-performing	6,647,456	3,489,249	-	16,049,685	39,035	26,225,425
- Advances - provisions	(5,245,632)	(2,755,805)	-	(13,299,212)	(264,759)	(21,565,408)
Others	10,290,418	3,793,772	4,945,294	(1,881,285)	32,521,381	49,669,580
<b>Total assets</b>	<b>517,962,873</b>	<b>266,857,560</b>	<b>299,647,395</b>	<b>2,079,605</b>	<b>(376,483,231)</b>	<b>710,064,202</b>
Borrowings	5,488,813	46,412,012	6,545,691	-	-	58,446,516
Deposits and other accounts	494,881,273	44,326,035	-	201,771	1,223,138	540,632,217
Net inter segment borrowing	-	175,499,595	289,997,780	1,871,334	(467,368,709)	-
Others	17,592,787	619,918	331,518	6,500	32,216,644	50,767,367
<b>Total liabilities</b>	<b>517,962,873</b>	<b>266,857,560</b>	<b>296,874,989</b>	<b>2,079,605</b>	<b>(433,928,927)</b>	<b>649,846,100</b>
Equity	-	-	2,772,406	-	57,445,696	60,218,102
<b>Total equity and liabilities</b>	<b>517,962,873</b>	<b>266,857,560</b>	<b>299,647,395</b>	<b>2,079,605</b>	<b>(376,483,231)</b>	<b>710,064,202</b>
Contingencies and commitments	14,672,741	64,309,145	-	1,249,878	-	80,231,764

For the nine months ended September 30, 2021

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

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

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

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
<b>Investments</b>										
Opening balance	-	-	-	1,241,543	4,056,857	-	-	-	961,872	3,780,238
Investment made during the period / year	-	-	-	3,071,852	14,613,074	-	-	-	717,090	31,074,157
Investment redeemed / sold during the period / year	-	-	-	(2,790,985)	(15,497,965)	-	-	-	(482,811)	(30,797,538)
Equity method adjustment	-	-	-	15,794	-	-	-	-	45,392	-
Closing balance	-	-	-	1,538,204	3,171,966	-	-	-	1,241,543	4,056,857
Provision for diminution in value of investments	-	-	-	-	2,039,337	-	-	-	-	2,041,890
<b>Advances</b>										
Opening balance	-	-	258,224	-	1,799,681	-	-	226,887	-	9,441,893
Addition during the period / year	-	-	354,360	-	-	-	-	83,064	-	6,496
Repaid during the period / year	-	-	(190,600)	-	(72,719)	-	-	(51,727)	-	(5,296,772)
Written off during the period / year	-	-	-	-	-	-	-	-	-	(2,351,936)
Closing balance	-	-	421,984	-	1,726,962	-	-	258,224	-	1,799,681
Provision held against advances	-	-	-	-	511,816	-	-	-	-	511,816



# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees '000										
<b>Other assets</b>										
Interest / mark-up accrued	-	-	542	-	48,281	-	-	345	-	58,469
Commission income receivable	-	-	-	1,216	62,709	-	-	-	72	36,391
Defined benefit plan asset	-	-	-	-	64,205	-	-	-	-	66,343
Remuneration receivable	-	-	-	3,971	27,645	-	-	-	3,583	13,601
Receivable against reimbursement of expenses	-	-	-	4,858	123,400	-	-	-	10,301	50,426
Receivable from defined contribution plan	-	-	-	-	803	-	-	-	-	647
Front end load receivable	-	-	-	-	4,316	-	-	-	208	52,394
Preliminary expenses and floatation costs receivable	-	-	-	1,532	7,453	-	-	-	4,065	6,306
Dividend receivable	-	-	-	-	1,559	-	-	-	-	1,398
Others	-	-	-	-	551,518	-	-	-	-	515,944
	-	-	542	11,577	891,889	-	-	345	18,229	801,919
<b>Deposits and other accounts</b>										
Opening balance	182	44,456	139,814	14,910	10,509,734	182	37,985	156,482	-	3,074,185
Received during the period / year	705,659	73,494	1,774,402	767,814	336,073,297	-	46,969	1,723,877	1,178,039	235,409,751
Withdrawn during the period / year	(377,444)	(69,805)	(1,751,639)	(769,730)	(329,684,057)	-	(40,498)	(1,740,545)	(1,163,129)	(227,974,202)
Transfer in / (out) during the period / year	-	-	-	(2,041)	2,041	-	-	-	-	-
Closing balance	328,397	48,145	162,577	10,953	16,901,015	182	44,456	139,814	14,910	10,509,734
<b>Other liabilities</b>										
Interest / mark-up payable	-	145	142	-	42,480	-	129	217	11	38,703
Payable against reimbursement of expenses	-	-	-	-	-	-	-	-	-	2,864
Other liabilities	-	-	-	-	158,505	-	-	-	-	154,308
	-	145	142	-	200,985	-	129	217	11	195,875
<b>Contingencies and commitments</b>										
Guarantees issued favouring related parties or on their behalf *	-	-	-	-	6,603	-	-	-	-	4,397
Trade related commitments	-	-	-	-	132,453	-	-	-	-	90,506
	-	-	-	-	139,056	-	-	-	-	94,903

\* represents outstanding guarantee

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

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

## RELATED PARTY TRANSACTIONS

	September 30, 2021 (Un-audited)				September 30, 2020 (Un-audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
<b>Income</b>										
Mark-up / return / interest earned	-	-	11,912	-	61,925	-	-	9,788	-	254,422
Fee and commission income	-	25	61	30,275	438,735	-	39	103	-	201,869
Dividend income	-	-	-	-	40,166	-	-	-	-	158,866
Net gain on sale of securities	-	-	163	61,520	22,257	-	-	-	-	30,220
Gain on sale of fixed assets	-	-	11	-	-	-	-	-	-	-
<b>Expense</b>										
Mark-up / return / interest paid	-	807	2,193	875	475,801	-	1,797	6,025	-	161,906
Reimbursement of expenses	-	-	-	10,186	160,001	-	-	-	-	69,560
Director's fee and other expenses	-	83,955	-	-	-	-	119,166	-	-	-
Remuneration	-	-	514,345	-	1,385	-	-	466,262	-	1,343
Consultancy Fee	-	-	-	-	7,947	-	-	-	-	578
Charge for defined benefit plan	-	-	-	-	162,425	-	-	-	-	134,805
Contribution to defined contribution plan	-	-	-	-	193,046	-	-	-	-	173,439
<b>Others</b>										
Shares / units purchased during the period	-	-	-	3,071,852	14,613,074	-	-	-	-	22,082,742
Shares / units sold during the period	-	-	-	2,790,985	15,519,968	-	-	-	-	21,067,750
Government securities purchased during the period	-	-	599,573	-	3,659,466	-	-	539,806	-	6,340,856
Government securities sold during the period	-	-	754,889	-	6,002,957	-	-	562,901	-	7,186,930
Contribution to defined benefit plan	-	-	-	-	160,287	-	-	-	-	253,535
Sale proceeds from disposal of fixed assets	-	-	25	-	-	-	-	-	-	-

Rupees '000

Rupees '000

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

## 39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Un-audited  
September 30,  
2021

Audited  
December 31,  
2020

----- 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

54,894,222

49,609,041

Eligible additional tier 1 (ADT 1) capital

-

-

Total eligible tier 1 capital

54,894,222

49,609,041

Eligible tier 2 capital

7,767,817

8,503,577

Total eligible capital (tier 1 + tier 2)

62,662,039

58,112,618

Risk weighted assets (RWAs):

Credit risk

261,610,262

235,843,958

Market risk

26,571,121

22,173,745

Operational risk

51,671,053

51,622,995

Total

339,852,436

309,640,698

### Common equity tier 1 capital adequacy ratio

16.15%

16.02%

### Tier 1 Capital adequacy ratio

16.15%

16.02%

### Total Capital adequacy ratio

18.44%

18.77%

### Leverage ratio (LR):

Eligible tier-1 capital

54,894,222

49,609,041

Total exposures

1,020,078,414

833,658,911

Leverage ratio (in %)

5.38%

5.95%

### Liquidity coverage ratio (LCR):

Total high quality liquid assets

321,394,325

265,799,775

Total net cash outflow

145,872,492

125,870,150

Liquidity coverage ratio (Ratio)

2.203

2.112

### Net stable funding ratio (NSFR):

Total available stable funding

566,248,110

493,515,307

Total required stable funding

336,685,937

291,597,390

Net stable funding ratio (in %)

168.18%

169.25%

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

## 40 ISLAMIC BANKING BUSINESS

The Bank is operating 521 Islamic banking branches (December 31, 2020: 500) including 1 Islamic sub-branch (December 31, 2020: 1). The statement of financial position and profit and loss account of these branches for the period ended September 30, 2021 are as follows:

		Un-audited September 30, 2021	Audited December 31, 2020
Note		Rupees '000	
Statement of financial position			
ASSETS			
		22,060,322	21,763,033
		2,787,778	1,929,779
	40.1	28,000,000	28,000,000
	40.2	68,328,003	67,554,233
	40.3	305,973,261	189,941,639
		14,278,389	13,345,113
		179,604	136,688
		13,283,378	6,278,487
		454,890,735	328,948,972
LIABILITIES			
		7,062,482	6,029,790
		75,756,094	47,086,694
	40.4	323,732,281	248,090,892
		4,449,023	769,570
		12,569,828	11,198,497
		423,569,708	313,175,443
NET ASSETS			
		31,321,027	15,773,529
REPRESENTED BY			
		22,180,000	9,180,000
		1,503,354	1,468,656
	40.5	7,637,673	5,124,873
		31,321,027	15,773,529
CONTINGENCIES AND COMMITMENTS			
	40.6		

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

Note	Un-audited For the nine months ended	
	September 30, 2021	September 30, 2020
	Rupees '000	
<b>Profit and loss account</b>		
Profit / return earned	40.7	18,917,011
Profit / return expensed	40.8	7,212,556
<b>Net profit / return</b>		11,704,455
<b>Other income</b>		
Fee and commission income		1,357,147
Foreign exchange income		281,092
Gain on securities		76,598
Others		97,795
Total other income		1,812,632
<b>Total income</b>		13,517,087
<b>Other expenses</b>		
Operating expenses		7,375,831
Other charges		825
Total other expenses		7,376,656
Profit before provisions		6,140,431
Provisions and write offs - net		2,021,087
<b>Profit before taxation</b>		4,119,344
Taxation		1,606,544
<b>Profit after taxation</b>		2,512,800

Un-audited September 30, 2021  
Audited December 31, 2020

## 40.1 Due from financial institutions

Musharaka placement	28,000,000	28,000,000
---------------------	------------	------------

## 40.2 Investments by segments:

	Un-audited				Audited December 31, 2020			
	Cost / amortised cost	Provision for diminution	Surplus	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees '000							
<b>Federal Government securities:</b>								
- Ijarah Sukuks	34,524,485	-	202,155	34,726,640	34,434,037	-	(27,948)	34,406,089
- Bai Muajjal								
Government of Pakistan	1,597,048	-	-	1,597,048	1,597,048	-	-	1,597,048
- Other Federal Government securities	1,091,045	-	-	1,091,045	466,435	-	-	466,435
	37,212,578	-	202,155	37,414,733	36,497,520	-	(27,948)	36,469,572
<b>Shares</b>								
- Listed companies	100,000	-	-	100,000	-	-	-	-
<b>Non Government Debt securities:</b>								
- Listed	15,000,000	-	487,500	15,487,500	15,000,000	-	410,000	15,410,000
- Unlisted	15,308,032	-	17,738	15,325,770	15,663,124	-	11,537	15,674,661
	30,308,032	-	505,238	30,813,270	30,663,124	-	421,537	31,084,661
<b>Total investments</b>	67,620,610	-	707,393	68,328,003	67,160,644	-	393,589	67,554,233

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

**Un-audited  
September 30,  
2021**

**Audited  
December 31,  
2020**

Rupees '000

## 40.3 Islamic financing and related assets - net

Murabaha	18,743,930	2,802,616
Musharaka	7,164	7,194
Diminishing Musharaka	135,075,691	102,902,725
Istisna	21,471,481	17,760,768
Tawwaruq	1,053,123	55,002
Running Musharaka	72,601,965	37,086,503
Fixed assets Ijarah financing - net	60,650	78,056
Tijarah	286,461	232,113
Advance against Murabaha financing	1,855,236	1,267,610
Advanced against Diminishing Musharaka	29,058,983	16,552,367
Advance against Ijarah	1,624,922	937,383
Advance against Istisna	11,698,288	6,890,624
Advance against Islamic export refinance	7,521,931	2,650,700
Advance against Tijarah	115,000	-
Musawamah	120,561	-
Bai salam	326,675	-
Salam	112,300	-
Inventory related to Islamic financing	7,060,838	1,974,625
Gross Islamic financing and related assets	308,795,199	191,198,286
Less: provision against Islamic financings		
- specific	(2,597,856)	(1,094,130)
- general	(224,082)	(162,517)
	(2,821,938)	(1,256,647)
Islamic financing and related assets - net of provision	305,973,261	189,941,639

## 40.4 Deposits

	Un-audited September 30, 2021			Audited December 31, 2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers						
Current deposits	128,911,931	11,764,214	140,676,145	82,149,540	8,463,757	90,613,297
Savings deposits	121,377,264	8,296,042	129,673,306	95,053,032	6,078,395	101,131,427
Term deposits	27,725,277	192,416	27,917,693	45,612,885	245,025	45,857,910
	278,014,472	20,252,672	298,267,144	222,815,457	14,787,177	237,602,634
Financial institutions						
Current deposits	251,112	8,247	259,359	171,270	78	171,348
Savings deposits	17,665,728	-	17,665,728	8,426,214	7,646	8,433,860
Term deposits	7,540,050	-	7,540,050	1,883,050	-	1,883,050
	25,456,890	8,247	25,465,137	10,480,534	7,724	10,488,258
	303,471,362	20,260,919	323,732,281	233,295,991	14,794,901	248,090,892

# Notes to and forming part of the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

	Un-audited September 30, 2021	Audited December 31, 2020
	----- Rupees '000 -----	
<b>40.5 Islamic banking business unappropriated profit</b>		
Opening balance	5,124,873	2,794,403
Add: Islamic Banking profit for the period / year	4,119,344	3,820,444
Less: taxation	(1,606,544)	(1,489,974)
Closing balance	7,637,673	5,124,873
<b>40.6 Contingencies and commitments</b>		
Guarantees	23,410,889	12,003,581
Commitments	72,569,470	50,760,337
	95,980,359	62,763,918
	----- Rupees '000 -----	
	Un-audited For the nine months ended	
	September 30, 2021	September 30, 2020
	----- Rupees '000 -----	
<b>40.7 Profit / return earned of financing, investments and placement</b>		
<b>Profit earned on:</b>		
Financing	13,670,896	10,916,946
Investments	5,246,115	2,863,805
	18,917,011	13,780,751
<b>40.8 Profit on deposits and other dues expensed</b>		
Deposits and other accounts	5,120,982	4,255,011
Other short term borrowings	1,437,662	1,758,643
Lease liability against right-of-use assets	653,912	525,824
	7,212,556	6,539,478

## 41 GENERAL

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

## 42 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on October 27, 2021 by the Board of Directors of the Holding Company.

If undelivered please return to:

**FAYSAL BANK LIMITED**

**Registrar:**

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