

شَاكِرُ الْمُحْمَدِ لِلَّهِ



HALF YEAR
ENDED JUNE 30, 2023
UNAUDITED FINANCIAL STATEMENTS

faysalbank



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Corporate Information

Board of Directors

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

Board Audit & Corporate Governance Committee

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

Board Risk Management Committee

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

Recruitment Nomination and Remuneration Committee

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

Board Strategy Committee

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

Corporate Information

Board IT Committee

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

Chairperson
Member
Member
Member

Note: The above information is effective from July 17, 2023

Shariah Board

Mufti Muhammad Mohib-ul-Haq Siddiqui
Dr. Mufti Khalil Ahmad Aazami
Mufti Muhammad Ashja Khan
Mufti Abdul Basit
Mufti Muhammad Abdullah

Chairman Shariah Board
Shariah Board Member
Shariah Board Member
Shariah Board Member
Resident Shariah Board Member

Syed Majid Ali

Mr. Aurangzeb Amin

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

M/s. Mohsin Tayebaly & Co., Advocate

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

Chief Financial Officer

Company Secretary & Head of Legal

Auditors

Legal Advisors

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

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Directors' Report

Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report along with unaudited condensed interim financial statements of Faysal Bank Limited ("FBL" or "the Bank") for the half year ended June 30, 2023.

Company Profile

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

The Bank surrendered its conventional banking license on 31 December 2022 and effective 01 January 2023 started operations under an Islamic Banking License issued by the State Bank of Pakistan. Its footprint spreads over 270 cities across the country with 700 branches offering only sharia-compliant banking services.

Holding Company

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain, is the parent company holding directly and indirectly 66.78% (2022: 66.78%) of the Bank's shares. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. Dar Al-Maal Al-Islami Trust (DMIT) is the holding entity of Ithmaar Holding B.S.C. and the ultimate parent of the Bank. DMIT was formed by an indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles, and traditions.

Economic Update

The Executive Board of the International Monetary Fund (IMF) approved a 9-month Stand-By Arrangement (SBA) for Pakistan for an amount of approx. USD 3 billion. IMF approval allowed for an immediate disbursement of approx. USD 1.2 billion. The remaining amount will be phased over the program's duration, subject to two quarterly reviews. The program will focus on implementation of the FY24 budget, market-determined exchange rate, an appropriately tight monetary policy and progress on structural reforms. Due to the first tranche and deposits from friendly countries SBP FX reserves have crossed USD 8.5 billion, which has undoubtedly shielded Pakistan from the looming threat of heightened default risks in short term and provided comfort level to the Multilateral/ Bilateral development partners and resultantly inflows soared by 27 times as well as caused a rally in Pakistan's Eurobonds.

In line with the directions laid out by IMF, State Bank of Pakistan (SBP) raised the policy rate by 100 basis points to 22% in the most recent emergency meeting. The average CPI for FY23 was 29.18%, as inflation for June clocked at 29.4%. The YoY increase was widespread, with the largest portion coming from non-perishable food items, which increased up to 41.79% YoY. As a result of the impact of restrictive monetary policy, IMF anticipates an average inflation rate of 25.9% for FY24, strong inflation in first half of the year and falling inflation in the second half. In FY24, IMF forecasts 2.5% GDP growth for Pakistan, up from 0.3% from in FY23.

The FBR has collected PKR 7.18 trillion in FY23 against the assigned target of PKR 7.47 trillion. FBR's revenue target has been increased to PKR 9.415 trillion, requiring a 31% increase in the recently concluded financial year. It seems a challenging task, however, high nominal growth and re-opening of imports as mandated by the IMF agreement may make the task somewhat achievable.

According to the Pakistan Bureau of Statistics (PBS) data, the trade deficit for FY23 reduced to USD 27.55 billion. The exports declined by 12.7% to USD 27.74 Billion, and imports fell by 31.0% to USD 55.29 Billion. In FY23, workers' remittances were USD 27.02 billion representing a YoY decline of 14%. The current account deficit shrank to USD 2.94 billion during the 11MFY23, a decrease of 80.6% compared to the same period last year.

Although optimism has been felt as short-term financial account problems have been addressed, the financial and currency markets will remain slightly pressured due to increased uncertainty regarding domestic politics. Pakistan has a history of running big current account deficits to support GDP growth; with imports reopening as per IMF agreement, current account will be a crucial indicator to keep an eye on going forward. A free and fair election, along with fiscal and external discipline, would go far towards assuring stability which in turn will ensure consistency in policy making and much needed long-term reforms to free Pakistan's economy off its cyclical nature of economic problems.

Bank’s Performance

Financial Highlights

Key Balance Sheet Numbers	Rs. in million		
	June '23	December '22	Growth %
Investment	481,439	469,451	2.6
Financing	521,300	454,261	14.8
Total Assets	1,228,863	1,074,353	14.4
Deposits	907,900	781,571	16.2

Profit & Loss Account	Rs. in million		
	June '23	June '22	Growth %
Total Revenue	35,411	20,660	71.4
Total Expenses	(18,030)	(12,391)	45.5
Profit before tax and provisions	17,381	8,269	110.2
Net provisions	(2,325)	406	-672.7
Profit before tax	15,056	8,675	73.6
Tax	(7,531)	(4,293)	75.4
Profit after tax	7,525	4,382	71.7
Earnings per share (Rupees)	4.96	2.89	71.7

The current year marks a momentous occasion for the Bank, as we proudly celebrate our inaugural year as an Islamic Bank. With unwavering commitment to excellence, we have attained remarkable financial performance and unprecedented growth. Despite the challenges that have come our way, the Bank has consistently demonstrated to be a strong, resilient institution that has weathered the storms to celebrate this significant milestone. On a standalone basis, FBL has achieved a record Profit Before Tax (PBT) of PKR 15.1 billion, marking a remarkable 73.6% higher than PKR 6.4 billion in the corresponding period last year. Profit After Tax (PAT) rose to PKR 7.5 billion in H1'23 representing a 71.7% increase from PKR 4.4 billion in H1'22. Furthermore, Earnings Per Share exhibited a commendable rise, surging from PKR 2.89 to PKR 4.96.

The Bank continued to deliver on growth objectives and has substantially increased total revenue by 71.4% over H1'22 to PKR 35.4 billion. Robust growth in balance sheet (H1'23 vs H1'22) coupled with an increase in spreads led to a year-on-year growth of 89.3% in net spread earned taking it to PKR 30.7 billion in H1'23. Healthy growth in current deposits of PKR 52 billion (18.9%) YoY and increase in the average benchmark rate helped improve the overall spreads. Non-Fund income grew by 5.8% over the corresponding period last year and is at PKR 4.7 billion in H1'23. Excluding loss on securities, non-fund income showed robust growth of 20.9%.

As a result of prevailing circumstances of historically high inflation, a depreciating PKR relative to the USD, and an expanding branch network, the bank's total expenses have risen by 45.5% over H1'22. However, the cost to income ratio has improved from 60.0% in H1'22 to 50.9% in H1'23. The net provision for H1'23 was PKR 2.3 billion, compared to a reversal of PKR 0.4 billion in H1'22. In response to the challenging economic conditions, the bank has started to proactively build a general provision to address any potential unforeseen credit losses in the future. The Bank increased general provision by PKR 1.1 billion taking the total coverage ratio to 95% from 89% in Dec'22. The NPL ratio continued to reduce and is at 4%.

As a result of strong deposit mobilization and borrowings, FBL total assets continued to grow and are at PKR 1.2 trillion. The upward trend in Current Accounts seen over past few quarters continued taking them to PKR 330 billion i.e., 18.9% growth over December 2022. Total deposits also increased by 16.2% over December 2022 and reached PKR 908 billion. The Current Account (CA) mix improved to 36.3% from 35.5% at December 2022, however, the CASA mix, due to growth in Term Deposits, decreased to 77% from 80% at December 2022.

FBL's net advances increased by 14.8% to PKR 521 billion, with the ADR at 57.4% marginally lower from 58.1% in December 2022.

In conclusion the bank's financial performance was brilliant during the first six months of 2023 and In Sha Allah, this trend will persist and give us continued success in the future.

Outlook

Looking forward, FBL is well-positioned with good momentum as we enter the year 2023. We are confident and are cognizant of the potential impact that further economic uncertainty and continued inflation might have on us and on our customers. The Bank remains committed to strategically investing in branch network to fuel deposit growth. We are diligently taking measures to enhance our overall customer service experience. In addition to our ongoing investment in branch infrastructure, the Bank is focusing on providing cutting edge digital solutions and will invest in modern technologies to improve digital offerings and customer experience. We will continue to make investments in our workforce and foster an environment that promotes our core values namely Faith, Integrity, Teamwork, Innovation and Care.

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+

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

Dividend

The Board of Directors, in their meeting held on August 24, 2023 declared an interim cash dividend of Rs.1 per share (10%) for the half year ended June 30, 2023.

Acknowledgement

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

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

Approval

In compliance with the requirement of the Companies Act, 2017, this Directors' Report with the recommendation of the Board Audit and Corporate Governance Committee has been approved by the Directors in their meeting held on August 24, 2023 and signed by the Chief Executive Officer and a director.

President & CEO

Karachi

Dated: August 24, 2023

Chairman

اعتراف

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

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

منظوری

کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق، بورڈ کی آڈٹ اور کارپوریٹ گورنس کمیٹی کی سفارش کے ساتھ ڈائریکٹرز کی اس رپورٹ کو ڈائریکٹرز نے 24 اگست 2023 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ڈائریکٹر نے دستخط کیے ہیں۔

چیئرمین

صدر اور سی ای او

کراچی

تاریخ: 24 اگست 2023

نقطہ نظر

مستقبل کے پیش نظر، FBL اچھی رفتار کے ساتھ بہترین پوزیشن سے 2023 میں نمایاں ہو گا۔ مزید اقتصادی غیر یقینی صورتحال اور افراط زر کی جاری صورتحال کے ممکنہ اثرات ہم پر اور ہمارے صارفین پر پڑنے سے ہم آگاہ ہیں مگر ہم اپنی صلاحیتوں سے واقف ہیں اور پُر اعتماد ہیں۔ ہماری مارکیٹ میں موجودگی کو بڑھانے اور اپنے صارفین کی بہتر خدمت کے لیے ہم اپنی تمام سرمایہ کاری ہمارے نیٹ ورک کی ترقی کے جاری رہنے پر لگانے کا وعدہ کرتے ہیں۔ مزید یہ کہ، بینک افادیت بڑھانے، ڈپازٹ میں مسلسل اضافے، اور کسٹمر سروس کے معیار کو مزید بہتر بنانے کے لیے کام جاری رکھے گا۔ برانچ کے انفراسٹرکچر میں سرمایہ کاری کے ساتھ ساتھ بینک جدید ڈیجیٹل حل فراہم کرنے پر توجہ مرکوز رکھے گا اور ڈیجیٹل پیشکشوں اور کسٹمر کے تجربے کو بہتر بنانے کے لیے جدید ٹیکنالوجیز میں سرمایہ کاری جاری رکھے گا۔ اولین اور اہم ترین یہ کہ ہم اپنی افرادی قوت اور ثقافت کو فروغ دینے پر سرمایہ کاری کرتے رہیں گے جو ہماری بنیادی اقدار یعنی ایمان، دیاننداری، ٹیم ورک، جدت اور نگہداشت کی حوصلہ افزائی کرتی ہے۔

کریڈٹ ریٹنگ:

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

طویل المدتی	AA
قلیل المدتی	A1+

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

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 24 اگست 2023 کو منعقدہ اپنے اجلاس میں 30 جون 2023 کو اختتام شدہ ششماہی کے لیے فی حصص 1 روپیہ (10%) عبوری نقد ڈیویڈنڈ دینے کا اعلان کیا ہے۔

انفرادی طور پر بینک نے 15.1 بلین روپے کے ریکارڈ قبل از ٹیکس منافع (PBT) کے ساتھ متاثر کن کارکردگی فراہم کی ہے، جو کہ گذشتہ سال کی اسی سہ ماہی کے 6.4 بلین روپے سے %73.6 زیادہ ہے۔ بعد از ٹیکس منافع (PAT) 2022 کی پہلی ششماہی میں 4.4 بلین روپے سے 2023 کی پہلی ششماہی میں 7.5 بلین ہو کر %71.7 اضافے سے ہمکنار ہوا۔ فی حصص آمدن 4.96 روپے رہی جو کہ Q2'22 میں 2.89 روپے تھی۔

بینک نے اپنی ترقی کی رفتار کو جاری رکھا اور کل آمدنی میں H1'22 سے 71.4 فیصد زیادہ اضافہ کیا۔ مضبوط بیلنس شیٹ کی توسیع اور مجموعی اسپرڈز میں بہتری کے سہارے سے نیٹ اسپرڈ آمدنی %89.37 کے سال بہ سال اضافے کے ساتھ، H1'23 میں 30.7 بلین روپے تک پہنچ گئی ہے۔ کرنٹ ڈپازٹ میں 52 بلین روپے کے مجموعی اضافے اور اوسط بینچ مارک میں اضافے کے نتیجے میں اسپرڈز بہتر ہوئے ہیں۔ نان فنڈ آمدنی میں گذشتہ سال کی اسی مدت سے %5.8 اضافہ ہوا اور H1'23 میں 4.7 بلین روپے رہی۔ سیکورٹیز پر نقصان کے علاوہ، نان فنڈ آمدنی میں 20.9 فیصد کی زبردست ترقی حاصل ہوئی۔

افراط زر میں شدید اضافے، امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی اور برانچز کے نیٹ ورک میں اضافے کی وجہ سے بینک کے اخراجات H1'22 کے مقابلے میں %45.5 زیادہ رہے۔ اس کے باوجود ہماری توجہ آمدنی بڑھانے پر مرکوز رکھنے کی وجہ سے، شرح آمدن H1'22 کے %60.0 کے مقابلے میں H1'23 میں %50.9 رہی۔ H1'23 میں 2.3 بلین روپے کا خالص پروویژن ریکارڈ کیا گیا۔ NPL کا تناسب مسلسل کم ہو کر %4 ہے اور مجموعی کوریج کا تناسب %95 رہا۔

مضبوط ڈپازٹ موبلائزیشن اور قرضوں کی وصولی کے اقدامات سے FBL نے اثاثہ جات کو بڑھا کر 1.2 ٹریلین روپے تک پہنچا دیا۔ گزشتہ کئی سہ ماہیوں سے کرنٹ اکاؤنٹس کی رفتار کو جاری رکھا اور وہ 330 بلین روپے تک پہنچ گئیں، جو دسمبر 22 سے %18.9 زیادہ کی عکاسی کرتی ہے۔ مجموعی ڈپازٹس دسمبر 2022 سے %16.2 بڑھ گئے اور 908 بلین روپے تک پہنچ گئے۔ کرنٹ اکاؤنٹ (CA) کا تناسب دسمبر 2022 میں %35.5 سے بڑھ کر %36.3 ہو گیا اور CASA کا تناسب دسمبر 2022 میں %80 سے کم ہو کر %77 ہو گیا۔

نیٹ فنانسنگ %14.8 اضافے کے ساتھ 521 بلین روپے ہو گئی اور ADR دسمبر 22 کے %58.1 سے کم ہو کر %57.4 ہو گیا۔

مجموعی طور پر پہلے چھ ماہ کے دوران بینک کی مالیاتی کارکردگی بے مثال رہی اور انشاء اللہ ترقی کا یہ سلسلہ جاری رہے گا اور مستقبل کی مستحکم ترقی کی بنیاد بنے گا۔

بینک کی کارکردگی

مالیاتی جھلکیاں:

بیلنس شیٹ

(ملین روپے)

نمو %	دسمبر ۲۰۲۲ء	جون ۲۰۲۳ء	
2.6	469,451	481,439	سرمایہ کاری
14.8	454,261	521,300	فنانسنگ
14.4	1,074,353	1,228,863	کل اثاثہ جات
16.2	781,571	907,900	ڈپازٹس

(ملین روپے)

نفع اور نقصان اکاؤنٹ

نمو %	جون ۲۰۲۲ء	جون ۲۰۲۳ء	
71.4	20,660	35,411	مجموعی آمدنی
45.5	(12,391)	(18,030)	کل اخراجات
110.2	8,269	17,381	منافع قبل از ٹیکس اور پروویژن
(672.7)	406	(2,325)	نیٹ پروویژن
73.6	8,675	15,056	منافع قبل از ٹیکس
75.4	(4,293)	(7,531)	ٹیکسز
71.7	4,382	7,525	منافع بعد از ٹیکس
71.7	2.89	4.96	فی حصص آمدن (روپے)

سال 2023 بینک کے لیے ایک تاریخی سال ہے کیونکہ اس میں ہم نے ایک اسلامی بینک کی صورت میں اپنے آپ پریشنز کا فخر یہ طور پر آغاز کیا۔ صلاحیتوں اور مہارتوں کے غیر متزلزل عزم کے ساتھ ہم نے بے مثال مالی کارکردگی اور غیر معمولی ترقی حاصل کی ہے۔ بہت ساری رکاوٹوں کے باوجود بینک نے ایک مستحکم ادارے کے طور پر پیش قدمی جاری رکھی اور اس مایہ ناز سنگ میل کو عبور کرنے میں کامیاب رہا۔

ممالک سے مالی امداد کے نتیجے میں اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر 8.5 بلین ڈالر سے تجاوز کر گئے، نتیجے میں پاکستان کے ڈیفالٹ ہونے کے خطرات کم از کم 6 ماہ کے لیے ٹل گئے ہیں اور پاکستان کے یورو بانڈز میں استحکام آیا ہے۔

آئی ایم ایف کی ہدایات کے مطابق، اسٹیٹ بینک آف پاکستان (SBP) نے اپنے حالیہ ہنگامی اجلاس میں پالیسی ریٹ کو 100 بنیادی پوائنٹس سے 22 فیصد تک بڑھا دیا ہے۔ مالی سال 2023 کے دوران کنزرویٹو پرائس انڈیکس (CPI) کی عمومی شرح 29.18% رہی، جبکہ جون کے دوران افراط زر کی شرح 29.4% رہی۔ مہنگائی بڑھنے میں غذائی اجناس کے بڑھنے کا اہم کردار ہے جس میں سال کے اعتبار سے 41.79% اضافہ دیکھا گیا۔ محدود مانیٹری پالیسی کے نتیجے میں، آئی ایم ایف نے مالی سال 24 کے لیے 25.9% اوسط افراط زر رہنے کی پیش گوئی کی ہے جبکہ سال کی پہلی ششماہی کے دوران مہنگائی بڑھنے اور دوسری ششماہی میں کم ہونے کے امکانات ہیں۔ آئی ایم ایف نے مالی سال 24 میں پاکستان کی جی ڈی پی کی گروتھ 2.5% رہنے کی پیش گوئی کی ہے۔

FBR نے مالی سال 23 کے اپنے 7.47 ٹریلین روپے کے مقررہ ہدف کے مقابلے میں 7.18 ٹریلین روپے وصولی کی ہے۔ FBR کی آمدنی کا ہدف بڑھا کر 9.415 ٹریلین روپے کیا گیا ہے جس کے مطابق مالی سال کے اختتام پر 31 فیصد اضافہ مطلوب ہو گا۔ یہ ہدف بہت مشکل دکھائی دے رہا ہے جس کے لیے ترقی کی زبردست شرح اور آئی ایم ایف کے ساتھ معاہدے کے تحت امپورٹس کی دوبارہ بحالی ہی اس ہدف کو پورا کر سکتے ہیں۔

پاکستان بورو آف اسٹیشنس (PBS) کے اعداد و شمار کے مطابق، رواں مالی سال 2023 میں تجارتی خسارہ 27.55 بلین امریکی ڈالر تک پہنچ گیا، نیز برآمدات 12.7% کمی کے ساتھ 27.74 بلین امریکی ڈالر تک پہنچ گئیں اور درآمدات 31.0% کم ہو کر 55.29 بلین ڈالر ہو گئیں۔ مالی سال 2023 میں، ترسیلات زر میں YOY میں 14% کمی واقع ہوئی اور 27.02 بلین امریکی ڈالر تک پہنچ گئی۔ مالی سال 2023 کے 11 ماہ کے دوران کرنٹ اکاؤنٹ خسارہ 2.94 بلین امریکی ڈالر رہا، جو کہ گذشتہ سال میں اسی مدت سے 80.6% کم ہے۔

حالانکہ ملکی مالی مسائل قلیل مدتی بنیاد پر حل ہوتے دکھائی دے رہے ہیں لیکن ملک میں جاری سیاسی غیر یقینی کی وجہ سے فنانس و کرنسی مارکیٹس کی صورت حال اسی طرح کھمبیر رہے گی۔ پاکستان میں GDP کی شرح میں استحکام لانے کے لیے کرنٹ اکاؤنٹ خسارے میں اضافے کی تاریخ رہی ہے، جس کے ساتھ آئی ایم ایف معاہدے کے مطابق امپورٹس کے دوبارہ کھلنے سے کرنٹ اکاؤنٹ کی بگڑتی صورت حال پر نظر رکھنے کی ضرورت ہو گی۔ صاف اور شفاف الیکشن کا انعقاد، مالی اور خارجی معاملات میں ہم آہنگی کے نتیجے میں ہی استحکام آنے کا جس سے پالیسی بنانے میں مدد ملے گی اور پاکستانی معیشت کو آزاد کرنے کے لیے اشد ضروری طویل مدتی اصلاحات کرنے سے ہی ملکی معاشی مسائل حل ہوں گے۔

ڈائریکٹرز کا جائزہ

ان کنسولیدیٹڈ مالیاتی گوشواروں پر ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے، فیصل بینک لمیٹڈ (”FBL“ یا ”دی بینک“) کی 30 جون 2023 پر اختتام شدہ ششماہی کے لیے غیر آڈٹ شدہ منجمد عبوری مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی پر فائل:

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

بینک نے 31 دسمبر 2022 کو اپنا کنٹینٹل بینکنگ لائسنس واپس کیا اور یکم جنوری 2023 کو اسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ اسلامی بینکاری لائسنس کے تحت آپریشنز کا آغاز کیا۔ بینک کی ملک بھر کے 270 شہروں میں 700 شاخیں شرعی اصولوں کے عین مطابق خدمات فراہم کر رہی ہیں۔

ہولڈنگ کمپنی

اتمار بینک B.S.C. (کلوزڈ)، ایک بینکنگ ادارہ ہے جو مرکزی بینک آف بحرین کے ذریعے ریگولیٹ کیا جاتا ہے، یہ مرکزی کمپنی ہے، جو فیصل بینک لمیٹڈ میں بالواسطہ یا بلاواسطہ 66.78% (2022: 66.78%) حصص کی حامل ہے۔ اتمار بینک B.S.C. (کلوزڈ) اتمار ہولڈنگز B.S.C. کا ملکیتی ذیلی ادارہ دارالmaal الاسلامی ٹرسٹ (DMIT) اتمار ہولڈنگ B.S.C. کی ہولڈنگ کمپنی اور گروپ کی سرپرست ہے۔ DMIT کو معاہدے کے ذریعے دولت مشترکہ بہاماس کے قوانین کے تحت اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور کو سرانجام دینے کے مقصد سے تشکیل دیا گیا تھا۔

تازہ ترین اقتصادی صورتحال:

انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے ایکزیکٹیو بورڈ نے پاکستان کے لیے تقریباً 3 بلین ڈالر کا اسٹینڈ بائی ایگریمنٹ برائے 9 ماہ منظور کیا ہے۔ اس منظوری سے فوری طور پر 1.2 بلین ڈالر کی وصولی ہوئی ہے۔ باقی رقم کی ادائیگی پروگرام کی مدت کے دوران 2 سہ ماہی جائزوں سے مشروط ہے۔ اس پروگرام میں مالی سال 24 کے بجٹ پر عمل درآمد، مارکیٹ کے طے شدہ ایکسچینج ریٹ، نسبتاً سخت مانیٹری پالیسی اور بنیادی ڈھانچے کی بحالی سے متعلق پیش رفت کا جائزہ لیا جائے گا۔ پہلی قسط کے اجراء اور دوست

Independent Auditor's Review Report

To the members of Faysal Bank Limited

On review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Faysal Bank Limited ("the Bank") as at 30 June 2023 and the related condensed interim unconsolidated statement of profit and loss account and condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated cash flow statement and notes to the condensed interim unconsolidated financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The financial statements of the Bank for half year ended 30 June 2022 and for the year ended 31 December 2022 were respectively reviewed and audited by another firm of Chartered Accountants who had expressed an unqualified conclusion and opinion thereon vide their reports dated 29 August 2022 and 3 March 2023, respectively.

The figures for the quarter ended 30 June 2023 in the condensed interim unconsolidated statement of profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Zeeshan Rashid.

KPMG Taseer Hadi & Co.

Chartered Accountants

Karachi

Dated: 29 August 2023

UDIN: RR202310188YPrOWCnsm

Condensed Interim Unconsolidated Statement of Financial Position

As at June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		----- Rupees '000 -----	
ASSETS			
Cash and balances with treasury banks	9	89,443,570	56,130,549
Balances with other banks	10	4,030,377	2,785,035
Due from financial institutions	11	25,500,000	9,815,098
Investments - net	12	481,439,407	469,451,195
Islamic financing and related assets - net	13	521,299,853	454,260,608
Fixed assets	14	36,065,787	35,034,233
Intangible assets	15	2,078,174	1,984,841
Deferred tax assets	20	167,776	-
Other assets - net	16	68,837,754	44,891,304
		1,228,862,698	1,074,352,863
LIABILITIES			
Bills payable	17	20,703,371	21,309,950
Due to financial institutions	18	162,888,399	150,134,396
Deposits and other accounts	19	907,899,933	781,570,730
Sub-ordinated sukuk		-	-
Deferred tax liabilities	20	-	694,025
Other liabilities	21	62,010,810	50,560,351
		1,153,502,513	1,004,269,452
NET ASSETS		75,360,185	70,083,411
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		13,132,996	11,675,968
Surplus on revaluation of assets - net	22	9,894,248	10,648,814
Unappropriated profit		37,155,976	32,581,664
		75,360,185	70,083,411
CONTINGENCIES AND COMMITMENTS			
		23	

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter and half year ended June 30, 2023

Note	Quarter ended		Half year ended		
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
----- Rupees '000 -----					
Profit / return earned on Islamic financing and related assets, investments and placements	25	47,266,560	23,511,530	82,103,911	40,813,810
Profit / return on deposits and other dues expensed	26	29,575,026	14,457,338	51,372,343	24,577,782
Net profit / return		17,691,534	9,054,192	30,731,568	16,236,028
OTHER INCOME					
Fee and commission income	27	2,053,450	1,745,132	4,159,333	3,229,374
Dividend income		148,465	229,267	207,249	347,560
Foreign exchange income		587,629	859,923	1,671,675	1,429,045
Income from derivatives		23,244	45,270	116,342	49,898
Loss on securities	28	(709,319)	(650,646)	(1,601,602)	(770,645)
Other income	29	60,226	56,692	126,801	139,268
		2,163,695	2,285,638	4,679,798	4,424,500
Total income		19,855,229	11,339,830	35,411,366	20,660,528
OTHER EXPENSES					
Operating expenses	30	9,896,161	6,315,873	17,691,864	12,207,338
Workers Welfare Fund		177,875	105,476	335,503	179,029
Other charges	31	2,243	2,328	2,560	4,714
Total other expenses		10,076,279	6,423,677	18,029,927	12,391,081
Profit before provisions		9,778,950	4,916,153	17,381,439	8,269,447
Provisions and write-offs - net	32	960,203	(259,043)	2,325,104	(405,657)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		8,818,747	5,175,196	15,056,335	8,675,104
Taxation	33	4,504,642	2,926,408	7,531,078	4,293,332
PROFIT AFTER TAXATION		4,314,105	2,248,788	7,525,257	4,381,772
----- Rupees -----					
Basic / diluted earnings per share	34	2.84	1.48	4.96	2.89

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 half year ended June 30, 2023

	Quarter ended		Half year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	Rupees '000			
Profit after taxation for the period	4,314,105	2,248,788	7,525,257	4,381,772
Other comprehensive income / (loss)				
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>				
- Movement in surplus on revaluation of investments - net of tax	1,278,989	(1,130,260)	(134,008)	(1,016,015)
Total comprehensive income	<u>5,593,094</u>	<u>1,118,528</u>	<u>7,391,249</u>	<u>3,365,757</u>

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

Condensed Interim Unconsolidated Statement Of Changes In Equity

For the half year ended June 30, 2023

Share capital	Reserves					Surplus / (deficit) on revaluation of			Unappropriated profit	Total	
	Capital reserves			Statutory reserve	Total	Investments		Total			
	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase	Reserve arising on amalgamation			Investments	Fixed assets / non-banking assets				
Rupees '000											
15,176,965	10,131	325,418	23,952	12,253,682	12,613,183	111,599	6,949,984	7,061,583	30,971,591	65,823,322	
-	-	-	-	-	-	-	-	-	4,381,772	4,381,772	
-	-	-	-	-	-	(1,016,015)	-	(1,016,015)	-	(1,016,015)	
-	-	-	-	-	-	(1,016,015)	-	(1,016,015)	4,381,772	3,365,757	
-	-	-	-	-	-	-	-	-	(1,517,100)	(1,517,100)	
-	-	-	-	-	-	-	(52,046)	(52,046)	52,046	-	
-	-	(44,742)	-	-	(44,742)	-	-	-	-	(44,742)	
15,176,965	10,131	280,676	23,952	12,253,682	12,568,441	(904,416)	6,897,938	5,993,522	33,888,309	67,627,237	
-	-	-	-	-	-	-	-	-	6,851,396	6,851,396	
-	-	-	-	-	-	(941,196)	5,646,688	4,705,492	28,872	4,734,364	
-	-	-	-	-	-	(941,196)	5,646,688	4,705,492	6,880,268	11,585,760	
-	-	-	-	(3,115,700)	(3,115,700)	-	-	-	3,115,700	-	
-	-	-	-	2,246,634	2,246,634	-	-	-	(2,246,634)	-	
-	-	-	-	-	-	-	(45,223)	(45,223)	45,223	-	
-	-	-	-	-	-	-	(4,977)	(4,977)	4,977	-	
-	-	(23,407)	-	-	(23,407)	-	-	-	-	(23,407)	
-	-	-	-	-	-	-	-	-	(758,848)	(758,848)	
-	-	-	-	-	-	-	-	-	(8,347,331)	(8,347,331)	
15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,845,612)	12,494,426	10,648,814	32,581,664	70,083,411	
-	-	-	-	-	-	-	-	-	7,525,257	7,525,257	
-	-	-	-	-	-	(134,008)	-	(134,008)	-	(134,008)	
-	-	-	-	-	-	(134,008)	-	(134,008)	7,525,257	7,391,249	
-	-	-	-	1,505,052	1,505,052	-	-	-	(1,505,052)	-	
-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)	
-	-	-	-	-	-	-	(344,907)	(344,907)	71,804	(273,103)	
-	-	-	-	-	-	-	(275,651)	(275,651)	-	(275,651)	
-	-	(48,024)	-	-	(48,024)	-	-	-	-	(48,024)	
15,176,965	10,131	209,245	23,952	12,889,668	13,132,996	(1,979,620)	11,873,868	9,894,248	37,155,976	75,360,185	

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 half year ended June 30, 2023

	Note	June 30, 2023	June 30, 2022
----- Rupees '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		15,056,335	8,675,104
Less: dividend income		(207,249)	(347,560)
		14,849,086	8,327,544
Adjustments:			
Depreciation on owned fixed assets	30	975,173	698,644
Amortisation of intangible assets	30	144,938	89,743
Depreciation on right-of-use assets	30	948,966	770,959
Depreciation on non-banking assets	30	2,834	2,483
Workers Welfare Fund		335,503	179,029
Provision / (Reversal of provision) against financing - net	32	1,132,687	(191,958)
Provision / (Reversal of provision) for diminution in value of investments - net	32	1,297,956	(79,448)
Provision / (Reversal of provision) against other assets - net	32	2,326	(30,336)
Provision / (Reversal of provision) against off balance sheet obligations - net	32	2,828	(5,520)
Unrealised loss / (gain) on securities - held for trading - net	28	1,797	(22,089)
Gain on sale of fixed assets - net	29	(11,478)	(26,378)
Charge for defined benefit plan		132,450	118,380
Income from derivative contracts - net		(116,342)	(49,898)
Profit / return expensed - lease liability against right-of-use assets	26	733,872	563,240
Bad debts written off directly	32	41,265	137,666
		5,624,775	2,154,517
		20,473,861	10,482,061
(Increase) / decrease in operating assets			
Due from financial institutions		(15,684,902)	-
Held-for-trading securities		(3,547,199)	12,059,163
Financing		(68,213,197)	(77,982,341)
Others assets (excluding advance taxation)		(24,274,969)	(13,481,065)
		(111,720,267)	(79,404,243)
Increase / (decrease) in operating liabilities			
Bills payable		(606,579)	342,231
Due to financial institutions		11,553,435	41,681,724
Deposits		126,329,203	78,314,808
Other liabilities (excluding current taxation)		9,644,165	4,665,274
		146,920,224	125,004,037
Income tax paid		(7,107,822)	(3,339,030)
Contribution to gratuity fund		(132,450)	(118,380)
Net cash generated from operating activities		48,433,546	52,624,445
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(9,793,832)	(34,876,413)
Net investment in associates		(218,338)	(392,586)
Net (investment) / divestment in held-to-maturity securities		(372,289)	933,750
Dividends received		207,249	322,176
Investment in operating fixed assets		(2,096,644)	(1,735,527)
Investment in intangible assets		(279,339)	(146,433)
Proceeds from sale of fixed assets		12,592	29,527
Net cash used in investing activities		(12,540,601)	(35,865,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(1,042,075)	(917,819)
Dividend paid		(1,493,075)	(1,493,696)
Net cash used in financing activities		(2,535,150)	(2,411,515)
Increase in cash and cash equivalents during the period			
Cash and cash equivalents at the beginning of the period		33,357,795	14,347,424
		57,253,408	59,488,711
Cash and cash equivalents at the end of the period		90,611,203	73,836,135

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the half year ended June 30, 2023

1 STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are listed on the Pakistan Stock Exchange Limited. The Bank is engaged in Shariah compliant modern Corporate, Commercial and Consumer banking activities. The Bank is operating through 700 Islamic branches (December 31, 2022: 700 branches) including 2 sub-branches (December 31, 2022: 2).

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, 2022: 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 State Bank of Pakistan has issued the Islamic Banking License No. BL(i) - 01 (2022) dated December 30, 2022 in the Bank's name, effective from January 1, 2023.
- 1.3** The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2022: 'AA') and the short term rating as 'A1+' (December 31, 2022: 'A1+') on June 23, 2023 and June 27, 2023 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 profit 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 utilized and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Resident Shariah Board Member (RSBM) of the Bank.

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

3 STATEMENT OF COMPLIANCE

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

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

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

- 3.2** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended June 30, 2023, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 48.024 million (period ended June 30, 2022: Rs. 44.742 million) from the NCR.

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

For the half year ended June 30, 2023

3.3 These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the annual unconsolidated financial statements for the year ended December 31, 2022.

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, 2023 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, 2024*
- Amendment to IFRS 16 - Leases on sale and leaseback	January 1, 2024
- Amendment to IAS 1- Non current liabilities with covenants	January 1, 2024

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.

* As directed by SBP via BPRD Circular No. 7 of 2023 dated April 13, 2023, IFRS 9 Financial Instruments application has been deferred and will be effective from January 1, 2024, for banks. SBP has issued the final instructions on IFRS 9 (Application Instructions) via BPRD Circular no. 3 of 2022 dated July 5, 2022 for ensuring smooth and consistent implementation of the standard across banks. Accordingly, the Bank disclosed the impact of the application of IFRS 9 in Pakistan in its financial statements as at 31 December 2022.

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated at this stage because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

3.6 The SBP vide BPRD Circular No. 02 of 2023 dated February 9, 2023, has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank from the first quarter of the year 2024.

3.7 As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at June 30, 2023 are as follows:

		Rupees in '000
Assets	Note	
Investments		1,379,035
Financing		3,128,418
Liabilities		
Due to financial institutions		3,490
Deposits and other accounts		4,926,471
Other liabilities	24.1	2,143,305

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

For the half year ended June 30, 2023

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, 2022, except for the change as detailed below:

Associates are all entities over which the Bank has significant influence, but not control. Certain mutual funds are managed by Subsidiary Company of the Bank and hence, the Bank has significant influence over such funds and therefore, investment in these mutual funds are considered as investment in associates in these condensed interim unconsolidated financial statements. This change is applied prospectively as the impact is not considered to be material.

5 BASIS OF MEASUREMENT

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

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements is the same as that applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2022, except for the change in impairment for equity securities classified as available-for-sale for which impairment criteria for significant decline has been changed. The impact of change is not material.

8 FINANCIAL RISK MANAGEMENT

8.1 The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2022.

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		----- Rupees '000 -----	
9 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		21,508,525	17,453,357
- foreign currencies		2,066,148	881,183
		23,574,673	18,334,540
With State Bank of Pakistan in			
- local currency current accounts		51,924,239	32,768,340
- foreign currency current accounts		2,802,706	2,536,026
- foreign currency deposit accounts		4,839,687	2,280,616
		59,566,632	37,584,982
With National Bank of Pakistan in			
- local currency current accounts		6,299,835	206,502
Prize bonds	9.1	2,430	4,525
		89,443,570	56,130,549

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

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----		
10 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	13,590	20,007
Outside Pakistan		
- in current accounts	4,016,787	2,683,513
- in deposit accounts	-	81,515
	<u>4,030,377</u>	<u>2,785,035</u>
11 DUE FROM FINANCIAL INSTITUTIONS		
Musharaka placement	25,500,000	4,000,000
Repurchase agreement lendings (reverse repo)	-	5,815,098
	<u>25,500,000</u>	<u>9,815,098</u>

12 INVESTMENTS

12.1 Investments by type:

Note	Un-audited June 30, 2023				Audited December 31, 2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees '000 -----								
Held-for-trading securities								
Federal Government securities	3,547,199	-	(1,797)	3,545,402	-	-	-	-
	3,547,199	-	(1,797)	3,545,402	-	-	-	-
Available-for-sale securities								
Federal Government securities	421,824,120	-	(6,356,073)	415,468,047	406,535,788	-	(4,225,759)	402,310,029
Shares	6,804,537	(2,627,831)	99,844	4,276,550	12,212,313	(1,297,552)	(1,392,156)	9,522,605
Non Government debt securities	47,917,827	(519,291)	2,374,621	49,773,157	48,004,551	(519,291)	2,380,000	49,865,260
	<u>476,546,484</u>	<u>(3,147,122)</u>	<u>(3,881,608)</u>	<u>469,517,754</u>	<u>466,752,652</u>	<u>(1,816,843)</u>	<u>(3,237,915)</u>	<u>461,697,894</u>
Held-to-maturity securities								
Non Government debt securities	6,701,882	(1,435,184)	-	5,266,698	6,329,593	(1,467,507)	-	4,862,086
	<u>6,701,882</u>	<u>(1,435,184)</u>	<u>-</u>	<u>5,266,698</u>	<u>6,329,593</u>	<u>(1,467,507)</u>	<u>-</u>	<u>4,862,086</u>
Associates *								
Faysal Islamic Savings Growth Fund	205,151	-	-	205,151	621,343	-	-	621,343
Faysal Islamic Stock Fund	114,509	-	-	114,509	114,509	-	-	114,509
Faysal Halal Amdani Fund	1,650,000	-	-	1,650,000	-	-	-	-
Faysal Savings Growth Fund	-	-	-	-	693,353	-	-	693,353
Faysal Stock Fund	-	-	-	-	322,117	-	-	322,117
	<u>1,969,660</u>	<u>-</u>	<u>-</u>	<u>1,969,660</u>	<u>1,751,322</u>	<u>-</u>	<u>-</u>	<u>1,751,322</u>
Subsidiary *								
Faysal Asset Management Limited	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
	<u>489,905,118</u>	<u>(4,582,306)</u>	<u>(3,883,405)</u>	<u>481,439,407</u>	<u>475,973,460</u>	<u>(3,284,350)</u>	<u>(3,237,915)</u>	<u>469,451,195</u>
Total Investments - net								
* related parties								

	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----		
12.2 Investments given as collateral - market value		
Federal Government Securities		
- Pakistan Investment Bonds	-	5,307,116
- Ijarah Sukuks	71,100,460	29,866,500
	<u>71,100,460</u>	<u>35,173,616</u>

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

For the half year ended June 30, 2023

	Un-audited June 30, 2023	Audited December 31, 2022
	Rupees '000	
12.3 Provision for diminution in value of investments		
12.3.1 Opening balance	3,284,350	3,451,987
Charge / (reversals)		
Charge for the period / year	1,771,495	7,067
Reversals for the period / year	(32,323)	(85,824)
Reversals on disposals for the period / year	(441,216)	(88,880)
	1,297,956	(167,637)
Closing balance	4,582,306	3,284,350

12.3.2 Particulars of provision against debt securities

	Un-audited June 30, 2023		Audited December 31, 2022	
Category of classification	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees '000			
Domestic				
- Loss	1,954,475	1,954,475	1,986,798	1,986,798

12.4 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 5,764 million (December 31, 2022: Rs. 4,862 million).

12.5 Investment in subsidiary and associates

Note	As at June 30, 2023				For the half year ended June 30, 2023		
	Country of incorporation	% Holding	Assets	Liabilities	Revenue / (loss)	Profit / (loss)	Total comprehensive income / (loss)
Rupees '000							
Associates							
Faysal Islamic Savings Growth Fund	Pakistan	7.67	2,678,454	12,490	163,996	149,843	149,843
Faysal Islamic Stock Fund	Pakistan	25.03	447,323	96,919	(4,324)	(14,981)	(14,981)
Faysal Halal Amdani Fund	Pakistan	4.03	41,172,291	305,427	3,462,712	3,289,411	3,289,411
Subsidiary							
Faysal Asset Management Limited	12.5.1	Pakistan	99.99	1,777,662	243,219	455,544	174,048
Rupees '000							
Associates							
Faysal Islamic Savings Growth Fund	Pakistan	24.1	2,646,076	24,630	169,862	146,421	146,421
Faysal Islamic Stock Fund	Pakistan	20.8	469,274	5,520	(59,976)	(74,143)	(74,143)
Faysal Savings Growth Fund	Pakistan	29	2,515,594	33,362	157,617	127,095	127,095
Faysal Stock Fund	Pakistan	31.6	876,891	41,190	(255,582)	(304,632)	(304,632)
Subsidiary							
Faysal Asset Management Limited		Pakistan	99.99	1,629,722	269,328	341,428	142,284

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

For the half year ended June 30, 2023

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

13 ISLAMIC FINANCING AND RELATED ASSETS - NET

Note	Performing		Non-performing		Total	
	Un-audited June 30, 2023	Audited December 31, 2022	Un-audited June 30, 2023	Audited December 31, 2022	Un-audited June 30, 2023	Audited December 31, 2022
Rupees '000						
Murabaha financing and related assets						
Murabaha Financing	58,841,767	10,718,692	124,996	119,278	58,966,763	10,837,970
Advance against Murabaha financing	2,659,680	1,675,896	-	-	2,659,680	1,675,896
Inventory related to Murabaha	192,024	203,694	-	-	192,024	203,694
	61,693,471	12,598,282	124,996	119,278	61,818,467	12,717,560
Running Musharaka financing						
Running Musharaka	147,325,816	119,430,547	-	-	147,325,816	119,430,547
Istisna financing and related assets						
Istisna	33,391,739	31,800,700	268,325	70,000	33,660,064	31,870,700
Advance against Istisna	13,845,973	20,927,551	172,895	236,295	14,018,868	21,163,846
Inventory related to Istisna	10,218,293	6,205,350	149,698	-	10,367,991	6,205,350
	57,456,005	58,933,601	590,918	306,295	58,046,923	59,239,896
Tijarah financing and related assets						
Tijarah	1,101,559	2,268,921	5,500	5,500	1,107,059	2,274,421
Advance against Tijarah	550,027	467,445	-	-	550,027	467,445
Inventory related to Tijarah	971,328	1,346,223	-	-	971,328	1,346,223
	2,622,914	4,082,589	5,500	5,500	2,628,414	4,088,089
Musawamah financing and related assets						
Musawamah	80,284	143,720	7,313	6,960	87,597	150,680
Inventory related to Musawamah	785	3,980	-	-	785	3,980
	81,069	147,700	7,313	6,960	88,382	154,660
Salam financing and related assets						
Salam	-	100,000	1,200	1,200	1,200	101,200
Advance against Salam	105,000	83,236	-	-	105,000	83,236
Inventory related to Salam	-	-	-	-	-	-
	105,000	183,236	1,200	1,200	106,200	184,436
Ijarah financing and related assets						
Fixed assets Ijarah financing - net	-	32,109	-	-	-	32,109
Advance against Ijarah	-	-	-	-	-	-
	-	32,109	-	-	-	32,109
Diminishing Musharaka financing and related assets						
Diminishing Musharaka	208,317,139	208,760,418	4,662,918	4,374,326	212,980,057	213,134,744
Advance against Diminishing Musharaka	17,061,311	15,556,470	-	-	17,061,311	15,556,470
	225,378,450	224,316,888	4,662,918	4,374,326	230,041,368	228,691,214
Wakala Istithmar financing and related assets						
Wakala Istithmar	6,302,669	-	-	-	6,302,669	-
Advance against Wakala Istithmar	-	-	-	-	-	-
	6,302,669	-	-	-	6,302,669	-
Tawwaruq	14,074,204	13,167,553	106,646	38,717	14,180,850	13,206,270
Advance against Islamic export refinance	3,218,625	3,419,522	-	223,152	3,218,625	3,642,674
Musharaka	47,845	82,618	7,499	8,288	55,344	90,906
Bai salam	54,249	99,342	-	-	54,249	99,342
Islamic financing and related assets - Gross	518,360,317	436,493,987	5,506,990	5,083,716	523,867,307	441,577,703
Other financing	1,788,052	15,397,264	16,191,727	16,614,667	17,979,779	32,011,931
	520,148,369	451,891,251	21,698,717	21,698,383	541,847,086	473,589,634
Less: provision against financing						
- Specific	-	-	(18,679,914)	(18,557,417)	(18,679,914)	(18,557,417)
- General	(1,867,319)	(771,609)	-	-	(1,867,319)	(771,609)
	(1,867,319)	(771,609)	(18,679,914)	(18,557,417)	(20,547,233)	(19,329,026)
Financing - net of provision	518,281,050	451,119,642	3,018,803	3,140,966	521,299,853	454,260,608

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----			
13.1	Murabaha receivable - gross	13.1.2 60,382,697	11,529,227
	Less: Deferred murabaha income	13.1.3 (342,394)	(350,063)
	Profit receivable shown in other assets	(1,073,540)	(341,194)
	Murabaha financing	13.1.1 58,966,763	10,837,970
13.1.1	The movement in Murabaha financing during the period / year is as follows:		
	Opening balance	10,837,970	31,630,824
	Sales during the period / year	118,105,242	111,886,384
	Adjusted during the period / year	(69,976,449)	(132,679,238)
	Closing balance	58,966,763	10,837,970
13.1.2	Murabaha sale price	60,382,697	11,529,227
	Murabaha purchase price	(58,966,763)	(10,837,970)
		1,415,934	691,257
13.1.3	Deferred murabaha income		
	Opening balance	350,063	275,779
	Arising during the period / year	2,823,453	4,602,165
	Less: recognised during the period / year	(2,831,122)	(4,527,881)
	Closing balance	342,394	350,063
13.2	Particulars of Islamic financing and related assets - net		
	- in local currency	541,169,107	473,053,505
	- in foreign currencies	677,979	536,129
		541,847,086	473,589,634

13.3 Islamic financing and related asset - net includes Rs. 21,699 million (December 31, 2022: Rs. 21,698 million) which have been placed under non-performing status as detailed below:

Category of classification	Un-audited June 30, 2023		Audited December 31, 2022	
	Non-performing loans	Provision	Non-performing loans	Provision
----- Rupees '000 -----				
Domestic				
- other assets especially mentioned	257,370	100	204,426	70
- substandard	573,779	79,246	504,838	82,646
- doubtful	778,489	170,241	858,706	242,963
- loss	20,089,079	18,430,327	20,130,413	18,231,738
Total	21,698,717	18,679,914	21,698,383	18,557,417

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

For the half year ended June 30, 2023

13.4 Particulars of provision against Islamic financing and related assets

	Un-audited			Audited		
	June 30, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
Rupees '000						
Opening balance	18,557,417	771,609	19,329,026	19,544,542	945,573	20,490,115
Exchange adjustments	141,850	-	141,850	117,020	-	117,020
Charge for the period / year	693,475	1,095,710	1,789,185	1,085,432	-	1,085,432
Reversals during the period / year	(656,498)	-	(656,498)	(1,368,953)	(173,964)	(1,542,917)
	36,977	1,095,710	1,132,687	(283,521)	(173,964)	(457,485)
Amounts written off	(56,330)	-	(56,330)	(820,624)	-	(820,624)
Closing balance	18,679,914	1,867,319	20,547,233	18,557,417	771,609	19,329,026

13.4.1 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

The Bank in addition to the requirements of Prudential Regulations has maintained a general provision of Rs 1,050 million (December 31, 2022: Rs. Nil) against financing made on prudent basis, in view of prevailing economic conditions.

13.4.2 As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 1,696.898 million (December 31, 2022: Rs 1,862.991million) relating to financing while determining the provisioning requirement against non-performing financing as at June 30, 2023. The additional profit arising from availing the FSV benefit (net of tax) as at June 30, 2023 which is not available for distribution as either cash or stock dividend to shareholders approximately amounted to Rs 865.418 million (December 31, 2022: Rs 950.125 million).

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

	Note	Un-audited June 30, 2023	Audited December 31, 2022
Rupees '000			
14 FIXED ASSETS			
Capital work-in-progress	14.1	2,234,420	2,392,116
Property and equipment		33,831,367	32,642,117
		36,065,787	35,034,233
14.1 Capital work-in-progress			
Civil works		183,472	346,816
Equipment		1,688,172	1,742,100
Furniture and fixture		178,490	220,794
Vehicles		18,804	42,164
Land and building		165,482	40,242
		2,234,420	2,392,116

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

14.2 Additions to fixed assets

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

Capital work-in-progress

Property and equipment

Building on leasehold land
Furniture and fixture
Electrical, office and computer equipment
Vehicles
Right-of-use assets - land and building
Leasehold land
Civil works

Total

Un-audited	
For the half year ended	
June 30, 2023	June 30, 2022
----- Rupees '000 -----	

2,096,643 1,735,527

138,824	5,332
293,772	36,054
998,852	378,929
31,382	-
860,162	556,511
27,500	2,568
764,010	55,465
3,114,502	1,034,859
5,211,145	2,770,386

14.3 Disposal of fixed assets

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

Furniture and fixture
Electrical, office and computer equipment
Vehicles
Others
Total

12	96
903	889
-	1,033
199	1,131
1,114	3,149

Note	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----		

15 INTANGIBLE ASSETS

Capital work-in-progress

15.1 769,721 711,373

Computer softwares
Customer relationship

898,172	822,123
410,281	451,345
1,308,453	1,273,468
2,078,174	1,984,841

15.1 Capital work-in-progress

Computer softwares

769,721 711,373

Un-audited	
For the half year ended	
June 30, 2023	June 30, 2022
----- Rupees '000 -----	

15.2 Additions to intangible assets

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

Computer softwares - directly purchased

220,991 96,651

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----			
16 OTHER ASSETS			
Profit / return accrued in local currency - net of provision		37,722,274	26,608,166
Profit / return accrued in foreign currencies - net of provision		71,478	35,156
Advances, deposits, advance rent and other prepayments		2,537,720	1,243,061
Non-banking assets acquired in satisfaction of claims		1,063,717	1,041,276
Mark to market gain on forward foreign exchange contracts		2,983,450	383,842
Acceptances	21	15,233,294	6,930,359
Credit cards and other products fee receivable		912,574	566,289
Receivable from brokers against sale of shares		-	268,523
Dividend receivable		75,348	75,348
Receivable from 1Link (Private) Limited		3,012,332	3,302,249
Rent and amenities receivable		123,353	43,456
Rebate receivable - net		264,738	118,625
Defined benefit plan asset		168,825	168,825
Remittances receivable from Western Union		1,287,231	1,668,492
Others		1,856,271	636,687
		67,312,605	43,090,354
Less: provision held against other assets	16.1	(327,580)	(325,254)
Other assets - net of provision		66,985,025	42,765,100
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	1,852,729	2,126,204
Other Assets - total		68,837,754	44,891,304
16.1 Provision held against other assets			
Dividend receivable		75,348	75,348
Receivables from customers		52,799	50,473
Security deposits		22,994	22,994
Others		176,439	176,439
		327,580	325,254
16.1.1 Movement in provision held against other assets			
Opening balance		325,254	355,590
Charge for the period / year		2,731	-
Reversals during the period / year		(405)	(30,336)
		2,326	(30,336)
Amounts written off		-	-
Closing balance		327,580	325,254
17 BILLS PAYABLE			
In Pakistan		20,703,371	21,309,950
Outside Pakistan		-	-
		20,703,371	21,309,950

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

18 DUE TO FINANCIAL INSTITUTIONS

Secured

to the State Bank of Pakistan (SBP) under:

Long term financing facility for renewable power energy (RPE)
Scheme of financing facility for storage of agricultural produce
Islamic export refinance scheme - part I and II
Refinance scheme for payment of wages and salaries
Islamic financing for renewable energy
Islamic long term financing facility
Islamic temporary economic refinance scheme
Islamic refinance facility for combating COVID-19
Islamic refinance facility for storage of agricultural produce
Scheme of Islamic Rupee-based discounting facility under EFS/IRS
facility under EFS/IRS

Repurchase agreement borrowings

Due to SBP under Open Market Operations (OMO)

Due to other financial institutions

Total secured

Unsecured

Overdrawn nostro accounts

Musharaka acceptances

Total unsecured

Un-audited
June 30,
2023

Audited
December 31,
2022

Rupees '000	
460	9,502
3,030	5,400
31,315,726	31,795,302
-	885,681
6,833,624	6,914,074
11,809,325	12,407,019
31,933,978	30,853,102
199,444	232,778
344,542	370,804
336,305	547,230
82,776,434	84,020,892
-	5,318,855
68,387,376	29,061,914
3,421,845	1,440,559
154,585,655	119,842,220
2,862,744	1,662,176
5,440,000	28,630,000
8,302,744	30,292,176
162,888,399	150,134,396

19 DEPOSITS AND OTHER ACCOUNTS

	Un-audited June 30, 2023			Audited December 31, 2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees '000						
Customers						
Current deposits	267,050,822	31,431,940	298,482,762	233,289,655	26,500,047	259,789,702
Savings deposits	206,938,076	22,800,996	229,739,072	207,105,501	23,004,040	230,109,541
Term deposits	196,932,194	1,691,270	198,623,464	154,758,216	887,679	155,645,895
Margin deposits	11,755,758	114,298	11,870,056	7,661,317	229,752	7,891,069
	682,676,850	56,038,504	738,715,354	602,814,689	50,621,518	653,436,207
Financial institutions						
Current deposits	19,101,154	57,998	19,159,152	9,405,616	65,052	9,470,668
Savings deposits	142,937,880	-	142,937,880	118,138,305	-	118,138,305
Term deposits	7,087,547	-	7,087,547	525,550	-	525,550
	169,126,581	57,998	169,184,579	128,069,471	65,052	128,134,523
	851,803,431	56,096,502	907,899,933	730,884,160	50,686,570	781,570,730

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----			
20 DEFERRED TAX ASSETS / (LIABILITIES)			
Taxable temporary differences on			
- surplus on revaluation of fixed assets		(2,161,352)	(1,957,237)
- surplus on revaluation of non-banking assets		(17,767)	(15,591)
- surplus on revaluation of investments		1,901,988	1,392,303
- fair value adjustment relating to net assets acquired upon amalgamation		(201,038)	(194,079)
- accelerated tax depreciation		(62,001)	(39,762)
		(540,170)	(814,366)
Deductible temporary differences on			
- provision for diminution in the value of investments		592,881	(43,998)
- provision against financing, off balance sheet etc.		(10,034)	40,380
- provision against other assets		125,099	123,959
		707,946	120,341
		<u>167,776</u>	<u>(694,025)</u>
21 OTHER LIABILITIES			
Return on deposits and other dues:			
- payable in local currency		11,014,396	6,735,294
- payable in foreign currencies		15,395	5,357
Unearned commission and income on bills discounted		1,418,017	986,281
Accrued expenses		3,252,211	3,279,114
Acceptances	16	15,233,294	6,930,359
Dividend payable including unclaimed dividends		281,216	256,594
Mark to market loss on forward foreign exchange contracts		35,198	46,611
Current taxation (provision less payments)		2,474,728	1,081,615
Charity fund balance		1,975	1,634
Provision against off-balance sheet obligations	21.1	90,528	87,700
Withholding tax payable		155,143	283,547
Federal excise duty payable		83,259	90,817
Payable to brokers against purchase of shares		5,828	1,235,367
Fair value of derivative contracts	24.1	2,143,305	1,507,683
Payable related to credit cards and other products		990,062	108,909
Lease liability against right-of-use assets		12,213,493	11,827,762
Funds held as security		300,159	288,573
Payable to 1Link (Private) Limited		867,505	359,297
Takaful payable		57,874	60,888
Clearing and settlement accounts		11,148,654	14,940,611
Others		228,570	446,338
		<u>62,010,810</u>	<u>50,560,351</u>
21.1 Provision against off-balance sheet obligations			
Opening balance		87,700	104,894
Charge for the period / year		2,828	3,596
Reversals during the period / year		-	(20,790)
		2,828	(17,194)
Closing balance		<u>90,528</u>	<u>87,700</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		----- Rupees '000 -----	
22	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:			
- available for sale securities		(3,881,608)	(3,237,915)
- fixed assets		12,200,257	12,341,050
- non-banking assets acquired in satisfaction of claims		1,852,729	2,126,204
		10,171,378	11,229,339
Deferred tax on surplus / (deficit) on revaluation of:			
- available for sale securities		1,901,988	1,392,303
- fixed assets		(2,161,351)	(1,957,237)
- non-banking assets acquired in satisfaction of claims		(17,767)	(15,591)
		(277,130)	(580,525)
		9,894,248	10,648,814
23	CONTINGENCIES AND COMMITMENTS		
Guarantees	23.1	44,357,543	38,920,372
Commitments	23.2	182,939,036	168,295,114
Other contingent liabilities	23.3	4,122,244	4,122,244
		231,418,823	211,337,730
23.1	Guarantees		
Financial guarantees		6,003,012	5,725,594
Performance guarantees		13,304,777	12,053,909
Other guarantees		25,049,754	21,140,869
		44,357,543	38,920,372
23.2	Commitments		
Documentary credits and short-term trade-related transactions			
- letters of credit		54,608,936	52,543,910
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	50,954,700	57,184,237
- forward government securities transactions	23.2.2	71,161,280	41,226,248
- derivatives - cross currency and interest rate swaps (notional principal)	23.2.3 & 24	2,079,716	1,510,401
- extending credit (irrevocable)	23.5	2,707,574	15,473,238
Commitments for acquisition of:			
- operating fixed assets		1,339,799	193,455
- intangible assets		87,031	163,625
		182,939,036	168,295,114
23.2.1	Commitments in respect of forward foreign exchange contracts		
Purchase		46,582,116	50,919,583
Sale		4,372,584	6,264,654
		50,954,700	57,184,237
23.2.2	Commitments in respect of forward government securities transactions		
Purchase		71,161,280	35,400,890
Sale		-	5,825,358
		71,161,280	41,226,248

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

For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----			
23.2.3 Commitments in respect of derivatives			
Sale	24	2,079,716	1,510,401
23.3 Other contingent liabilities			
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honorable High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case		2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	23.3.1	1,154,701	1,154,701
		4,122,244	4,122,244

23.3.1 Income tax assessments of the Bank have been finalised upto the tax year 2022 (accounting year ended December 31, 2021). Income tax return for tax year 2023 (accounting year ended December 31, 2022) will be filed by the Bank within stipulated timeline.

The department and the Bank has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 2022: Rs. 1,154.701 million). The Commissioner Inland Revenue (Appeals) [(CIR(A)] had deleted the said additional tax liability, however the income tax department had filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). During the current period, the ATIR passed an order and maintained the decision of the CIR(A) in favour of the Bank that gain on bargain purchase is not taxable. Subsequently, the department has challenged the order in Honorable High Court of Sindh. However, the management of the Bank is confident that the matter will be decided in the Bank's favour and accordingly, no provision has been recorded in these unconsolidated financial statements in respect of this matter.

23.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 29,904 million (December 31, 2022: Rs 29,453 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, 2022: 25,299 million) in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

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

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. 2,708 million (December 2022: Rs. 15,473 million) which are irrevocable in nature.

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	Un-audited June 30, 2023	Audited December 31, 2022
	Rupees '000	

24 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

2,079,716	1,510,401
-----------	-----------

24.1 Product analysis

Counterparties	June 30, 2023 (Un-audited) Cross currency swaps	
	Notional principal	Mark to market loss

Rupees '000

With banks for

Hedging

-	-
---	---

Market making

153,910	(217,157)
---------	-----------

With other entities for

Hedging

-	-
---	---

Market making

1,925,806	(1,926,148)
-----------	-------------

Total

Hedging

-	-
---	---

Market making

2,079,716	(2,143,305)
-----------	-------------

Counterparties	December 31, 2022 (Audited) Cross currency swaps	
	Notional principal	Mark to market loss

Rupees '000

With banks for

Hedging

-	-
---	---

Market making

209,709	(281,984)
---------	-----------

With other entities for

Hedging

-	-
---	---

Market making

1,300,692	(1,225,699)
-----------	-------------

Total

Hedging

-	-
---	---

Market making

1,510,401	(1,507,683)
-----------	-------------

25 PROFIT / RETURN EARNED

On:

Financing

Un-audited For the half year ended	
June 30, 2023	June 30, 2022
Rupees '000	

Investments

41,162,733	20,852,996
------------	------------

Due from financial institutions

40,100,520	19,268,909
------------	------------

Balances with banks

828,209	486,683
---------	---------

Securities purchased under resale agreements

5,585	668
-------	-----

6,864	204,554
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82,103,911	40,813,810
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Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

		Un-audited	
		For the half year ended	
Note		June 30, 2023	June 30, 2022
		----- Rupees '000 -----	
26	PROFIT / RETURN EXPENSED		
	On:		
	Deposits	33,813,382	17,178,573
	Securities sold under repurchase agreements	143,380	2,629,946
	Shariah Compliant Open Market Operations and Ceiling facility from SBP	9,251,792	954,311
	Other short term borrowings	19,151	86,818
	Due to SBP	2,365,787	765,998
	Musharaka acceptances	3,362,160	246,788
	Lease liability against right-of-use assets	733,872	563,240
	Cost of foreign currency swaps against foreign currency deposits / dues	1,682,819	2,152,108
		<u>51,372,343</u>	<u>24,577,782</u>
27	FEE AND COMMISSION INCOME		
	Branch banking customer fees	531,586	461,878
	Consumer finance related fees	305,038	284,686
	Card related fees (debit and credit cards)	1,974,149	1,447,906
	Credit related fees	18,196	5,919
	Investment banking fees	182,179	179,544
	Commission on trade	271,332	211,382
	Commission on guarantees	103,054	84,178
	Commission on cash management	61,815	44,647
	Commission on remittances including home remittances	446,166	291,115
	Commission on bancassurance	67,266	108,099
	Commission on sale of funds unit	123,745	72,700
	Others	74,807	37,320
		<u>4,159,333</u>	<u>3,229,374</u>
28	(LOSS) / GAIN ON SECURITIES		
	Realised - net	28.1 (1,599,805)	(792,734)
	Unrealised - held for trading - net	(1,797)	22,089
		<u>(1,601,602)</u>	<u>(770,645)</u>
28.1	Realised (loss) / gain on:		
	Federal Government securities	(330,088)	(58,648)
	Shares	(1,267,849)	(740,078)
	Open end mutual funds	(16,541)	8,579
	Associates	14,673	(2,587)
		<u>(1,599,805)</u>	<u>(792,734)</u>
29	OTHER INCOME		
	Rent on property	113,069	110,625
	Gain on disposal of fixed assets - net	11,478	26,378
	Notice pay	1,955	-
	Others	299	2,265
		<u>126,801</u>	<u>139,268</u>

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

		Un-audited		
		For the half year ended		
Note		June 30, 2023	June 30, 2022	
		Rupees '000		
30	OPERATING EXPENSES			
	Total compensation expense	7,050,694	4,827,783	
	Property expense			
	Rent and taxes	114,203	189,717	
	Takaful	41,320	23,755	
	Utilities cost	708,775	518,701	
	Security (including guards)	710,143	465,224	
	Repair and maintenance (including janitorial charges)	482,542	312,068	
	Depreciation on owned fixed assets	407,838	271,987	
	Depreciation on non-banking assets	2,834	2,483	
	Depreciation on right-of-use assets	948,966	770,959	
	Others	114,533	60,318	
		3,531,154	2,615,212	
	Information technology expenses			
	Software maintenance	1,865,429	921,974	
	Hardware maintenance	218,310	161,820	
	Depreciation on owned fixed assets	240,615	183,962	
	Amortisation	144,938	89,743	
	Network charges	155,335	130,049	
	Others	-	-	
		2,624,627	1,487,548	
	Other operating expenses			
	Directors' fees and allowances	66,455	62,880	
	Legal and professional charges	70,401	94,908	
	Outsourced services costs - staff	379,590	225,677	
	Travelling and conveyance	133,341	78,960	
	NIFT clearing charges	42,046	26,257	
	Depreciation	326,720	242,695	
	Training and development	29,344	17,624	
	Postage and courier charges	134,006	123,139	
	Communication	389,388	182,458	
	Marketing, advertisement and publicity	932,964	565,396	
	Donations	113,215	88,257	
	Auditors remuneration	20,092	14,502	
	Takaful	389,255	533,796	
	Stationery and printing	303,431	213,913	
	Bank fees and charges	98,900	67,924	
	Brokerage and commission	18,948	24,984	
	Deposit protection premium	359,792	301,996	
	Credit card bonus points redemption	192,243	113,289	
	Others	485,258	298,140	
		4,485,389	3,276,795	
		17,691,864	12,207,338	
31	OTHER CHARGES			
	Penalties imposed by the State Bank of Pakistan	2,560	4,714	
32	PROVISIONS AND WRITE-OFFS - NET			
	Provision / (reversal of provision) against diminution in value of investments	12.3	1,297,956	(79,448)
	Provision / (reversal of provision) against financing	13.4	1,132,687	(191,958)
	Provision / (reversal of provision) against other assets	16.1.1	2,326	(30,336)
	Bad debts written-off directly		41,265	137,666
	Recoveries of written-off / charged-off bad debts		(193,483)	(236,061)
	Provision / (reversal of provision) against off balance sheet obligations	21.1	2,828	(5,520)
	Impairment charged for non banking asset		41,525	-
			2,325,104	(405,657)

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

33 TAXATION

Un-audited	
For the half year ended	
June 30, 2023	June 30, 2022
----- Rupees '000 -----	
Current	8,055,432
Prior periods	110,000
Deferred	(634,354)
	4,316,397
	(1,038,275)
	1,015,210
	4,293,332

34 BASIC / DILUTED EARNINGS PER SHARE

	Un-audited			
	For the quarter ended		For the half year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
----- Rupees '000 -----				
Profit after tax for the period	4,314,105	2,248,788	7,525,257	4,381,772
----- Number of shares in thousands -----				
Weighted average number of ordinary shares	1,517,697	1,517,697	1,517,697	1,517,697
----- Rupees -----				
Basic earnings per share	2.84	1.48	4.96	2.89

34.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at June 30, 2023 and June 30, 2022 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:

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

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

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:

	June 30, 2023 (Un-audited)			
	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments				
Rupees '000				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	419,013,449	-	419,013,449
Shares	4,151,927	124,623	-	4,276,550
Non-Government debt securities	47,382,000	2,391,157	-	49,773,157
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	5,266,698	-	5,266,698
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,319,008	17,319,008
Non-banking assets acquired in satisfaction of claims	-	-	2,916,446	2,916,446
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	49,507,346	-	49,507,346
Forward sale of foreign exchange	-	4,363,664	-	4,363,664
Derivatives sales	-	2,079,716	-	2,079,716

	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	Rupees '000			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	402,310,029	-	402,310,029
Shares	8,171,293	1,351,312	-	9,522,605
Non-Government debt securities	47,380,000	2,485,260	-	49,865,260
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	4,862,086	-	4,862,086
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,325,720	17,325,720
Non-banking assets acquired in satisfaction of claims	-	-	3,167,480	3,167,480
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	50,919,583	-	50,919,583
Forward sale of foreign exchange	-	6,264,654	-	6,264,654
Derivatives sales	-	1,510,401	-	1,510,401

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	Fair values of Pakistan Investment Bonds 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 Sukuk certificates are determined using the MUFAP or PSX rates.

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

For the half year ended June 30, 2023

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

Valuation techniques used in determination of fair values within level 3

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

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.

36 SEGMENT INFORMATION

36.1 Segment details with respect to business activities

	2023					
	Retail	CIBG	Treasury	SAM	Others	Total
Rupees '000						
Profit and loss account for the half year ended June 30, 2023 (Un-audited)						
External funded revenue	(20,770,543)	28,058,255	25,867,302	92,574	(2,516,020)	30,731,568
Inter-segment revenue - net	45,731,447	(26,864,831)	(24,165,929)	(105,162)	5,404,475	-
External non-funded revenue	3,417,652	733,816	1,367,003	(225,167)	(613,506)	4,679,798
Total income	28,378,556	1,927,240	3,068,376	(237,755)	2,274,949	35,411,366
Segment direct expenses	16,230,677	1,203,135	266,469	329,646	-	18,029,927
Inter-segment expense allocation	305,572	(195,237)	(14,711)	(95,624)	-	-
Total expenses	16,536,249	1,007,898	251,758	234,022	-	18,029,927
Provisions	(36,632)	171,661	1,330,160	(225,507)	1,085,422	2,325,104
Profit before tax	11,878,939	747,681	1,486,458	(246,270)	1,189,527	15,056,335
Statement of financial position as at June 30, 2023 (Un-audited)						
Cash and bank balances	30,933,795	-	62,540,152	-	-	93,473,947
Due from financial institutions	-	-	25,500,000	-	-	25,500,000
Investments	100,000	7,970,036	474,835,584	3,116,093	-	486,021,713
- Investment provision	-	-	(2,627,831)	(1,954,475)	-	(4,582,306)
Net inter-segment lending	707,187,920	-	-	-	(707,187,920)	-
Financing - performing	98,972,787	413,873,782	-	-	7,301,800	520,148,369
Financing- non-performing	3,348,630	5,837,058	-	12,456,248	56,781	21,698,717
- Financing- provisions	(3,248,678)	(4,476,648)	-	(11,712,035)	(1,109,872)	(20,547,233)
Others	23,976,289	10,080,834	23,947,512	161,739	48,983,117	107,149,491
Total assets	861,270,743	433,285,062	584,195,417	2,067,570	(651,956,094)	1,228,862,698

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	2023					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Due to financial institutions	12,574,807	73,439,062	76,874,530	-	-	162,888,399
Subordinated Sukuk	-	-	-	-	-	-
Deposits and other accounts	784,419,718	66,939,501	-	495,769	56,044,945	907,899,933
Net inter-segment borrowing	-	289,779,540	506,442,715	1,560,099	(797,782,354)	-
Others	64,276,218	3,126,959	2,857,792	11,702	12,441,510	82,714,181
Total liabilities	861,270,743	433,285,062	586,175,037	2,067,570	(729,295,899)	1,153,502,513
Equity	-	-	(1,979,620)	-	77,339,805	75,360,185
Total equity and liabilities	861,270,743	433,285,062	584,195,417	2,067,570	(651,956,094)	1,228,862,698
Contingencies and commitments	20,921,623	72,250,497	124,196,696	10,041,133	4,008,874	231,418,823

	2022					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					

**Profit and loss account for the
half year ended June 30, 2022
(un-audited)**

External funded revenue	(10,666,534)	13,980,328	13,290,606	62,226	(430,598)	16,236,028
Inter-segment revenue - net	22,124,905	(12,627,429)	(12,405,914)	218,272	2,690,166	-
External non-funded revenue	2,903,447	1,109,288	1,076,593	(108,270)	(556,558)	4,424,500
Total income	14,361,818	2,462,187	1,961,285	172,228	1,703,010	20,660,528
Segment direct expenses	11,070,674	868,316	237,476	214,615	-	12,391,081
Inter-segment expense allocation	174,976	(108,531)	(5,443)	(61,002)	-	-
Total expenses	11,245,650	759,785	232,033	153,613	-	12,391,081
Provisions	(89,672)	110,979	(41,223)	(377,758)	(7,983)	(405,657)
Profit before tax	3,205,840	1,591,423	1,770,475	396,373	1,710,993	8,675,104

**Statement of financial position
as at December 31, 2022
(audited)**

Cash and bank balances	19,076,053	-	39,839,531	-	-	58,915,584
Due from financial institutions	-	-	9,815,098	-	-	9,815,098
Investments	100,000	7,374,123	460,915,716	3,205,813	1,139,893	472,735,545
- Investment provision	-	-	(1,297,552)	(1,986,798)	-	(3,284,350)
Net inter-segment lending	651,190,684	-	-	-	(651,190,684)	-
Financing- performing	101,531,845	342,314,662	-	-	8,044,744	451,891,251
Financing- non-performing	3,463,386	5,586,833	-	12,444,525	203,639	21,698,383
- Financing- provisions	(2,901,661)	(4,304,986)	-	(11,990,203)	(132,176)	(19,329,026)
Others	16,922,119	8,226,633	13,875,498	(1,820,592)	44,706,720	81,910,378
Total assets	789,382,426	359,197,265	523,148,291	(147,255)	(597,227,864)	1,074,352,863
Due to financial institutions	9,147,902	78,339,254	62,647,240	-	-	150,134,396
Subordinated sukuk	-	-	-	-	-	-
Deposits and other accounts	729,757,619	51,202,938	-	156,164	454,009	781,570,730
Net inter-segment borrowing	-	229,099,012	459,708,176	(302,624)	(688,504,564)	-
Others	50,476,905	556,061	2,638,487	(795)	18,893,668	72,564,326
Total liabilities	789,382,426	359,197,265	524,993,903	(147,255)	(669,156,887)	1,004,269,452
Equity	-	-	(1,845,612)	-	71,929,023	70,083,411
Total equity and liabilities	789,382,426	359,197,265	523,148,291	(147,255)	(597,227,864)	1,074,352,863
Contingencies and commitments	13,526,449	42,770,878	152,472,992	1,361,513	1,205,898	211,337,730

RELATED PARTY TRANSACTIONS

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

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

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

	June 30, 2023 (Un-audited)					December 31, 2022 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
	Rupees '000											
Investments												
Opening balance	-	-	-	1,139,893	1,751,322	3,268,466	-	-	-	1,139,893	893,247	3,904,663
Investment made during the period / year	-	-	-	-	9,689,839	-	-	-	-	-	1,283,823	12,215,000
Investment redeemed / sold during the period / year	-	-	-	-	(9,471,503)	(1,236,452)	-	-	-	-	(425,748)	(12,851,217)
Closing balance	-	-	-	1,139,893	1,969,658	2,032,014	-	-	-	1,139,893	1,751,322	3,268,466
Provision for diminution in value of investments	-	-	-	-	-	1,957,013	-	-	-	-	-	1,984,337
Islamic financing and related assets												
Opening balance	-	7	523,065	-	-	1,392,080	-	-	436,889	-	-	1,709,934
Addition during the period / year	-	5	427,976	-	-	200,000	-	7	272,733	-	-	617,654
Repaid during the period / year	-	-	(305,867)	-	-	(145,248)	-	-	(186,557)	-	-	(935,508)
Closing balance	-	12	645,174	-	-	1,446,832	-	7	523,065	-	-	1,392,080
Provision held against advances	-	-	-	-	-	430,663	-	-	-	-	-	457,987
Fixed assets - right-of-use assets												
Opening balance	-	-	-	16,138	-	-	-	-	-	2,878	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	18,742	-	-
Disposals during the period / year	-	-	-	(13,015)	-	-	-	-	-	-	-	-
Depreciation for the period / year	-	-	-	(3,123)	-	-	-	-	-	(5,482)	-	-
Closing balance	-	-	-	-	-	-	-	-	-	16,138	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	17,409	-	-

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	June 30, 2023 (Un-audited)					December 31, 2022 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
Other assets												
Profit / return accrued	-	-	1,601	-	-	81,092	-	-	1,081	-	-	79,923
Commission income receivable	-	-	-	17,770	-	-	-	-	-	12,025	-	-
Defined benefit plan asset	-	-	-	-	-	168,825	-	-	-	-	-	168,825
Maintenance and other receivables	-	-	-	5,848	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	3,012,332	-	-	-	-	-	3,302,249
	-	-	1,601	23,618	-	3,262,249	-	-	1,081	12,025	-	3,550,997
Deposits and other accounts												
Opening balance	4,595,199	58,656	105,175	20,087	57,393	26,038,101	328,397	51,148	178,430	55,236	15,350	9,800,472
Received during the period / year	656,431	99,116	1,030,110	16,990,608	390,064,486	17,713,669	4,595,017	88,829	1,951,839	19,350,507	3,243,262	603,296,210
Withdrawn during the period / year	-	(92,751)	(1,034,301)	(17,001,762)	(354,159,265)	(40,027,091)	(328,215)	(81,321)	(2,025,092)	(19,385,656)	(3,201,219)	(587,058,581)
Closing balance	5,251,630	65,021	100,984	8,933	35,962,614	3,724,679	4,595,199	58,656	105,177	20,087	57,393	26,038,101
Other liabilities												
Profit / return payable	-	703	422	81	573,859	14,242	-	429	594	179	355	319,447
Lease liability against right-of-use assets	-	-	-	-	-	-	-	-	-	12,833	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	18,833	-	359,297
	-	703	422	81	573,859	14,242	-	429	594	31,845	355	678,744
Contingencies and commitments												
Trade related commitments *	-	-	-	-	-	263,021	-	-	-	-	-	10,603
	-	-	-	-	-	263,021	-	-	-	-	-	10,603

* 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.

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

RELATED PARTY TRANSACTIONS

	June 30, 2023 (Un-audited)					June 30, 2022 (Un-audited)						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees '000												
Income												
Profit / return earned	-	-	17,525	-	-	55,949	-	-	11,552	-	-	50,110
Fee and commission income	-	123	118	123,827	23	8,612	-	57	34	72,674	13	5,243
Dividend income	-	-	-	-	12,315	49,661	-	-	-	-	50,089	83,470
Net gain / (loss) on sale of securities	-	-	52	-	54,760	26,662	-	-	228	-	106	(2,242)
Maintenance income	-	-	-	3,405	-	-	-	-	-	3,830	-	-
Rent income	-	-	-	12,569	-	-	-	-	-	14,140	-	-
Expense												
Profit / return expensed	-	2,702	2,343	1,899	796,038	68,976	-	1,649	857	782	229	599,299
Charges on lease liability	-	-	-	885	-	-	-	-	-	-	-	-
Director's fee and other expenses	-	66,455	-	-	-	-	-	62,880	-	-	-	-
Remuneration	-	-	486,174	-	-	1,920	-	-	400,058	-	-	914
Subscription Fees	-	-	-	-	-	2,493	-	-	-	-	-	2,086
Commission expense	-	-	-	16,667	-	-	-	-	-	16,667	-	-
Charge for defined benefit plan	-	-	-	-	-	132,450	-	-	-	-	-	118,380
Contribution to defined contribution plan	-	-	-	-	-	180,344	-	-	-	-	-	133,459
Donations made during the period	-	-	-	-	-	113,215	-	-	-	-	-	88,257
(Reversal) / Provision against investment	-	-	-	-	-	(27,324)	-	-	-	-	-	-
Others												
Shares / units purchased during the period	-	-	-	-	9,689,839	-	-	-	-	-	-	6,300,000
Shares / units sold during the period	-	-	-	-	9,526,263	1,262,600	-	-	-	-	200,000	6,543,648
Government securities purchased during the period	-	-	9,900	-	-	-	-	-	113,056	-	-	1,656,602
Government securities sold during the period	-	-	28,052	-	-	1,927,165	-	-	219,954	-	-	3,145,468
Contribution to defined benefit plan	-	-	-	-	-	132,450	-	-	-	-	-	118,380
Acquisition of fixed Asset	-	-	-	85,339	-	-	-	-	-	-	-	-

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Un-audited
June 30,
2023

Audited
December 31,
2022

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

61,587,571

55,718,084

Eligible additional tier 1 (ADT 1) capital

-

-

Total eligible tier 1 capital

61,587,571

55,718,084

Eligible tier 2 capital

11,906,224

11,155,422

Total eligible capital (tier 1 + tier 2)

73,493,795

66,873,506

Risk weighted assets (RWAs):

Credit risk

307,841,740

308,988,249

Market risk

41,129,350

51,454,833

Operational risk

71,817,545

71,817,545

Total

420,788,635

432,260,627

Common equity tier 1 capital adequacy ratio (in %)

14.64%

12.89%

Tier 1 capital adequacy ratio (in %)

14.64%

12.89%

Total capital adequacy ratio (in %)

17.47%

15.47%

Leverage ratio (LR):

Eligible tier-1 capital

61,587,571

55,718,084

Total exposures

1,423,285,781

1,237,857,649

Leverage ratio (in %)

4.33%

4.50%

Liquidity coverage ratio (LCR):

Total high quality liquid assets

443,556,567

368,486,552

Total net cash outflow

305,283,652

206,193,466

Liquidity coverage ratio (Ratio)

1.453

1.787

Net stable funding ratio (NSFR):

Total available stable funding

760,046,685

706,214,017

Total required stable funding

466,564,129

416,224,461

Net stable funding ratio (in %)

162.90%

169.67%

Notes to and forming part of the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

39 **GENERAL**

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

40 **NON-ADJUSTING EVENTS AFTER THE REPORTING DATE**

The Board of Directors in its meeting held on August 24, 2023 has proposed an interim cash dividend of 10% (June 2022: 5%). These interim condensed unconsolidated financial statements for the half year ended June 30, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the half year end.

41 **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim unconsolidated financial statements were authorised for issue on August 24, 2023 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 Consolidated Directors’ Report of Faysal Bank Limited Group, along with unaudited condensed interim consolidated financial statements for the half year ended June 30, 2023.

Group Profile

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

Mutual funds managed by FAML are considered as associates as the Bank has significant influence over such funds:

Associates

- Faysal Government Securities Fund
- Faysal Islamic Pension Fund - Debt
- Faysal Islamic Pension Fund - Equity
- Faysal Halal Amdani Fund
- Faysal Islamic Sovereign Plan - FISIP-I
- Faysal Islamic Pension Fund - Money Market
- Faysal Islamic Savings Growth Fund
- Faysal Islamic Special Income Plan - FISIP-I
- Faysal Islamic Stock Fund
- Faysal Pension Fund - Debt
- Faysal Pension Fund - Equity
- Faysal Pension Fund - Money Market
- Faysal Savings Growth Fund
- Faysal Special Savings Plan - FSSP-I
- Faysal Special Savings Plan - FSSP-II
- Faysal Special Savings Plan - FSSP-III
- Faysal Stock Fund

FBL Group structure is as follows:

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

Financial Highlights:

Key Balance Sheet Numbers

	Rs. in million		
	June '23	December '22	Growth %
Investment	481,457	469,308	2.6
Financing	521,300	454,261	14.8
Total Assets	1,229,712	1,075,006	14.4
Deposits	907,894	781,556	16.2

Profit & Loss Account	Rs. in million		
	June '23	June '22	Growth %
Total Revenue	35,818	20,957	70.9
Total Expenses	(18,207)	(12,513)	45.5
Profit before tax and provisions	17,611	8,444	108.6
Net Provisions	(2,325)	406	-672.7
Share of (loss) from associates	(32)	(126)	74.6
Profit before tax	15,254	8,724	74.9
Tax	(7,594)	(4,366)	74.0
Profit after tax	7,660	4,358	75.8
Earnings per share (Rupees)	5.05	2.87	75.8

This year holds special significance for the Bank, as we joyfully commemorate our first year operating as an Islamic Bank. Through steadfast dedication to achieving excellence, we have achieved outstanding financial results and unparalleled expansion. On a consolidated basis, the Group achieved a record Profit Before Tax (PBT) of PKR 15.3 billion, showcasing an impressive increase of 74.9% compared to the corresponding period last year. Profit After Tax (PAT) rose to PKR 7.7 billion in H1'23 representing a 75.8% increase from PKR 4.4 billion in H1'22. Consequently, Earnings Per Share surged from PKR 2.87 to PKR 5.05 exhibiting a commendable rise.

FAML continued to show improvement in performance and Assets Under Management (AUMs) as of June 30, 2023 were PKR 102.4 billion. FAML made Profit After Tax of PKR 173 million during the half year ended under review registering a 22.3% growth over the same period last year. The strong financial performance of FAML is commendable considering the bearish stock market conditions prevailing during the period under review.

Credit Rating

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

Long-Term	AA
Short-Term	A1+

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

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

Holding Company

Ithmaar Bank B.S.C (closed), a banking entity regulated by the Central Bank of Bahrain is the parent company holding directly and indirectly 66.78% (2022: 66.78%) of the shareholding in Faysal Bank Ltd. Ithmaar Bank B.S.C. (closed) is a wholly owned subsidiary of Ithmaar Holdings B.S.C. and Dar Al-Maal Al-Islami Trust (DMIT) is the holding entity of Ithmaar Holding

B.S.C. and ultimate parent of the Group. DMIT was formed by indenture under the laws of the Commonwealth of The Bahamas for the purpose of conducting business affairs in conformity with Islamic law, principles and tradition.

Dividend

The Board of Directors, in their meeting held on August 24, 2023 declared an interim cash dividend of Rs.1 per share (10%) for the half year ended June 30, 2023.

Acknowledgement

On behalf of the Board and Management, we wish to express our appreciation to our valued shareholders for their steadfast support. Our gratitude also goes to our customers, who maintained their trust in us by entrusting us with their business and confidence. We would like to place on record our appreciation for regulators and the Government of Pakistan, in particular the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan. Their ongoing support and guidance, as well as their dedication to enhancing the regulatory and governance framework, have been instrumental in the advancement and fortification of the banking and financial services sector.

As always, we would also like to express sincere appreciation for the Shariah Board. We would also like to take this opportunity to recognize and applaud the steadfast dedication and remarkable contributions demonstrated by our employees in driving the progress of FBL. Our heartfelt thanks go out to them for their unyielding commitment and tireless endeavours.

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 August 24, 2023, and signed by the Chief Executive Officer and a director.

President & CEO

Karachi

Dated: August 24, 2023

Chairman

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 24 اگست، 2023 کو منعقدہ اپنے اجلاس میں 30 جون 2023 کو ختم ہونے والی ششماہی کے لیے 1 روپیہ فی حصص (10%) کے حساب سے عبوری نقد ڈیویڈنڈ کا اعلان کیا ہے۔

توثیقی بیان

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

منظوری

کمپنیز ایکٹ 2017 کی شرائط کے تحت، بورڈ آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ اس ڈائریکٹرز رپورٹ کو 24 اگست، 2023 کو منعقدہ اجلاس میں ڈائریکٹرز کی جانب سے منظور کیا گیا ہے اور اس پر چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر نے دستخط کر دیئے ہیں۔

چیرمین

صدر اور سی ای او

کراچی

24 اگست، 2023

74.9 فیصد زیادہ ہے۔ سال 23 کی پہلی ششماہی میں بعد از محصول منافع %75.8 اضافے کے ساتھ 7.7 بلین روپے ہے جو کہ سال 22 کی پہلی ششماہی کے مقابلے میں 4.4 بلین زیادہ ہے۔ مزید برآں ہر ایک شیئر پر منافع میں بھی قابل ذکر اضافہ حاصل کیا ہے۔

FAML نے کارکردگی میں بہتری کا سفر جاری رکھا اور 30 جون 2023 کے مطابق ایسٹ انڈر مینجمنٹ (AUMs) 102.4 بلین روپے بنتا ہے۔ FAML نے زیر جائزہ ششماہی کے دوران بعد از محصول منافع 173 بلین روپے رجسٹر کیا جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 22.3 فیصد زیادہ ہے۔ زیر جائزہ مدت کے دوران کمپنی کی مالی کارکردگی مستحکم ہے اور اس میں اسٹاک مارکیٹ حالات کے باعث مزید استحکام کی توقع ہے۔

کریڈٹ ریٹنگ

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

طویل المیعاد: AA

قلیل المیعاد: A1+

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

وی آئی ایس کریڈٹ ریٹنگ کمپنی نے ایف اے ایم ایل کے لیے مینجمنٹ کو الٹی ریٹنگ ++AM2 تفویض کی ہے۔ ریٹنگ میں اضافے سے ثابت ہوتا ہے کہ منتظمین بہت اچھی کارکردگی کی خصوصیات کے حامل ہیں۔

ہولڈنگ کمپنی

اتمار بینک بی۔ ایس۔ سی (کلونڈ)، جو کہ سینٹرل بینک آف بحرین کالائسنس یافتہ ادارہ ہے، جو بالواسطہ اور بلاواسطہ طور پر بینک کے 66.78 فیصد (2022 میں 66.78 فیصد) حصص کے ساتھ بینک کا سربراہ ادارہ ہے۔ اتمار بینک بی۔ ایس۔ سی (کلونڈ)، اتمار ہولڈنگ بی۔ ایس۔ سی کی مکمل ملکیت کا ذیلی ادارہ ہے اور دارالمال الاسلامی ٹرسٹ (ڈی ایم آئی ٹی) فیصل بینک کا اعلیٰ ترین سربراہی ادارہ ہے۔ ڈی ایم آئی ٹی کا قیام کامن ویلتھ آف بہماس کے قوانین کے تحت عمل میں آیا تاکہ اسلامی قوانین، اصولوں اور روایات کے مطابق کاروباری امور انجام دیئے جائیں۔

ایف بی ایل گروپ میں درج ذیل شامل ہیں:

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

مالیاتی جھلکیاں:

بیلس شیٹ

(ملین روپے)

نمو %	دسمبر ۲۰۲۲ء	جون ۲۰۲۳ء	
2.6	469,308	481,457	سرمایہ کاری
14.8	454,261	521,300	فنانسنگ
14.4	1,075,006	1,229,712	کل اثاثہ جات
16.2	781,556	907,894	ڈپازٹس

(ملین روپے)

نفع اور نقصان اکاؤنٹ

نمو %	جون ۲۰۲۲ء	جون ۲۰۲۳ء	
70.9	20,957	35,818	مجموعی آمدنی
45.5	(12,513)	(18,207)	کل اخراجات
108.6	8,444	17,611	منافع قبل از ٹیکس اور پروویژن
(672.7)	406	(2,325)	نیٹ پروویژن
74.6	(126)	(32)	ایسوسی ایٹس کے منافع کا حصہ
74.9	8,724	15,254	منافع قبل از ٹیکس
74.0	(4,366)	(7,594)	ٹیکسز
75.8	4,358	7,660	منافع بعد از ٹیکس
75.8	2.87	5.05	فی شخص آمدن (روپے)

جاری سال بینک کے لیے ایک تاریخی سال ہے کیونکہ ہم اس سال کو مکمل اسلامی بینک کے طور پر فخریہ انداز میں منارہے ہیں۔ برتری کے غیر متزلزل عزم کی بدولت، ہم نے بے مثال مالی کارکردگی اور غیر معمولی ترقی حاصل کی ہے۔ مسائل کے باوجود، گروپ نے ایک مستحکم اور طاقتور ادارے کے طور پر خود کو منوایا ہے اور اس نمایاں سنگ میل کو عبور کرنے میں کامیاب رہے ہیں۔ مشترکہ بنیاد پر، گروپ کا قبل از محصول منافع 15.3 بلین روپے ہے جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں

ڈائریکٹرز کا جائزہ

کنسولیدٹڈ مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی جانب سے، فیصل بینک لمیٹڈ گروپ کی 30 جون 2023 پر اختتام شدہ ششماہی کے لیے ڈائریکٹرز رپورٹ بشمول غیر آڈٹ شدہ منجمد عبوری مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

گروپ پروفائل

فیصل بینک لمیٹڈ (FBL) نے فیصل ایسیٹ منجمنٹ لمیٹڈ (FAML) کے 99.9 فیصد حصص حاصل کر لیے ہیں۔ ایف اے ایم ایل ایک ان-لسٹڈ پبلک لمیٹڈ کمپنی ہے جو کہ نان-بینکنگ فنانس کمپنی (این بی ایف سی) کے طور پر رجسٹرڈ ہے، جس کے پاس نان-بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز، 2003 اور نان-بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹائٹلز ریگولیشنز، 2008 کے تحت ایسیٹ منجمنٹ اور سرمایہ کاری کے لیے ایڈوائزری سروسز 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 اہم حیثیت حاصل ہے:

ایسوسی ایٹس

فیصل حلال آمدنی فنڈ

فیصل اسلامک ہینشن فنڈ، ڈی بیٹ

فیصل اسلامک ہینشن فنڈ، ایکوٹی

فیصل اسلامک ہینشن فنڈ، منی مارکیٹ

فیصل اسلامک سیونگ گرو تھ فنڈ

فیصل اسلامک اسٹاک فنڈ

فیصل اسلامک ساورن فنڈ - FISIP I

فیصل ہینشن فنڈ، ڈی بیٹ

فیصل ہینشن فنڈ، ایکوٹی

فیصل اسپیشل سیونگ فنڈ - FSSP

فیصل اسپیشل سیونگ فنڈ - FSSP-II

فیصل ہینشن فنڈ، منی مارکیٹ

فیصل اسپیشل سیونگ فنڈ - FSSP-III

Condensed Interim Consolidated Statement of Financial Position

As at June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		----- Rupees '000 -----	
ASSETS			
Cash and balances with treasury banks	10	89,443,619	56,130,598
Balances with other banks	11	4,030,445	2,785,113
Due from financial institutions	12	25,500,000	9,815,098
Investments - net	13	481,456,682	469,308,034
Islamic financing and related assets - net	14	521,299,853	454,260,608
Fixed assets	15	36,184,527	35,196,154
Intangible assets	16	2,436,289	2,341,852
Deferred tax assets	21	107,640	-
Other assets - net	17	69,253,109	45,169,012
		1,229,712,164	1,075,006,469
LIABILITIES			
Bills payable	18	20,703,371	21,309,950
Due to financial institutions	19	162,888,399	150,134,396
Deposits and other accounts	20	907,893,525	781,556,223
Subordinated sukuk		-	-
Deferred tax liabilities	21	-	744,088
Other liabilities	22	62,181,763	50,647,609
		1,153,667,058	1,004,392,266
		76,045,106	70,614,203
NET ASSETS			
REPRESENTED BY			
Share capital		15,176,965	15,176,965
Reserves		13,132,996	11,675,968
Surplus on revaluation of assets - net	23	9,934,841	10,669,662
Unappropriated profit		37,800,113	33,091,551
Total equity attributable to the equity holders of the Bank		76,044,915	70,614,146
Non-controlling interest		191	57
		76,045,106	70,614,203
CONTINGENCIES AND COMMITMENTS			
	24		

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

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

For the quarter and half year ended June 30, 2023

		Quarter ended		Half year ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Note		Rupees '000			
Profit / return earned on Islamic financing and related assets, investments and placements	26	47,267,963	23,513,505	82,106,487	40,816,446
Profit / return on deposits and other dues expensed	27	29,571,589	14,463,225	51,368,652	24,583,377
Net profit / return		17,696,374	9,050,280	30,737,835	16,233,069
OTHER INCOME					
Fee and commission income	28	2,204,645	1,885,075	4,513,416	3,523,311
Dividend income		149,466	230,160	209,983	349,570
Foreign exchange income		587,629	859,923	1,671,675	1,429,045
Income from derivatives		23,244	45,270	116,342	49,898
Loss on securities	29	(647,564)	(639,616)	(1,535,484)	(752,803)
Other income	30	39,097	51,607	103,988	125,091
		2,356,517	2,432,419	5,079,920	4,724,112
Total income		20,052,891	11,482,699	35,817,755	20,957,181
OTHER EXPENSES					
Operating expenses	31	9,995,439	6,406,462	17,869,048	12,329,382
Workers Welfare Fund		177,875	105,476	335,503	179,029
Other charges	32	2,243	2,328	2,560	4,714
Total other expenses		10,175,557	6,514,266	18,207,111	12,513,125
Share of loss of associates	13.5	(32,249)	(125,656)	(32,065)	(126,497)
Profit before provisions		9,845,085	4,842,777	17,578,579	8,317,559
Provisions and write-offs - net	33	960,203	(259,044)	2,325,104	(405,658)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		8,884,882	5,101,821	15,253,475	8,723,217
Taxation	34	4,531,949	2,953,772	7,593,834	4,365,513
PROFIT AFTER TAXATION		4,352,933	2,148,049	7,659,641	4,357,704
Attributable to:					
Equity holders of the Bank		4,352,808	2,148,049	7,659,507	4,357,694
Non-controlling interest		125	-	134	10
		4,352,933	2,148,049	7,659,641	4,357,704
Rupees					
Basic / diluted earnings per share	35	2.87	1.41	5.05	2.87

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 half year ended June 30, 2023

	Quarter ended		Half year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- Rupees '000 -----			
Profit after taxation for the period	4,352,933	2,148,049	7,659,641	4,357,704
Other comprehensive income / (loss)				
<i>Items that may be reclassified to the profit and loss account in subsequent periods:</i>				
- Movement in surplus on revaluation of investments - net of tax	1,278,987	(1,067,655)	(134,010)	(945,040)
Total comprehensive income	<u>5,631,920</u>	<u>1,080,394</u>	<u>7,525,631</u>	<u>3,412,664</u>
Attributable to:				
Equity holders of the Bank	5,631,795	1,080,394	7,525,497	3,412,654
Non-controlling interest	125	-	134	10
	<u>5,631,920</u>	<u>1,080,394</u>	<u>7,525,631</u>	<u>3,412,664</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 half year ended June 30, 2023

	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									
Share capital												
Rupees '000												
Balance as at January 1, 2022 (Audited)	15,176,965	10,131	325,418	23,952	12,253,682	12,613,183	111,599	6,949,984	7,061,583	31,278,631	38	66,130,400
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	-	-	-	4,357,694	10	4,357,704
Other comprehensive loss - net of tax	-	-	-	-	-	(945,040)	-	(945,040)	-	-	-	(945,040)
Total comprehensive (loss) / income	-	-	-	-	-	(945,040)	-	(945,040)	4,357,694	10	3,412,664	
Transaction with owners, recorded directly in equity												
Final cash dividend declared on February 23, 2022 at Rs 1 per share	-	-	-	-	-	-	-	-	-	(1,517,100)	-	(1,517,100)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(52,047)	(52,047)	52,047	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(44,742)	-	-	(44,742)	-	-	-	-	-	(44,742)
Balance as at June 30, 2022 (Un-audited)	15,176,965	10,131	280,676	23,952	12,253,682	12,568,441	(833,441)	6,897,937	6,064,496	34,171,272	48	67,961,222
Profit after taxation for the period from July 1, 2022 to December 31, 2022	-	-	-	-	-	-	-	-	-	7,079,949	9	7,079,958
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	(991,323)	5,646,688	4,655,365	27,244	-	-	4,682,609
Total comprehensive (loss) / income	-	-	-	-	-	(991,323)	5,646,688	4,655,365	7,107,193	9	11,762,567	
Transfer from statutory reserve	-	-	-	-	(3,115,700)	(3,115,700)	-	-	-	3,115,700	-	-
Transfer to statutory reserve	-	-	-	-	2,246,634	2,246,634	-	-	-	(2,246,634)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(45,222)	(45,222)	45,222	-	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	-	-	-	(4,977)	(4,977)	4,977	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(23,407)	-	-	(23,407)	-	-	-	-	-	(23,407)
Transaction with owners, recorded directly in equity												
1st interim cash dividend declared on August 25, 2022 at Rs 0.5 per share	-	-	-	-	-	-	-	-	-	(758,848)	-	(758,848)
2nd interim cash dividend declared on October 27, 2022 at Rs 5.5 per share	-	-	-	-	-	-	-	-	-	(8,347,331)	-	(8,347,331)
Balance as at December 31, 2022 (Audited)	15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,824,764)	2,494,426	10,669,662	33,091,551	57	70,614,203
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	-	-	-	-	-	7,659,507	134	7,659,641
Other comprehensive loss - net of tax	-	-	-	-	-	(134,010)	-	(134,010)	-	-	-	(134,010)
Total comprehensive (loss) / income	-	-	-	-	-	(134,010)	-	(134,010)	7,659,507	134	7,525,631	
Transfer to statutory reserve	-	-	-	-	1,505,052	1,505,052	-	-	-	(1,505,052)	-	-
Transaction with owners, recorded directly in equity												
Final cash dividend declared on February 23, 2023 at Rs 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(325,160)	(325,160)	71,804	-	(253,356)
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(275,651)	(275,651)	-	-	(275,651)
Amortisation of intangible assets - customer relationship - net of tax	-	-	(48,024)	-	-	(48,024)	-	-	-	-	-	(48,024)
Balance as at June 30, 2023 (Un-audited)	15,176,965	10,131	209,245	23,952	12,889,668	13,132,996	(1,958,774)	1,893,615	9,934,841	37,800,113	191	76,045,106

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 half year ended June 30, 2023

	Note	June 30, 2023	June 30, 2022
		----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		15,253,475	8,723,217
Less: dividend income		(209,983)	(349,570)
Add: share of loss of associates		32,065	126,497
		15,075,557	8,500,144
Adjustments:			
Depreciation on owned fixed assets	31	978,874	704,051
Amortisation of intangible assets	31	145,295	89,906
Depreciation on right-of-use assets	31	948,966	796,408
Depreciation on non-banking assets	31	2,834	2,483
Workers Welfare Fund		335,503	179,029
Provision / (Reversal of provision) against loans and advances - net	33	1,132,687	(191,958)
Provision / (Reversal of provision) for diminution in value of investments - net	33	1,297,956	(79,448)
Provision / (Reversal of provision) against other assets - net	33	2,326	(30,336)
Provision / (Reversal of provision) against off balance sheet obligations - net	33	2,828	(5,520)
Unrealised loss / (gain) on securities - held for trading - net	29	1,797	(37,344)
Gain on sale of fixed assets - net	30	(11,666)	(26,342)
Charge for defined benefit plan		(143,001)	118,380
Income from derivative contracts - net		(116,342)	(49,898)
Profit / return expensed - lease liability against right-of-use assets	27	730,653	568,215
Bad debts written off directly	33	41,265	137,666
		5,349,975	2,175,292
		20,425,532	10,675,436
(Increase) / decrease in operating assets			
Due from financial institutions		(15,684,902)	-
Held-for-trading securities		(3,312,724)	11,645,278
Financing		(68,213,197)	(77,982,341)
Others assets (excluding advance taxation)		(24,369,490)	(13,668,942)
		(111,580,313)	(80,006,005)
Increase / (decrease) in operating liabilities			
Bills payable		(606,579)	342,231
Due to financial institutions		11,553,435	41,681,724
Deposits		126,337,302	78,356,921
Other liabilities (excluding current taxation)		9,783,338	4,768,850
		147,067,496	125,149,726
Income tax paid		(7,133,259)	(3,546,662)
Contribution to gratuity fund		(180,344)	(118,380)
Net cash generated from operating activities		48,599,112	52,154,115
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(9,747,157)	(34,876,413)
Net (investment) / divestment in associates		(660,515)	12,866
Net (investment) / divestment in held-to-maturity securities		(372,289)	933,750
Dividends received		209,983	324,186
Investment in operating fixed assets		(2,104,635)	(1,736,541)
Investment in intangible assets		(281,409)	(147,993)
Proceeds from sale of fixed assets		12,780	26,969
Net cash used in investing activities		(12,943,241)	(35,463,176)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(805,011)	(849,820)
Dividend paid		(1,493,075)	(1,493,696)
Net cash used in financing activities		(2,298,086)	(2,343,516)
Increase in cash and cash equivalents during the period		33,357,785	14,347,423
Cash and cash equivalents at the beginning of the period		57,253,535	59,488,821
Cash and cash equivalents at the end of the period		90,611,320	73,836,244

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

PRESIDENT & CEO

CHIEF FINANCIAL OFFICER

CHAIRMAN

DIRECTOR

DIRECTOR

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

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 engaged in Shariah compliant modern Corporate, Commercial and Consumer banking activities. The Bank is operating through 700 branches (December 31, 2022: 700 branches) including 2 sub-branches (December 31, 2022: 2).

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, 2022: 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 State Bank of Pakistan has issued the Islamic Banking License No. BL(I) - 01 (2022) dated December 30, 2022 in the Bank's name, effective from January 1, 2023.

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, 2022: 'AA') and the short term rating as 'A1+' (December 31, 2022: 'A1+') on June 23, 2023 and June 27, 2023 respectively.

1.1.2 Subsidiary Company - Faysal Asset Management Limited

	Percentage of holding	
	June 30, 2023	December 31, 2022
Faysal Asset Management Limited - Subsidiary	99.99%	99.99%

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

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

VIS Credit Rating Company Limited has assigned Asset Management rating of AM2++ (December 31, 2022: AM2++) as at June 30, 2023.

2 BASIS OF PRESENTATION

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 profit 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 utilized and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Resident Shariah Board Member (RSBM) of the Bank.

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

For the half year ended June 30, 2023

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 applicable in Pakistan for interim financial reporting comprise of:

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

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

4.2 As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the period ended June 30, 2023, the Bank has adjusted amortisation of intangible assets net of tax amounting to Rs. 48.024 million (period ended June 30, 2022: Rs. 44.742 million) from the NCR.

4.3 These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual audited consolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

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

4.4.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these condensed interim consolidated financial statements.

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

For the half year ended June 30, 2023

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, 2024*
- Amendment to IFRS 16 - Leases on sale and leaseback	January 1, 2024
- Amendment to IAS 1- Non current liabilities with covenants	January 1, 2024

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.

* As directed by SBP via BPRD Circular No. 7 of 2023 dated April 13, 2023, IFRS 9 Financial Instruments application has been deferred and will be effective from January 1, 2024, for banks. SBP has issued the final instructions on IFRS 9 (Application Instructions) via BPRD Circular no 3 of 2022 dated July 5, 2022 for ensuring smooth and consistent implementation of the standard across banks. Accordingly, the Bank disclosed the impact of the application of IFRS 9 in Pakistan in its financial statements as at December 31, 2022.

The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2024 may not be accurately estimated at this stage because it will be dependent on the financial instruments that the Group would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

- 4.6 The SBP vide BPRD Circular No. 02 of 2023 dated February 9, 2023, has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank from the first quarter of the year 2024.
- 4.7 As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at June 30, 2023 are as follows:

	Note	Rupees in '000
Assets		
Investments		1,379,035
Financing		3,128,418
Liabilities		
Due to financial institutions		3,490
Deposits and other accounts		4,926,471
Other liabilities	25.1	2,143,305

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, 2022, except for the change as detailed below:

Associates are all entities over which the Group has significant influence but not control. Certain mutual funds are managed by the Subsidiary Company, hence, the Group has significant influence over such funds and therefore investment in these mutual funds are considered as investment in associates in these condensed interim consolidated financial statements. This change is applied prospectively as the impact is not considered to be material.

6 BASIS OF MEASUREMENT

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

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

For the half year ended June 30, 2023

7 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is the same as that applied in the preparation of the annual consolidated financial statements of the Bank for the year ended December 31, 2022, except for the change in impairment for equity securities classified as available-for-sale for which impairment criteria for significant decline has been changed. The impact of change is not material.

9 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2022.

10 CASH AND BALANCES WITH TREASURY BANKS

In hand

- local currency
- foreign currencies

With State Bank of Pakistan in

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

With National Bank of Pakistan in

- local currency current accounts

Prize bonds

Note	Un-audited June 30, 2023	Audited December 31, 2022
	Rupees '000	
	21,508,574	17,453,406
	2,066,148	881,183
	23,574,722	18,334,589
	51,924,239	32,768,340
	2,802,706	2,536,026
	4,839,687	2,280,616
	59,566,632	37,584,982
	6,299,835	206,502
10.1	2,430	4,525
	89,443,619	56,130,598

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

11 BALANCES WITH OTHER BANKS

In Pakistan

- in current accounts
- in saving accounts

Outside Pakistan

- in current account
- in deposit account

Un-audited June 30, 2023	Audited December 31, 2022
Rupees '000	
13,601	20,019
57	66
13,658	20,085
4,016,787	2,683,513
-	81,515
4,016,787	2,765,028
4,030,445	2,785,113

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

For the half year ended June 30, 2023

	Un-audited June 30, 2023	Audited December 31, 2022
	Rupees '000	
12 DUE FROM FINANCIAL INSTITUTIONS		
Musharaka placement	25,500,000	4,000,000
Repurchase agreement lendings (reverse repo)	-	5,815,098
	<u>25,500,000</u>	<u>9,815,098</u>

		Un-audited				Audited				
		June 30, 2023				December 31, 2022				
13	INVESTMENTS	Note								
	Cost / amortised cost		Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	
13.1	Investments by type:		Rupees '000							
Held-for-trading securities										
	Federal Government securities		3,547,199	-	(1,797)	3,545,402	-	-	-	-
	Shares		-	-	-	-	234,475	-	591	235,066
			3,547,199	-	(1,797)	3,545,402	234,475	-	591	235,066
Available-for-sale securities										
	Federal Government securities	13.2	421,824,120	-	(6,356,073)	415,468,047	406,535,788	-	(4,225,759)	402,310,029
	Shares		6,804,803	(2,627,831)	136,418	4,313,390	12,259,254	(1,297,552)	(1,355,582)	9,606,120
	Non Government debt securities		47,917,827	(519,291)	2,374,621	49,773,157	48,004,551	(519,291)	2,380,000	49,865,260
			476,546,750	(3,147,122)	(3,845,034)	469,554,594	466,799,593	(1,816,843)	(3,201,341)	461,781,409
Held-to-maturity securities										
	Non Government debt securities	13.4	6,701,882	(1,435,184)	-	5,266,698	6,329,593	(1,467,507)	-	4,862,086
										-
Associates *										
		13.5	3,089,988	-	-	3,089,988	2,429,473	-	-	2,429,473
Total Investments										
			489,885,819	(4,582,306)	(3,846,831)	481,456,682	475,793,134	(3,284,350)	(3,200,750)	469,308,034
* Related parties										

	Un-audited June 30, 2023	Audited December 31, 2022
	Rupees '000	
13.2 Investments given as collateral - market value		
- Pakistan Investment Bonds	-	5,307,116
- Ijarah Sukuks	71,100,460	29,866,500
	<u>71,100,460</u>	<u>35,173,616</u>
13.3 Provision for diminution in value of investments		
13.3.1 Opening balance	3,284,350	3,451,987
Charge / (Reversal)		
Charge for the period / year	1,771,495	7,067
Reversals for the period / year	(32,323)	(85,824)
Reversals on disposals for the period / year	(441,216)	(88,880)
	<u>1,297,956</u>	<u>(167,637)</u>
Closing Balance	<u>4,582,306</u>	<u>3,284,350</u>

13.3.2 Particulars of provision against debt securities		Un-audited		Audited	
		June 30, 2023		December 31, 2022	
Category of classification		Non-performing investments	Provision	Non-performing investments	Provision
		----- Rupees '000 -----			
Domestic					
- Loss		1,954,475	1,954,475	1,986,798	1,986,798

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

For the half year ended June 30, 2023

13.4 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 5,764 million (December 31, 2022: Rs. 4,862 million).

13.5 Movement of investment in associates

June 30, 2023						
Country of incorporation	% Holding	Investment at the beginning of the period	Investment / (redemption) during the period	Share of profit / (loss)	Dividend received	Investment at the end of the year

Rupees '000

Associates

Faysal Government Securities Fund	Pakistan	-	97,449	(97,449)	-	-	-
Faysal Islamic Pension Fund - Debt	Pakistan	75.05	33,633	-	2,678	-	36,311
Faysal Islamic Pension Fund - Equity	Pakistan	92.89	28,439	-	(996)	-	27,443
Faysal Halal Amdani Fund	Pakistan	4.48	-	1,833,120	(3,550)	-	1,829,570
Faysal Islamic Sovereign Fund - FISF-I	Pakistan	8.32	-	480,087	1,824	-	481,911
Faysal Islamic Pension Fund - Money Market	Pakistan	37.47	33,639	-	2,837	-	36,476
Faysal Islamic Savings Growth Fund	Pakistan	17.06	844,471	(389,320)	(12,555)	12,315	454,911
Faysal Islamic Special Income Fund - FISIF-I	Pakistan	-	107,601	(107,601)	-	-	-
Faysal Islamic Stock Fund	Pakistan	25.03	96,437	18,072	(26,795)	-	87,714
Faysal Pension Fund - Debt	Pakistan	86.95	33,215	-	2,730	-	35,945
Faysal Pension Fund - Equity	Pakistan	89.99	27,905	-	(1,010)	-	26,895
Faysal Pension Fund - Money Market	Pakistan	68.28	33,791	-	2,685	-	36,476
Faysal Savings Growth Fund	Pakistan	-	720,379	(720,379)	-	-	-
Faysal Special Savings Fund - FSSP-I	Pakistan	16.27	-	11,594	25	-	11,619
Faysal Special Savings Fund - FSSP-II	Pakistan	97.94	-	11,106	26	-	11,132
Faysal Special Savings Fund - FSSP-III	Pakistan	11.69	108,161	(94,612)	36	-	13,585
Faysal Stock Fund	Pakistan	-	264,353	(264,353)	-	-	-
			2,429,473	680,265	(32,065)	12,315	3,089,988

December 31, 2022						
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 year

Rupees '000

Associates

Faysal Government Securities Fund	Pakistan	94.42	143,163	(48,390)	2,676	-	97,449
Faysal Islamic Pension Fund - Debt	Pakistan	88.83	30,367	-	3,266	-	33,633
Faysal Islamic Pension Fund - Equity	Pakistan	98.80	30,226	-	(1,787)	-	28,439
Faysal Islamic Pension Fund - Money Market	Pakistan	76.09	30,351	-	3,288	-	33,639
Faysal Islamic Savings Growth Fund	Pakistan	32.21	-	837,052	22,664	(15,245)	844,471
Faysal Islamic Special Income Fund - FISIF-I	Pakistan	99.93	-	106,174	1,784	(357)	107,601
Faysal Islamic Stock Fund	Pakistan	20.79	-	102,825	(6,388)	-	96,437
Faysal Pension Fund - Debt	Pakistan	85.11	30,120	-	3,095	-	33,215
Faysal Pension Fund - Equity	Pakistan	84.47	30,168	-	(2,263)	-	27,905
Faysal Pension Fund - Money Market	Pakistan	83.73	30,320	-	3,471	-	33,791
Faysal Saving Growth Fund	Pakistan	29.02	1,076,852	(383,499)	77,115	(50,089)	720,379
Faysal Special Savings Fund - FSSP-I	Pakistan	-	106,209	(106,209)	-	-	-
Faysal Asset Allocation Fund	Pakistan	-	72,442	(72,442)	-	-	-
Faysal Special Savings Fund - FSSP-III	Pakistan	99.92	-	106,661	1,500	-	108,161
Faysal Stock Fund	Pakistan	31.63	-	283,148	(18,795)	-	264,353
			1,580,218	825,320	89,626	(65,691)	2,429,473

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

For the half year ended June 30, 2023

14 ISLAMIC FINANCING AND RELATED ASSETS - NET

Note	Performing		Non-performing		Total	
	Un-audited June 30, 2023	Audited December 31, 2022	Un-audited June 30, 2023	Audited December 31, 2022	Un-audited June 30, 2023	Audited December 31, 2022
Rupees '000						
Murabaha financing and related assets						
Murabaha Financing	58,841,767	10,718,692	124,996	119,278	58,966,763	10,837,970
Advance against Murabaha financing	2,659,680	1,675,896	-	-	2,659,680	1,675,896
Inventory related to Murabaha	192,024	203,694	-	-	192,024	203,694
	61,693,471	12,598,282	124,996	119,278	61,818,467	12,717,560
Running Musharaka financing						
Running Musharaka	147,325,816	119,430,547	-	-	147,325,816	119,430,547
Istisna financing and related assets						
Istisna	33,391,739	31,800,700	268,325	70,000	33,660,064	31,870,700
Advance against Istisna	13,845,973	20,927,551	172,895	236,295	14,018,868	21,163,846
Inventory related to Istisna	10,218,293	6,205,350	149,698	-	10,367,991	6,205,350
	57,456,005	58,933,601	590,918	306,295	58,046,923	59,239,896
Tijarah financing and related assets						
Tijarah	1,101,559	2,268,921	5,500	5,500	1,107,059	2,274,421
Advance against Tijarah	550,027	467,445	-	-	550,027	467,445
Inventory related to Tijarah	971,328	1,346,223	-	-	971,328	1,346,223
	2,622,914	4,082,589	5,500	5,500	2,628,414	4,088,089
Musawammah financing and related assets						
Musawamah	80,284	143,720	7,313	6,960	87,597	150,680
Inventory related to Musawamah	785	3,980	-	-	785	3,980
	81,069	147,700	7,313	6,960	88,382	154,660
Salam financing and related assets						
Salam	-	100,000	1,200	1,200	1,200	101,200
Advance against Salam	105,000	83,236	-	-	105,000	83,236
Inventory related to Salam	-	-	-	-	-	-
	105,000	183,236	1,200	1,200	106,200	184,436
Ijarah financing and related assets						
Fixed assets Ijarah financing - net	-	32,109	-	-	-	32,109
Advance against Ijarah	-	-	-	-	-	-
	-	32,109	-	-	-	32,109
Diminishing Musharaka financing and related assets						
Diminishing Musharaka	208,317,139	208,760,418	4,662,918	4,374,326	212,980,057	213,134,744
Advanced against Diminishing Musharaka	17,061,311	15,556,470	-	-	17,061,311	15,556,470
	225,378,450	224,316,888	4,662,918	4,374,326	230,041,368	228,691,214
Wakala Istithmar financing and related assets						
Wakala Istithmar	6,302,669	-	-	-	6,302,669	-
Advance against Wakala Istithmar	-	-	-	-	-	-
	6,302,669	-	-	-	6,302,669	-
Tawwaruq	14,074,204	13,167,553	106,646	38,717	14,180,850	13,206,270
Advance against Islamic export refinance	3,218,625	3,419,522	-	223,152	3,218,625	3,642,674
Musharaka	47,845	82,618	7,499	8,288	55,344	90,906
Bai salam	54,249	99,342	-	-	54,249	99,342
Islamic financing and related assets - Gross	518,360,317	436,493,987	5,506,990	5,083,716	523,867,307	441,577,703
Other financing	1,788,052	15,397,264	16,191,727	16,614,667	17,979,779	32,011,931
	520,148,369	451,891,251	21,698,717	21,698,383	541,847,086	473,589,634
Less: provision against financings						
- specific	-	-	(18,679,914)	(18,557,417)	(18,679,914)	(18,557,417)
- general	(1,867,319)	(771,609)	-	-	(1,867,319)	(771,609)
	(1,867,319)	(771,609)	(18,679,914)	(18,557,417)	(20,547,233)	(19,329,026)
Financing- net of provision	518,281,050	451,119,642	3,018,803	3,140,966	521,299,853	454,260,608

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
Rupees '000			
14.1	Murabaha receivable - gross	14.1.2 60,382,697	11,529,227
	Less: Deferred murabaha income	14.1.3 (342,394)	(350,063)
	Profit receivable shown in other assets	(1,073,540)	(341,194)
	Murabaha financing	58,966,763	10,837,970
14.1.1	The movement in Murabaha financing during the period / year is as follows:		
	Opening balance	10,837,970	31,630,824
	Sales during the period / year	118,105,242	111,886,384
	Adjusted during the period / year	(69,976,449)	(132,679,238)
	Closing balance	58,966,763	10,837,970
14.1.2	Murabaha sale price	60,382,697	11,529,227
	Murabaha purchase price	(58,966,763)	(10,837,970)
		1,415,934	691,257
14.1.3	Deferred murabaha income		
	Opening balance	350,063	275,779
	Arising during the period / year	2,823,453	4,602,165
	Less: recognised during the period / year	(2,831,122)	(4,527,881)
	Closing balance	342,394	350,063
14.2	Particulars of Islamic financing and related assets - net		
	- in local currency	541,169,106	473,053,505
	- in foreign currencies	677,979	536,129
		541,847,085	473,589,634
14.3	Islamic financing and related asset - net includes Rs. 21,699 million (December 31, 2022: Rs. 21,698 million) which have been placed under non-performing status as detailed below:-		

Category of classification	Un-audited June 30, 2023		Audited December 31, 2022	
	Non-performing loans	Provision	Non-performing loans	Provision
Rupees '000				
Domestic				
- other assets especially mentioned	257,370	100	204,426	70
- substandard	573,779	79,246	504,838	82,646
- doubtful	778,489	170,241	858,706	242,963
- loss	20,089,079	18,430,327	20,130,413	18,231,738
Total	21,698,717	18,679,914	21,698,383	18,557,417

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

For the half year ended June 30, 2023

14.4 Particulars of provision against Islamic financing and related assets

	Un-audited			Audited		
	June 30, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
----- Rupees '000 -----						
Opening balance	18,557,417	771,609	19,329,026	19,544,542	945,573	20,490,115
Exchange adjustment	141,850	-	141,850	117,020	-	117,020
Charge for the period / year	693,475	1,095,710	1,789,185	1,085,432	-	1,085,432
Reversals during the period / year	(656,498)	-	(656,498)	(1,368,953)	(173,964)	(1,542,917)
	36,977	1,095,710	1,132,687	(283,521)	(173,964)	(457,485)
Amounts written off	(56,330)	-	(56,330)	(820,624)	-	(820,624)
Closing balance	18,679,914	1,867,319	20,547,233	18,557,417	771,609	19,329,026

14.4.1 The Group maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

The Group in addition to the requirements of Prudential Regulations has maintained a general provision of Rs 1,050 million (December 31, 2022: Rs. Nil) against financing made on prudent basis, in view of prevailing of economic conditions.

14.4.2 As allowed by the SBP, the Group has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 1,696.898 million (December 31, 2022: Rs 1,862.991 million) relating to financing while determining the provisioning requirement against non-performing financing as at June 30, 2023. The additional profit arising from availing the FSV benefit (net of tax) as at June 30, 2023 which is not available for distribution as either cash or stock dividend to shareholders approximately amounted to Rs 865.418 million (December 31, 2022: Rs 950.125 million).

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

Note	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----		

15 FIXED ASSETS

Capital work-in-progress	15.1	2,234,420	2,392,116
Property and equipment		33,950,107	32,804,038
		36,184,527	35,196,154

15.1 Capital work-in-progress

Civil works	183,472	346,816
Equipment	1,688,172	1,742,100
Furniture and fixture	178,490	220,794
Vehicles	18,804	42,164
Land and building	165,482	40,242
	2,234,420	2,392,116

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

15.2 Additions to fixed assets

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

Capital work-in-progress

Property and equipment

Building on leasehold land	
Furniture and fixture	
Electrical, office and computer equipment	
Vehicles	
Right-of-use assets - land and building	
Leasehold land	
Civil works	

Total

Un-audited	
For the Half year ended	
June 30, 2023	June 30, 2022
----- Rupees '000 -----	
2,096,643	1,735,527
139,135	5,332
294,551	36,054
1,005,532	378,929
31,602	-
860,162	556,511
27,500	2,568
764,010	55,465
3,122,493	1,034,859
5,219,136	2,770,386

15.3 Disposal of fixed assets

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

Furniture and fixture	12
Electrical, office and computer equipment	1,428
Vehicles	-
Others	199
Total	1,639

96
889
1,033
1,131
3,149

Note	Un-audited June 30, 2023	Audited December 31, 2022
	----- Rupees '000 -----	

16 INTANGIBLE ASSETS

Capital work-in-progress

Computer software
Customer relationship
Management rights
Goodwill

Total

16.1	769,721	711,373
	903,203	826,050
	410,281	451,345
	114,600	114,600
	238,484	238,484
	1,666,568	1,630,479
	2,436,289	2,341,852
	769,721	711,373

16.1 Capital work-in-progress

Computer software

Un-audited		
For the Half year ended		
Note	June 30, 2023	June 30, 2022
	----- Rupees '000 -----	

16.2 Additions to intangible assets

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

Computer software - directly purchased
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223,061	96,651
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Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		----- Rupees '000 -----	
17 OTHER ASSETS			
Profit / return accrued in local currency - net of provision		37,722,274	26,608,166
Profit / return accrued in foreign currencies - net of provision		71,478	35,156
Advances, deposits, advance rent and other prepayments		2,653,864	1,366,333
Advance taxation (payments less provisions)		40,982	-
Non-banking assets acquired in satisfaction of claims		1,063,717	1,041,276
Mark to market gain on forward foreign exchange contracts		2,983,450	383,842
Acceptances	22	15,233,294	6,930,359
Credit cards and other products fee receivable		912,574	566,289
Receivable from brokers against sale of shares		-	268,523
Dividend receivable		75,348	75,348
Receivable from 1Link (Private) Limited		3,012,332	3,302,249
Rent and amenities receivable		123,353	43,456
Rebate receivable - net		264,738	118,625
Defined benefit plan asset		168,825	166,681
Remittances receivable from Western Union		1,287,231	1,668,492
Others		2,115,883	794,650
		<u>67,729,343</u>	<u>43,369,445</u>
Less: provision held against other assets	17.1	(328,963)	(326,637)
Other assets - net of provision		<u>67,400,380</u>	<u>43,042,808</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	1,852,729	2,126,204
Other assets - total		<u>69,253,109</u>	<u>45,169,012</u>
17.1 Provision held against other assets			
Dividend receivable		75,348	75,348
Receivable from customers		52,799	50,473
Security deposits		22,994	22,994
Others		177,822	177,822
		<u>328,963</u>	<u>326,637</u>
17.1.1 Movement in provision held against other assets			
Opening balance		326,637	356,973
Charge for the period / year		2,731	-
Reversals during the period / year		(405)	(30,336)
		<u>2,326</u>	<u>(30,336)</u>
Closing balance		<u>328,963</u>	<u>326,637</u>
18 BILLS PAYABLE			
In Pakistan		20,703,371	21,309,950
Outside Pakistan		-	-
		<u>20,703,371</u>	<u>21,309,950</u>

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

For the half year ended June 30, 2023

Un-audited
June 30,
2023

Audited
December 31,
2022

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

19 DUE TO FINANCIAL INSTITUTIONS

Secured

To the State Bank of Pakistan (SBP) under:

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

460	9,502
3,030	5,400
31,315,726	31,795,302
-	885,681
6,833,624	6,914,074
11,809,325	12,407,019
31,933,978	30,853,102
199,444	232,778
344,542	370,804
336,305	547,230
82,776,434	84,020,892
-	5,318,855
68,387,376	29,061,914
3,421,845	1,440,559
154,585,655	119,842,220
2,862,744	1,662,176
5,440,000	28,630,000
8,302,744	30,292,176
162,888,399	150,134,396

Repurchase agreement borrowings

Due to SBP under Open Market Operations (OMO)

Due to other financial institutions

Total secured

Unsecured

Overdrawn nostro accounts

Musharaka acceptances

Total unsecured

20 DEPOSITS AND OTHER ACCOUNTS

Un-audited June 30, 2023			Audited December 31, 2022		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total

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

Customers

Current deposits	267,050,822	31,431,940	298,482,762	233,289,655	26,500,047	259,789,702
Savings deposits	206,938,076	22,800,996	229,739,072	207,105,501	23,004,040	230,109,541
Term deposits	196,932,194	1,691,270	198,623,464	154,758,216	887,679	155,645,895
Margin deposits	11,755,758	114,298	11,870,056	7,661,317	229,752	7,891,069
	682,676,850	56,038,504	738,715,354	602,814,689	50,621,518	653,436,207

Financial institutions

Current deposits	19,101,154	57,998	19,159,152	9,405,616	65,052	9,470,668
Savings deposits	142,931,472	-	142,931,472	118,123,798	-	118,123,798
Term deposits	7,087,547	-	7,087,547	525,550	-	525,550
	169,120,173	57,998	169,178,171	128,054,964	65,052	128,120,016
	851,797,023	56,096,502	907,893,525	730,869,653	50,686,570	781,556,223

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----			
21 DEFERRED TAX ASSETS / (LIABILITIES)			
Taxable temporary differences on			
- surplus on revaluation of fixed assets		(2,161,352)	(1,957,237)
- surplus on revaluation of non-banking assets		(17,767)	(15,591)
- surplus on revaluation of investments		1,862,848	1,389,433
- fair value adjustment relating to net assets acquired upon amalgamation		(222,034)	(194,079)
- fair value adjustment relating to net assets acquired upon business combination		-	(52,496)
- accelerated tax depreciation		(62,001)	(38,930)
- fair valuation of previously held equity interest in the Subsidiary Company		-	(13,118)
		(600,306)	(882,018)
Deductible temporary differences on			
- provision for diminution in the value of investments		592,881	(43,573)
- provision against advances, off balance sheet etc.		(10,034)	77,100
- provision against other assets		125,099	123,959
- others		-	(19,556)
		707,946	137,930
		107,640	(744,088)
22 OTHER LIABILITIES			
Return on deposits and other dues:			
- payable in local currencies		11,014,397	6,735,294
- payable in foreign currencies		15,395	5,357
Unearned commission and income on bills discounted		1,414,165	982,430
Accrued expenses		3,288,422	3,334,375
Acceptances	17	15,233,294	6,930,359
Dividend payable including unclaimed dividends		281,216	256,594
Mark to market loss on forward foreign exchange contracts		35,198	46,611
Current taxation (provision less payments)		2,474,728	1,013,387
Charity fund balance		1,975	1,634
Provision against off-balance sheet obligations	22.1	90,528	87,700
Withholding tax payable		226,572	360,125
Federal excise duty payable		83,259	90,817
Payable to brokers against purchase of shares		5,828	1,235,367
Fair value of derivative contracts	25.1	2,143,305	1,507,683
Payable related to credit cards and other products		995,217	114,064
Lease liability against right-of-use assets		12,210,515	11,814,937
Advance against disposal of assets		4,252	9,187
Funds held as security		300,159	288,573
Payable to 1Link (Private) Limited		867,505	359,297
Takaful payable		57,874	60,888
Clearing and settlement accounts		11,148,654	14,940,611
Others		289,305	472,319
		62,181,763	50,647,609

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

For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----			
22.1 Provision against off-balance sheet obligations			
Opening balance		87,700	104,894
Charge for the period / year		2,828	3,596
Reversals during the period / year		-	(20,790)
		2,828	(17,194)
Closing balance		90,528	87,700
23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of:			
- available-for-sale securities		(3,845,034)	(3,201,341)
- fixed assets		12,220,004	12,341,050
- non-banking assets acquired in satisfaction of claims		1,852,729	2,126,204
		10,227,699	11,265,913
Deferred tax on surplus / (deficit) on revaluation of:			
- available-for-sale securities		1,886,260	1,376,577
- fixed assets		(2,161,351)	(1,957,237)
- non-banking assets acquired in satisfaction of claims		(17,767)	(15,591)
		(292,858)	(596,251)
		9,934,841	10,669,662
24 CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	44,357,543	38,920,372
Commitments	24.2	182,939,036	168,295,114
Other contingent liabilities	24.3	4,122,244	4,122,244
		231,418,823	211,337,730
24.1 Guarantees:			
Financial guarantees		6,003,012	5,725,594
Performance guarantees		13,304,777	12,053,909
Other guarantees		25,049,754	21,140,869
		44,357,543	38,920,372

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

For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----			
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		54,608,936	52,543,910
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	50,954,700	57,184,237
- forward government securities transactions	24.2.2	71,161,280	41,226,248
- derivatives - cross currency and interest rate swaps (notional principal)	24.2.3	2,079,716	1,510,401
- extending credit (irrevocable)	24.4	2,707,574	15,473,238
Commitments for acquisition of:			
- operating fixed assets		1,339,799	193,455
- intangible assets		87,031	163,625
		<u>182,939,036</u>	<u>168,295,114</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		46,582,116	50,919,583
Sale		4,372,584	6,264,654
		<u>50,954,700</u>	<u>57,184,237</u>
24.2.2 Commitments in respect of forward government securities transactions			
Purchase		71,161,280	35,400,890
Sale		-	5,825,358
		<u>71,161,280</u>	<u>41,226,248</u>
24.2.3 Commitments in respect of derivatives			
Sale		2,079,716	1,510,401
24.3 Other contingent liabilities			
24.3.1 Holding Company:			
Suit filed by a customer for recovery of alleged losses suffered which			
is pending in the Honorable High Court of Sindh. The Holding Company's			
legal advisors are confident that the Holding Company has a strong case		2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan (i)		1,154,701	1,154,701
		<u>4,122,244</u>	<u>4,122,244</u>

- (i) Income tax assessments of the Group have been finalised upto the tax year 2022 (accounting year ended December 31, 2021). Income tax return for tax year 2023 (accounting year ended December 31, 2022) will be filed by the Group within stipulated timeline.

The department and the holdong 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, 2022: Rs. 1,154.701 million). The Commissioner Inland Revenue (Appeals) [CIR(A)] had deleted the said additional tax liability, however the income tax department had filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). During the current period, the ATIR passed an order and maintained the decision of the CIR(A) in favour of the Bank that gain on bargain purchase is not taxable. Subsequently, the department has challenged the order in Honorable High Court of Sindh. However, the management of the Bank is confident that the matter will be decided in the Bank's favour and accordingly, no provision has been recorded in these unconsolidated financial statements in respect of this matter.

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- (ii) There are certain claims against the group not acknowledged as debt amounting to Rs 29,904 million (December 31, 2022: Rs 29,453 million). These mainly represent counter claims filed by the borrowers for restricting the Group from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Group was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Group'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, 2022: Rs. 25,299 million) in respect of a suit filed against the Group for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal advice and / or internal assessments, the management is confident that the above matters will be decided in the Group's favour 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 2022 (financial year ended June 30, 2004 to December 31, 2021) 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 Company's favour and accordingly no provision for the above has been made in these 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:

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.

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	Show cause notice has been responded to	503
			818

- (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.

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- (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 expenses. The management filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on the grounds of disallowances made by the Additional Commissioner Inland Revenue. The CIR(A) remanded back a few expenses while ordered against various other expenses for which the Subsidiary Company has decided to appeal before the Appellate Tribunal Inland Revenue (ATIR). The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these condensed interim consolidated financial statements in respect of this liability.
- (v) During the prior period, 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 prior period, 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.
- (vii) During the year ended December 31, 2022, one of the customers of the Company has claimed an amount of Rs. 245 million from the Subsidiary Company for loss of profit and principal against amount kept by him in discretionary portfolio and CIS with the Subsidiary Company.

The Subsidiary Company based on an internal assessment and legal opinion is confident that no likely claim will be payable by the Subsidiary Company. Accordingly, no provision has been made in these consolidated financial statements in respect of this claim.

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 facilities are unilaterally withdrawn except for Rs. 2,708 million (December 2022: Rs. 15,473 million) which are irrevocable in nature.

	Un-audited June 30, 2023	Audited December 31, 2022
	----- Rupees '000 -----	
25 DERIVATIVE INSTRUMENTS		
Cross currency swaps (notional principal)	2,079,716	1,510,401

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For the half year ended June 30, 2023

25.1 Product analysis

Counterparties	June 30, 2023 (Un-Audited) Cross currency swaps	
	Notional principal	Mark to market loss
----- Rupees '000 -----		
With banks for		
Hedging	-	-
Market making	153,910	(217,157)
With other entities for		
Hedging	-	-
Market making	1,925,806	(1,926,148)
Total		
Hedging	-	-
Market making	2,079,716	(2,143,305)
Counterparties	December 31, 2022 (Audited) Cross currency swaps	
	Notional principal	Mark to market loss
----- Rupees '000 -----		
With banks for		
Hedging	-	-
Market making	209,709	(281,984)
With other entities for		
Hedging	-	-
Market making	1,300,692	(1,225,699)
Total		
Hedging	-	-
Market making	1,510,401	(1,507,683)
<div> <div>Un-audited</div> <div>June 30,</div> <div>2023</div> </div> <div> <div>Audited</div> <div>December 31,</div> <div>2022</div> </div>		
----- Rupees '000 -----		

26 PROFIT / RETURN EARNED

On:		
Financing	41,165,305	20,855,631
Investments	40,100,520	19,268,908
Due from financial institutions	828,209	486,683
Balances with banks	5,588	670
Securities purchased under resale agreements	6,865	204,554
	82,106,487	40,816,446

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		Rupees '000	
27 PROFIT / RETURN EXPENSED			
On:			
Deposits		33,812,911	17,179,193
Securities sold under repurchase agreements		143,380	2,629,946
Shariah Compliant Open Market Operations and Ceiling facility from SBP		9,251,792	954,311
Other short term borrowings		19,151	86,818
Due to SBP		2,365,787	765,998
Musharaka acceptances		3,362,160	246,788
Lease liability against right-of-use assets		730,653	568,215
Cost of foreign currency swaps against foreign currency deposits / dues		1,682,818	2,152,108
		<u>51,368,652</u>	<u>24,583,377</u>
28 FEE AND COMMISSION INCOME			
Branch banking customer fees		531,586	461,878
Consumer finance related fees		305,038	284,686
Card related fees (debit and credit cards)		1,974,149	1,447,906
Credit related fees		18,196	5,919
Investment banking fees		182,179	179,544
Commission on trade		271,332	211,382
Commission on guarantees		103,054	84,178
Commission on cash management		61,815	44,647
Commission on remittances including home remittances		446,166	291,115
Commission on bancassurance		67,266	108,099
Commission on sale of funds unit		123,745	72,700
Management fee		257,707	217,254
Advisory fee		208	3,576
Sales load		96,168	73,108
Others		74,807	37,319
		<u>4,513,416</u>	<u>3,523,311</u>
29 (LOSS) / GAIN ON SECURITIES			
Realised - net	29.1	(1,533,687)	(790,147)
Unrealised - held for trading - net		(1,797)	37,344
		<u>(1,535,484)</u>	<u>(752,803)</u>
29.1 Realised (loss) / gain on:			
Federal Government securities		(330,088)	(58,648)
Shares		(1,201,731)	(737,491)
Open end mutual funds		(1,868)	5,992
		<u>(1,533,687)</u>	<u>(790,147)</u>
30 OTHER INCOME			
Rent on property		90,068	96,484
Gain on sale of fixed assets - net		11,666	26,342
Notice pay		1,955	-
Others		299	2,265
		<u>103,988</u>	<u>125,091</u>

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

For the half year ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
----- Rupees '000 -----			
31 OPERATING EXPENSES			
Total compensation expense		7,144,296	4,859,576
Property expense			
Rent and taxes		115,538	190,911
Takaful		41,714	23,979
Utilities cost		710,559	519,898
Security (including guards)		710,143	465,224
Repair and maintenance (including janitorial charges)		487,971	316,863
Depreciation on owned fixed assets		408,488	274,606
Depreciation on non-banking assets		2,834	2,483
Depreciation on right-of-use assets		948,966	796,408
Others		115,825	60,589
		3,542,038	2,650,961
Information technology expenses			
Software maintenance		1,870,122	925,273
Hardware maintenance		220,333	163,027
Depreciation on owned fixed assets		243,302	186,480
Amortisation		145,295	89,906
Network charges		155,335	130,049
Others		-	-
		2,634,387	1,494,735
Other operating expenses			
Directors' fees and allowances		66,455	66,830
Legal and professional charges		81,436	120,401
Outsourced services costs - staff		398,942	225,744
Travelling and conveyance		134,739	79,536
NIFT clearing charges		42,046	26,257
Depreciation		327,084	242,965
Training and development		29,905	18,150
Postage and courier charges		134,034	123,161
Communication		390,231	183,288
Marketing, advertisement and publicity		936,909	565,448
Donations		113,215	89,257
Auditors remuneration		21,117	18,044
Takaful		393,329	537,846
Stationery and printing		303,503	213,913
Bank fees and charges		98,962	68,420
Brokerage and commission		2,281	8,317
Deposit protection premium		359,792	301,996
Credit card bonus points redemption		192,243	113,289
Others		522,104	321,248
		4,548,327	3,324,110
		17,869,048	12,329,382
32 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		2,560	4,714
33 PROVISIONS AND WRITE-OFFS - NET			
Provision / (reversal of provision) against diminution in value of investments	13.3	1,297,956	(79,448)
Provision / (reversal of provision) against financing	14.4	1,132,687	(191,958)
Provision / (reversal of provision) against other assets	17.1.1	2,326	(30,336)
Bad debts written off directly		41,265	137,666
Recoveries of written off / charged off bad debts		(193,483)	(236,062)
Provision / (reversal of provision) against off balance sheet obligations	22.1	2,828	(5,520)
Impairment charged for non banking asset		41,525	-
		2,325,104	(405,658)

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

For the half year ended June 30, 2023

	Un-audited June 30, 2023	Audited December 31, 2022
	----- Rupees '000 -----	
34 TAXATION		
Current	8,108,115	4,362,283
Prior years	110,000	(1,038,275)
Deferred	(624,281)	1,041,505
	<u>7,593,834</u>	<u>4,365,513</u>

35 BASIC / DILUTED EARNINGS PER SHARE

	Un-audited			
	For the quarter ended		For the half year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- Rupees '000 -----			
Profit after tax for the period	<u>4,352,933</u>	<u>2,148,049</u>	<u>7,659,641</u>	<u>4,357,704</u>
	----- Number of shares in thousands -----			
Weighted average number of ordinary shares	<u>1,517,697</u>	<u>1,517,697</u>	<u>1,517,697</u>	<u>1,517,697</u>
	----- Rupees -----			
Basic earnings per share	<u>2.87</u>	<u>1.41</u>	<u>5.05</u>	<u>2.87</u>

35.1 Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue at June 30, 2023 and June 30, 2022 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.

36.1 Fair value of financial assets

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

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

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

For the half year ended June 30, 2023

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:

June 30, 2023 (Un-audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	419,013,449	-	419,013,449
Shares	4,188,767	124,623	-	4,313,390
Non-Government debt securities	47,382,000	2,391,157	-	49,773,157
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities (note 12.4)	-	5,266,698	-	5,266,698
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,338,168	17,338,168
Non-banking assets acquired in satisfaction of claims	-	-	2,916,446	2,916,446
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	49,507,346	-	49,507,346
Forward sale of foreign exchange	-	4,363,664	-	4,363,664
Derivatives sales	-	2,079,716	-	2,079,716
December 31, 2022 (Audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees '000 -----				
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	402,310,029	-	402,310,029
Shares	8,489,609	1,351,312	265	9,841,186
Non-Government debt securities	47,380,000	2,485,260	-	49,865,260
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities	-	4,862,086	-	4,862,086
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,410,641	17,410,641
Non-banking assets acquired in satisfaction of claims	-	-	3,167,481	3,167,481
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	50,919,583	-	50,919,583
Forward sale of foreign exchange	-	6,264,654	-	6,264,654
Derivatives sales	-	1,510,401	-	1,510,401

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

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Pakistan Investment Bonds	Fair values of Pakistan Investment Bonds 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.

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

For the half year ended June 30, 2023

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

Valuation techniques used in determination of fair values within level 3

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

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

37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

2023					
Retail	CIBG	Treasury	SAM	Others	Total

Rupees '000

Profit and loss account for the

half year ended June 30, 2023

(Un-audited)

External funded revenue	(20,770,543)	28,058,255	25,867,302	92,574	(2,541,818)	30,705,770
Inter-segment revenue - net	45,731,447	(26,864,831)	(24,165,929)	(105,162)	5,404,475	-
External non-funded revenue	3,417,652	733,816	1,367,003	(225,167)	(213,384)	5,079,920
Total Income	28,378,556	1,927,240	3,068,376	(237,755)	2,649,273	35,785,690
Segment direct expenses	16,230,677	1,203,135	266,469	329,646	177,184	18,207,111
Inter-segment expense allocation	305,572	(195,237)	(14,711)	(95,624)	-	-
Total expenses	16,536,249	1,007,898	251,758	234,022	177,184	18,207,111
Provisions	(36,632)	171,661	1,330,160	(225,507)	1,085,422	2,325,104
Profit before tax	11,878,939	747,681	1,486,458	(246,270)	1,386,667	15,253,475

Statement of financial position

as at June 30, 2023

(Un-audited)

Cash and bank balances	30,933,795	-	62,540,152	-	117	93,474,064
Due from financial institutions	-	-	25,500,000	-	-	25,500,000
Investments	100,000	7,970,036	474,835,584	3,116,093	17,275	486,038,988
- Investment provision	-	-	(2,627,831)	(1,954,475)	-	(4,582,306)
Net inter-segment lending	707,187,920	-	-	-	(707,187,920)	-
Financing - performing	98,972,787	413,873,782	-	-	7,301,800	520,148,369
Financing- non-performing	3,348,630	5,837,058	-	12,456,248	56,781	21,698,717
- Financing- provisions	(3,248,678)	(4,476,648)	-	(11,712,035)	(1,109,872)	(20,547,233)
Others	23,976,289	10,080,834	23,947,512	161,739	49,815,191	107,981,565
Total assets	861,270,743	433,285,062	584,195,417	2,067,570	(651,106,628)	1,229,712,164

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

For the half year ended June 30, 2023

	2023				
	Retail	CIBG	Treasury	SAM	Others
	Rupees '000				
Due to financial institutions	12,574,807	73,439,062	76,874,530	-	-
Subordinated sukuk	-	-	-	-	-
Deposits and other accounts	784,419,718	66,939,501	-	495,769	56,038,537
Net inter-segment borrowing	-	289,779,540	506,442,715	1,560,099	(797,782,354)
Others	64,276,218	3,126,959	2,857,792	11,702	12,612,463
Total liabilities	861,270,743	433,285,062	586,175,037	2,067,570	(729,131,354)
Equity	-	-	(1,979,620)	-	78,024,726
Total equity and liabilities	861,270,743	433,285,062	584,195,417	2,067,570	(651,106,628)
Contingencies and commitments	20,921,623	72,250,497	124,196,696	10,041,133	4,008,874
	2022				
	Retail	CIBG	Treasury	SAM	Others
	Rupees '000				
Profit and loss account for the					
half year ended June 30, 2022					
(un-audited)					
External funded revenue	(10,666,534)	13,980,328	13,290,606	62,226	(560,054)
Inter-segment revenue - net	22,124,905	(12,627,429)	(12,405,914)	218,272	2,690,166
External non-funded revenue	2,903,447	1,109,288	1,076,593	(108,270)	(256,946)
Total Income	14,361,818	2,462,187	1,961,285	172,228	1,873,166
Segment direct expenses	11,070,674	868,316	237,476	214,615	122,044
Inter-segment expense allocation	174,976	(108,531)	(5,443)	(61,002)	-
Total expenses	11,245,650	759,785	232,033	153,613	122,044
Provisions	(89,672)	110,979	(41,223)	(377,758)	(7,984)
Profit before tax	3,205,840	1,591,423	1,770,475	396,373	1,759,106
Statement of financial position					
as at December 31, 2022					
(audited)					
Cash and bank balances	19,076,053	-	39,839,531	-	127
Lendings to financial institutions	-	-	9,815,098	-	-
Investments	100,000	7,374,123	460,915,716	3,205,813	996,732
- Investment provision	-	-	(1,297,552)	(1,986,798)	-
Net inter-segment lending	651,190,684	-	-	-	(651,190,684)
Financing- performing	101,531,845	342,314,662	-	-	8,044,744
Financing- non-performing	3,463,386	5,686,833	-	12,444,525	203,639
- Financing- provisions	(2,901,661)	(4,304,986)	-	(11,990,203)	(132,176)
Others	16,922,119	8,226,633	13,875,498	(1,820,592)	45,503,360
Total assets	789,382,426	359,197,265	523,148,291	(147,255)	(596,574,258)
Due to financial institutions	9,147,902	78,339,254	62,647,240	-	-
Subordinated sukuk	-	-	-	-	-
Deposits and other accounts	729,757,619	51,202,938	-	156,164	439,502
Net inter-segment borrowing	-	229,099,012	459,708,176	(302,624)	(688,504,564)
Others	50,476,905	556,061	2,638,487	(795)	19,030,989
Total liabilities	789,382,426	359,197,265	524,993,903	(147,255)	(669,034,073)
Equity	-	-	(1,845,612)	-	72,459,815
Total equity and liabilities	789,382,426	359,197,265	523,148,291	(147,255)	(596,574,258)
Contingencies and commitments	13,526,449	42,770,878	152,472,992	1,361,513	1,205,898

RELATED PARTY TRANSACTIONS

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

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

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

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties

Rupees '000

Investments

Opening balance
Investment made during the period / year
Investment redeemed / sold during the period / year
Equity method adjustment
Closing balance
Provision for diminution in value of investments

Islamic Financing and Related Assets

Opening balance
Addition during the period / year
Repaid during the period / year
Closing balance
Provision held against financing

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

For the half year ended June 30, 2023

	June 30, 2023 (Un-audited)					December 31, 2022 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees '000										
Other assets										
Profit / return accrued	-	-	2,503	-	81,092	-	-	1,403	-	79,923
Commission income receivable	-	-	-	-	-	-	-	-	-	-
Defined benefit plan asset	-	-	-	-	168,825	-	-	-	-	168,825
Remuneration receivable	-	-	-	45,039	-	-	-	-	6,987	-
Receivable against reimbursement of expenses	-	-	-	223,154	-	-	-	-	10,634	-
Receivable from defined contribution plan	-	-	-	-	-	-	-	-	-	-
Front end load receivable	-	-	-	19,177	-	-	-	-	118	-
Preliminary expenses and floatation costs receivable	-	-	-	5,516	-	-	-	-	1,432	-
Dividend receivable	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	3,012,332	-	-	-	-	3,302,249
	-	-	2,503	292,886	3,262,249	-	-	1,403	19,171	3,550,997
Deposits and other accounts										
Opening balance	4,595,199	58,656	131,791	57,393	26,038,101	328,397	51,148	231,277	15,350	9,800,472
Received during the period / year	656,431	99,116	1,337,408	390,064,486	17,713,669	4,595,017	88,829	2,472,226	3,243,262	603,296,210
Withdrawn during the period / year	-	(92,751)	(1,257,357)	(354,159,265)	(40,027,091)	(328,215)	(81,321)	(2,571,712)	(3,201,219)	(587,058,581)
Closing balance	5,251,630	65,021	211,842	35,962,614	3,724,679	4,595,199	58,656	131,791	57,393	26,038,101
Other liabilities										
Profit / return payable	-	703	502	573,859	14,242	-	429	669	355	319,447
Payable against reimbursement of expenses	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	359,297
	-	703	502	573,859	14,242	-	429	669	355	678,744
Contingencies and commitments										
Trade related commitments *	-	-	-	-	263,021	-	-	-	-	10,603
	-	-	-	-	263,021	-	-	-	-	10,603

* represents outstanding guarantee

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

Notes to and forming part of the Condensed Interim Consolidated Financial Statements (Un-audited)
For the half year ended June 30, 2023

RELATED PARTY TRANSACTIONS

	June 30, 2023 (Un-audited)					June 30, 2022 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees '000										
Income										
Profit / return earned	-	-	18,982	-	55,949	-	-	16,604	-	50,110
Fee and commission income	-	123	118	369,889	8,612	-	57	34	41,463	5,243
Dividend income	-	-	-	27,364	49,661	-	-	-	50,089	83,470
Net gain / (loss) on sale of securities	-	-	52	54,760	26,662	-	-	228	106	(2,242)
Net gain on sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Expense										
Profit / return expensed	-	2,702	2,595	796,038	68,976	-	1,649	926	229	599,299
Reimbursement of expenses	-	-	-	254,212	-	-	-	-	22,694	-
Director's fee and other expenses	-	66,455	-	-	-	-	62,880	-	-	-
Remuneration	-	-	591,430	-	1,920	-	-	504,944	-	914
Subscription Fee	-	-	-	-	2,493	-	-	-	-	2,086
Charge for defined benefit plan	-	-	-	-	143,001	-	-	-	-	118,380
Contribution to defined contribution plan	-	-	-	-	180,344	-	-	-	-	133,459
Donations made during the period	-	-	-	-	113,215	-	-	-	-	88,257
(Reversal) / Provision against investment	-	-	-	-	(27,324)	-	-	-	-	-
Others										
Shares / units purchased during the period	-	-	-	27,035,259	-	-	-	-	889,870	6,300,000
Shares / units sold during the period	-	-	-	26,354,995	1,262,600	-	-	-	535,506	6,543,648
Government securities purchased during the period	-	-	9,900	-	-	-	-	113,056	-	1,656,602
Government securities sold during the period	-	-	28,052	-	1,927,165	-	-	219,954	-	3,145,468
Contribution to defined benefit plan	-	-	-	-	143,001	-	-	-	-	118,380

Rupees '000

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

For the half year ended June 30, 2023

	Un-audited June 30, 2023	Audited December 31, 2022
	----- Rupees '000 -----	
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum capital requirement (MCR):		
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital adequacy ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	61,890,192	55,723,079
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	61,890,192	55,723,079
Eligible tier 2 capital	11,925,976	11,155,424
Total eligible capital (tier 1 + tier 2)	73,816,168	66,878,503
Risk weighted assets (RWAs):		
Credit risk	305,565,481	306,729,896
Market risk	41,531,846	51,822,917
Operational risk	72,519,488	72,519,488
Total	419,616,815	431,072,300
Common equity tier 1 capital adequacy ratio	14.75%	12.93%
Tier 1 Capital adequacy ratio	14.75%	12.93%
Total Capital adequacy ratio	17.59%	15.51%
Leverage ratio (LR):		
Eligible tier-1 capital	61,890,192	55,723,079
Total exposures	1,423,772,841	1,237,985,505
Leverage ratio (in %)	4.35%	4.50%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	443,693,204	368,386,611
Total net cash outflow	305,402,371	206,353,920
Liquidity coverage ratio (Ratio)	1.453	1.785
Net stable funding ratio (NSFR):		
Total available stable funding	760,673,205	706,803,978
Total required stable funding	467,391,118	416,877,978
Net stable funding ratio (in %)	162.75%	169.55%

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

For the half year ended June 30, 2023

40 GENERAL

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

41 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on August 24, 2023 has proposed an interim cash dividend of 10% (June 2022: 5%). These interim condensed consolidated financial statements for the half ended June 30, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the half year end.

42 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on August 24, 2023 by the Board of Directors of the Holding Company.

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