

أعمالنا أجملنا





Contents

Chairman's Message	04	Strategy & Resource Allocation	
Organisational Overview and External Environment		Strategic Objectives	126
Corporate DNA	08	Strategic Actions to Achieve Objectives	127
Corporate Information	10	Resource Allocation	128
Ownership structure	12	Sustainable Competitive Advantage	129
Our People	13	Effects of Technological Changes & ESG Reporting	129
Code of Conduct	14	Initiatives for Promoting Innovation and Address Resource Shortages	129
Code of Ethics	14	Key Performance Indicators	129
Products & Services	15	Sustainability Strategy and Objectives	129
Our Network	29	Implementation and Monitoring of Strategic Objectives	129
Significant Factors Affecting the External Environment	30	Significant Changes in Objectives and Strategies	129
Competitive Landscape and Market Positioning	32	Summary of the Bank's Strategic Initiatives	130
SWOT	34	Stakeholder Relationship and Engagement	
Value Chain & Business Model	36	Identification of Key Stakeholders	134
History of Major Events	39	Stakeholders Engagement Process and Frequency	134
Significant Changes from Prior Years	42	Steps to Encourage Minority Shareholders Participation in AGM	136
Governance		Issues Raised in the Last AGM and EOGM	136
Directors' Profiles	48	Investors' Grievances Policy	137
Senior Management Profiles	54	Summary of Analyst Briefing	137
Shariah Board Profiles	63	Redressal of Investors' Complaints	137
Senior Management & Internal Committees	66	Investor Relation Section on Corporate Website	137
Organisational Structure	68	Statement of Value Added	138
Board Committees and Terms of Reference	70	Human Resources	
Board Meetings and Attendance	74	DEI & Culture	142
Board Meetings Held Outside Pakistan	76	HR Advisory & Employee Engagement	147
Role of the Board of Directors	76	Performance Management	149
Role of the President & CEO	77	Talent Management	150
Annual Evaluation of the Board of Directors	78	Workplace Integration & Benefits	152
Directors' Orientation	78	HR Operational Excellence	153
Directors' Training	79	HR Operations & Employee Relations	153
Oversight over Internal Controls & Systems	79	Risk & Opportunity	
Remuneration Policy Disclosures	80	Key Risks	156
Policy for Security Clearance of Foreign Directors	82	Sources of Opportunities	158
Governance Practices Exceeding Legal Requirements	82	Corporate Governance	
Conflict of Interest	83	Report of the Board Audit and Corporate Governance Committee	162
Director's Interest in Significant Contracts and Arrangements	83	Auditors Review Report on Compliance with Code of Corporate Governance	164
Related Party Transactions	83	Statement of Compliance with Code of Corporate Governance	165
Policy for Safety Records of the Bank	84	Report of Shariah Board	168
Whistle Blowing Policy	84	Statement on Internal Controls	175
Business Continuity Management	85	Authorization of Financial Statements by the Board of Directors	175
Enterprise Resource Planning (ERP)	85	Unconsolidated Financial Statements	
External Search Consultancy for Directors Selection	85	Directors' Report	178
IT Governance & Cybersecurity		Auditors Report to the Members	205
IT Governance Policy	88	Unconsolidated Statement of Financial Position	210
Cybersecurity	89	Unconsolidated Profit and Loss Account	211
Sustainability & Corporate Social Responsibility		Unconsolidated Statement of Comprehensive Income	212
Corporate Social Responsibility	94	Unconsolidated Statement of Changes in Equity	213
Digital Banking Impact	99	Unconsolidated Cash Flow Statement	214
Environmental Stewardship	99	Notes to the Unconsolidated Financial Statements	215
Performance & Position		Annexure I	295
Highlights	102	Consolidated Financial Statements	
Financial Ratios	103	Directors' Report	308
Six Year Financial Summary	104	Auditors Report to the Members	315
Direct Method Cash Flow Statement	113	Consolidated Statement of Financial Position	318
DuPont Analysis	114	Consolidated Profit and Loss Account	319
Quarterly Performance review	115	Consolidated Statement of Comprehensive Income	320
Significant / Material Assets and Immovable Property	116	Consolidated Statement of Changes in Equity	321
Methods and Assumptions Used in Compiling the Indicators	117	Consolidated Cash Flow Statement	322
Share Price Sensitivity Analysis	117	Notes to the Consolidated Financial Statements	323
Sensitivity Analysis due to Foreign Currency Fluctuations	118	Annexure I	409
Business Rationale for Major Capital Expenditure	118	Other Information	
Outlook		Consumer Grievances Handling Mechanism	422
Forward Looking Statement	122	Combined Pattern of CDC and Physical Shareholding	423
Sources of Information & Assumptions Used for Projections & Forecasts	122	Pattern of Shareholding	425
How the Performance of the Bank Meets the Disclosures Made in 2022	123	Jama Punji	427
		Notice of the 29th Annual General Meeting	428
		Forms of Proxy	435

Key Message from the Chairman

Dear Stakeholders,



The Faysal Bank Limited ("FBL") has successfully been converted into a full-fledged Islamic bank. An Islamic banking license was awarded by State Bank of Pakistan ("SBP") on 1st of January 2023. The decision to convert FBL into a full-fledged Islamic bank is driven by a combination of its Board of Directors' vision, market demand, ethical considerations, diversification of opportunities, and regulatory support.

Now Alhamdulillah FBL has completed its first year successfully, as a full-fledged Islamic bank. We would like to call 2023, as the year of 'Barkat' as the Bank achieved a record Profit After Tax ("PAT") of Rs. 20 billion, marking a remarkable 79% increase as compared with previous year, and now is positioned as a key player in Pakistan's Islamic banking sector. We look forward to continuing our journey on Al Sirat-e-Mustaqeem with growth and prosperity for all in 2024 In Sha'a Allah.

It is with immense pleasure that, on behalf of the Board of Directors, to extend my gratitude for your unwavering support to FBL. In this Annual Report, we present our audited financial statements for the year ended December 31, 2023.

As we reflect on the last three decades, we look forward to the future with optimism, confidence and strength that have propelled us forward. FBL's financial achievements stand as a testament to the prudent strategic directions which have been implemented. Record-breaking profits, sustained growth in assets, and a robust risk management framework have positioned FBL as a stalwart in the industry. This success is a result of meticulous planning, embracing technological advancements, and staying attuned to the dynamic market landscape.

Innovation and conducive services have been FBL's driving forces. Several initiatives have been taken to digitize the Bank's services, ensuring seamless and efficient banking experiences for the clients. FBL's strategic roadmap includes further technological integrations, expansion into emerging markets, and a relentless pursuit of excellence in customer service. FBL envisions a future whereby it will continue to be a catalyst for positive change, fostering modern financial well-being, globally.

At the heart of FBL, our employees are undeniably valuable asset, they are the ambassadors of our ethos, and their growth has been a testimony of our success. FBL remains committed to nurturing a people-first culture by investing significantly in staff training and upscaling their skill sets, especially in the realm of Islamic principles and Shariah compliant modern banking practices. A motivated,

empowered and value driven team not only forms the backbone of our operations but also fosters an environment of service, trust, and integrity in every interaction with our customers.

By fostering a culture that promotes professional growth, ethical conduct, and adherence to Islamic principles, we strengthen our foundation as a Bank that not only priorities financial excellence but also places the well-being and development of employees at the forefront of our mission.

FBL's commitment to corporate social responsibility remains unwavering. Initiatives have been taken which transcend banking, making meaningful contributions to education, environmental sustainability, and community development. So, the objective is not just financial prosperity but a holistic upliftment of the societies the bank serves. Looking forward to the future, FBL's vision is one of continued growth and relevance in a dynamic global landscape. The Bank aspires to be pioneer in Islamic finance, shaping the industry's future through progressive strategies and meaningful contributions to the well-being of humanity. Regarding Corporate Social Responsibility (CSR) and Environmental Social Governance (ESG), the Bank very generously makes contributions and an amount of Rs 113 million has been provided in the year 2023 only to support various sectors e.g. education, healthcare, youth welfare programs and property alleviation.

FBL is dedicated to being a conscientious caretaker of the environment and understands the importance of tackling climate change and sustainability. We recognize the significant influence that climate change can exert on economies and communities, and we stay committed to not only upholding global standards, but also, actively strive to incorporate sustainable practices into our daily operations includes the implementation of energy-efficient initiatives and adoption of responsible lending practices.

The Bank's deposits have crossed the Rs 1 trillion mark and achieved a record profit of Rs 20 billion in the year 2023. The year 2024 is projected to witness a modest economic growth rate of 2-3%. Nevertheless, the management is confident to navigate this landscape and uphold the Bank's growth trajectory. Reflections are always essential to ensure excellence, so while the Bank celebrates the accomplishments, the strategies for the future are prioritized, for continued excellence, stronger relevance to the global financial landscape, especially that of Islamic banking, and better opportunities for the customers, a renewed strategic direction is charted for the years to come with the paramount objective of becoming a premier Islamic bank in Pakistan.

Our focus on sustainability goes towards reducing our environmental impact, along with creating a positive difference in the communities we serve.

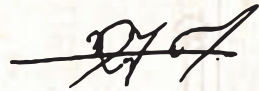
FBL's stellar performance has earned commendations from both national and international organizations, notably receiving the title of 'Best Emerging Bank' from the Pakistan Banks' Association, and 'Best Emerging Islamic Bank' from the Global Islamic Finance Awards. These accolades serve as confirmation of the strategic acumen of the Board of Directors, the competence of the senior management, and the dedicated efforts of the employees of the Bank. Such recognition not only strengthens the Bank's standing in the industry but also inspires the whole team to consistently set higher standards in delivering excellent services to the esteemed customers.

I extend my heartfelt gratitude to FBL's valuable customers, The State Bank of Pakistan, the Security Exchange Commission of Pakistan, shareholders, members of Shariah Board, my fellow board members, and the entire Bank's staff for their unwavering support. Together, a new course is being chartered towards a future defined by innovation, sustainability, and enduring success.

As Chairman of the Board of Directors, it is my great pleasure to present this compilation, in the form of a book, which contains the Bank's achievements and future endeavors. The pages ahead unfold a narrative of financial success, from robust growth in assets to the consistent delivery of innovative Sharia-compliant products and services. FBL's success is not solely measured in numbers but also in the positive impact it has had on all stakeholders and the community as a whole.

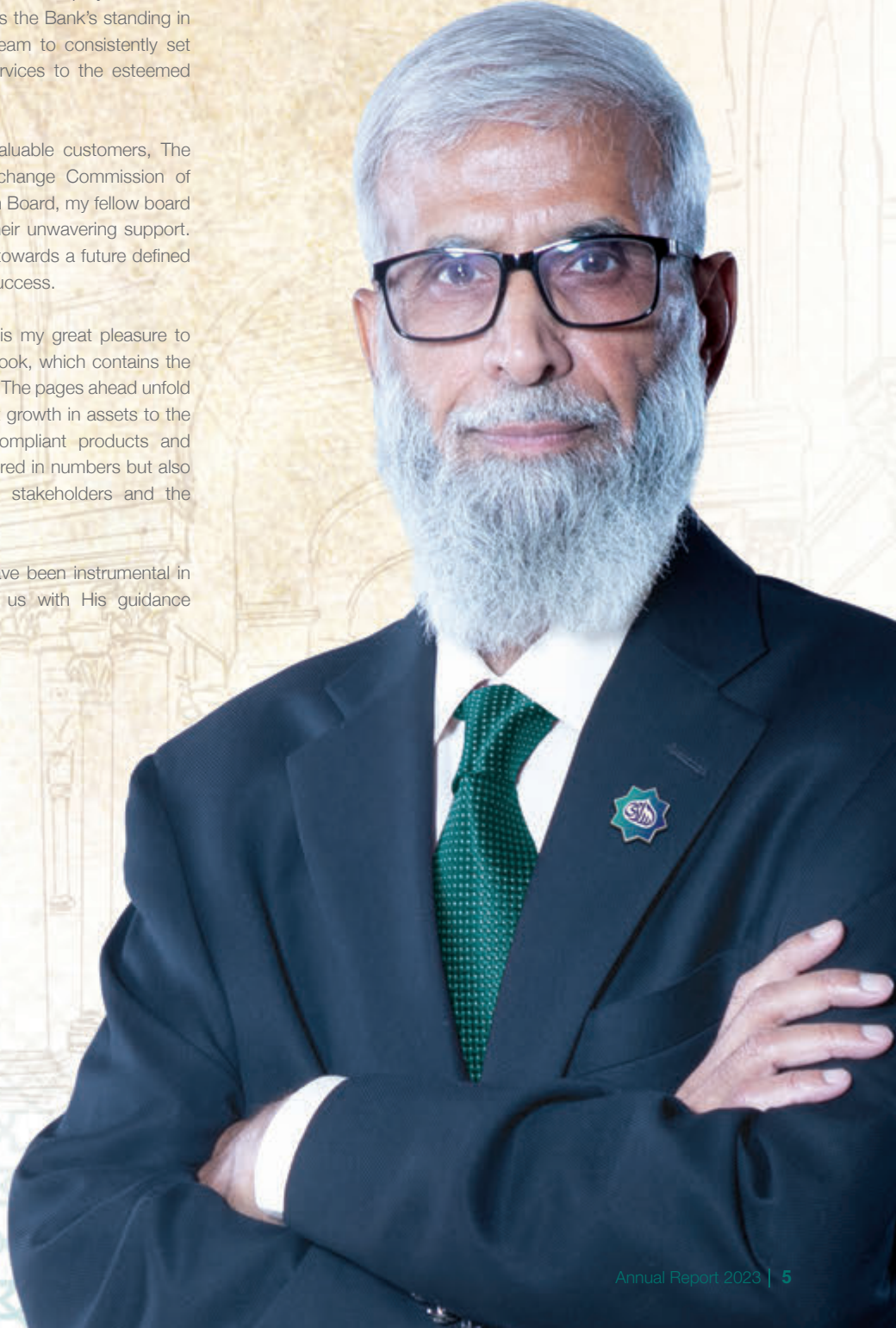
Your trust, guidance and untiring efforts have been instrumental in our continued success. May Allah bless us with His guidance towards success and prosperity.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Yours sincerely,

Mian Muhammad Younis
Chairman, Board of Directors
Faysal Bank Limited



Organization Overview and External Environment



اَسْئَلُكَ بِقِيَّتِكَ

اور اپنے پروردگار کی عبادت کرتے رہو، یہاں تک کہ تم پر وہ چیز
آجائے جس کا انا یقینی ہے۔

(سورۃ الحجر آیت نمبر ۹۹)

Corporate DNA

Vision

To be the best customer centric Islamic bank, driven by passion and belief.

Mission

Achieve leadership in providing Shariah compliant financial services with customer care and employee focus, at the heart of our business ethos together with innovation and technology being the pillars of our growth.

Values

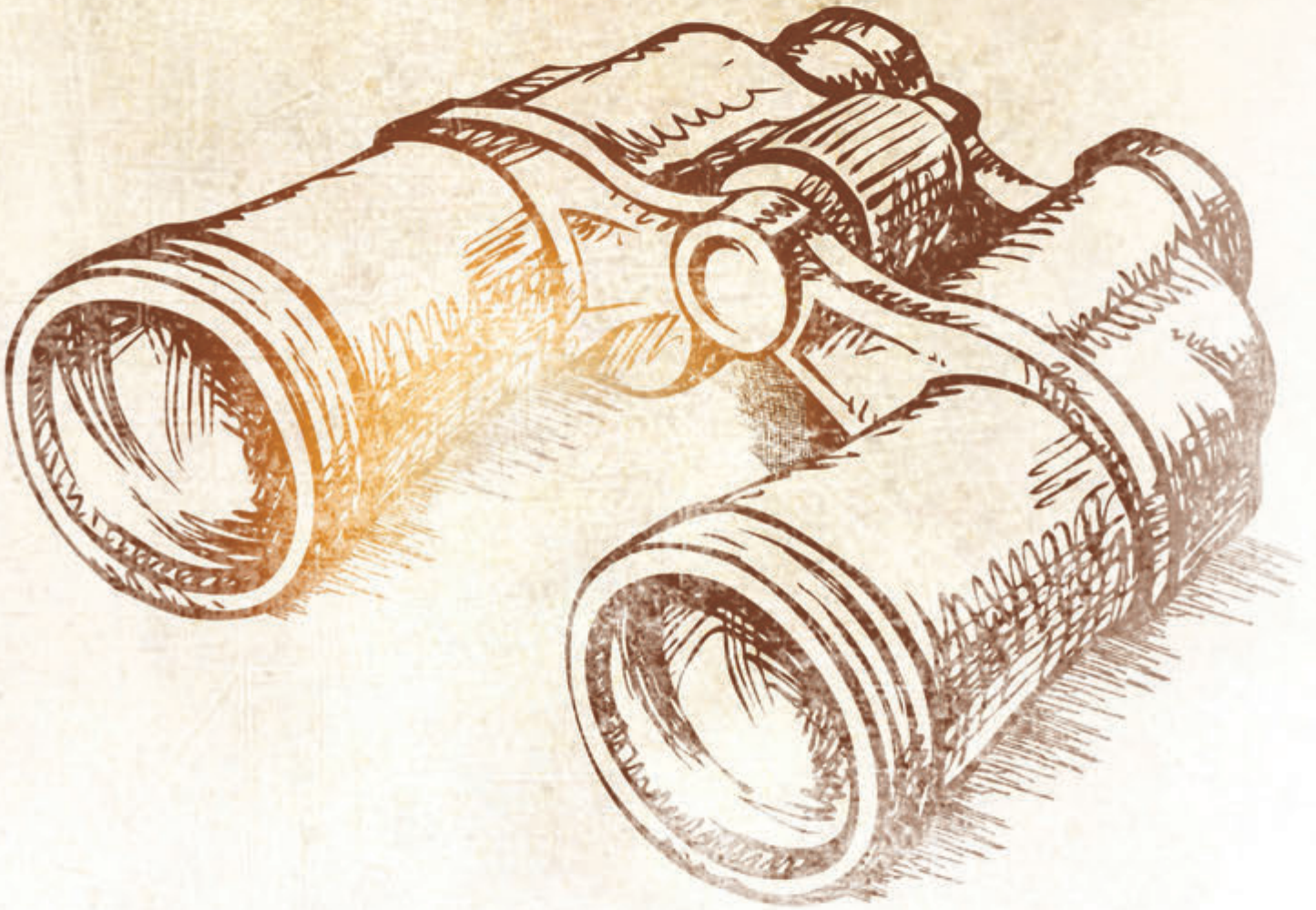
ایمان اور یقین

صداقت اور امانت

باہمی تعاون/عملِ باہم

جدّت

خدمت



Corporate Information as of December 31, 2023

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

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 Abu
Member

Mr. Imtiaz Ahmad Pervez
Member

Ms. Fatima Asad Khan
Member

Mr. Yousaf Hussain
Member

Board IT Committee

Ms. Sadia Khan
Chairperson

Mr. Abdulelah Ebrahim Mohamed
AlQasimi
Member

Mr. Abdulla Abdulaziz Ali Taleb
Member

Mr. Yousaf Hussain
Member

Shariah Board

Mufti Muhammad Mohib-ul-Haq
Siddiqi
Chairman Shariah Board

Dr. Mufti Khalil Ahmad Aazami
Shariah Board Member

Mufti Abdul Basit
Shariah Board Member

Mufti Muhammad Abdullah
Resident Shariah Board Member

Syed Majid Ali
Chief Financial Officer

Mr. Aurangzeb Amin
Company Secretary & Head of Legal

M/s. KPMG Taseer Hadi & CO,
Chartered Accountants
Auditors

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

Registered Office

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

UAN : (92-21) 111-747-747

Tel : (92-21) 3279-5200

Fax : (92-21) 3279-5226

Website: www.faysalbank.com

Share Registrar

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

Tel: (92-21) 111-111-500

Fax: (92-21) 34326053

Email: info@cdcsrsl.com

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



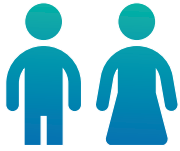


Ownership Structure



The Group considers these open end funds managed by FAML as its associates. The country of establishment in respect of all of the above funds is Pakistan. Further, all the funds are individual open-end schemes and have been established by execution of trust deeds between FAML and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Our People



Staff Turnover Ratios Total & Voluntary 2023

- Ratio Total: 23.19%
- Ratio Voluntary: 7.53%



Number of employees during the year 2023

- Full-Time Employee: 8,751
- Bank Contract: 36
- Total: 8,787



Ratios of diversity of the persons employed during the year 2023

- Male: 7,117
- Female: 1,670
- Total: 8,787

Hours Spent on Trainings - YTD Dec 2023

L&D Centre – All Regions – 2023	
eLearning	
Classroom	
Grand Total	

No. of Participant Trained	
	111,350
	24,090
	135,440

Man Hours	
	153,501
	219,355
	372,856

Average Training Hours per Participant	
	1
	9
	3

L&D Centre – 2023 – Classroom	
Central - I	
Central - II	
North	
South	
Grand Total	

No. of Participant Trained	
	4,574
	2,333
	6,750
	10,433
	24,090

Man Hours	
	47,433
	18,912
	53,020
	99,990
	219,355

Average Training Hours per Participant	
	10
	8
	8
	10
	9

Code Of Conduct

<https://www.faysalbank.com/wp-content/uploads/2021/03/Code-of-Conduct.pdf>



Code of Ethics

FBL's Code of Ethics establishes the expected standards of conduct for all employees, guiding them in fulfilling their professional obligations. Aligned with Faysal Bank's Core Values, the Code aims to fortify FBL's Vision by fostering behaviors consistent with ethical principles.

The Code serves to prevent workplace misconduct and promote ethics by:

- Adhering to FBL's policies, regulatory instructions and applicable Shariah guidelines.
- Demonstrating integrity and honesty in all circumstances.
- Treating others with care and respect.
- Avoiding conflicts of interest.

- Respecting confidentiality and safeguarding sensitive information.

The comprehensive Code of Ethics, which requires staff acknowledgment, is accessible to all employees through FBL's Intranet and Learning Management System. Covering various ethical themes, the Code outlines FBL's expectations regarding customer and employee interactions. It also provides guidelines for handling and raising voice against the situations including harassment, discrimination, bribery and corruption. Code further promotes the diversity, equity and inclusion, workplace safety, corporate social responsibility, social media usage etc.

Additionally, the Code specifies Speak Up channels within FBL, offering employees a confidential platform to report misconducts and wrongdoings without any fear and maintaining the secrecy.

Products & Services

Consumer Finance

Unsecured Business

The diverse range of Islamic consumer products are designed to cater various market segments and their distinct needs.

Faysal Islami Noor Card

The Faysal Islami Noor Card stands as Pakistan's pioneering Shariah-compliant card, anchored in the principles of Tawarruq. It boasts widespread acceptance, available at over 15,000 local merchants and over 24 million global locations across 210 countries. The Noor Card integrates Chip & Contactless Technology alongside our unique Instant Reward Redemption program, ensuring unparalleled purchasing capabilities. Our array of cards caters to varying income levels, offering:

- a) Velocity & Blaze, entry-level financial tools fostering engagement and cash replacement.
- b) Titanium, Platinum & World, fully equipped with premium benefits, targeting the affluent segment. These cards offer exclusive services and discounts for travel, shopping, and dining experiences.

Moreover, these cards provide financial flexibility through 0% installment plans, the option to request for Banker's Cheques and Balance Transfer facility from other bank cards through 24/7 dedicated Call Centre. Bill payments are seamless via multiple channels including Cash, Cheques, Internet, and Mobile banking. Additionally, customers can utilize other banks' Internet Banking, Mobile Banking, and ATMs for payments.

In recognition of our commitment to delivering exceptional Islamic banking solutions, Noor Card was awarded the "Fastest Growing Islamic Card" in 2023 by MasterCard.

Faysal Islami Debit Cards

The Faysal Bank's suite of Islamic debit cards is structured to serve diverse market segments. Each card variant is meticulously crafted to offer a wide array of features and benefits. These tailored offerings empower our account holders, ensuring their ability to access funds conveniently at any given moment.

In order to foster financial inclusivity, Faysal Bank introduced Amal Debit Card initiative, specifically tailored to empower women by providing them access to compelling discounts and exclusive offers.

This year Faysal Bank also launched Priority World Master Debit Card, an unprecedented offering tailored for Priority Banking's ultra-high net worth clients. It presents exclusive discounts, sign-up offers, and unparalleled travel benefits.

Embracing digital empowerment in 2023, we introduced real-time

card activation facility for our Debit and Noor Card customers through WhatsApp banking and DigiApp.

Faysal Islami Personal Finance

Introduced in January 2022, our Islamic Personal Finance stands as a Shariah-compliant solution under the Tawarruq structure. This limit-based facility offers eligible individuals an affordable and hassle-free financing option for various needs, including education, weddings, and hospitalization.

Faysal Takmeel Financing

Faysal Takmeel is a Riba-free, Shariah-compliant financing solution based on Musawamah financing, tailored for the purchase of durable goods/items like home appliances, generators, air conditioners, LED monitors, laptops, bikes, and more. This year Faysal Islami as part of Green Financing program, started offering Electric Bikes on affordable monthly instalments in collaboration with leading EV manufacturer. This further extends to Solar Panel financing under Takmeel Financing Umbrella.

Secured Business

- Launch of Residual Value module: It enables the customer to take a car on significantly lower monthly installment. Depending on their repayment capacity, the customer can also get a much higher valued car than they can get under the regular financing module. This scheme is available for the selected new and used locally assembled vehicles of leading manufacturers.
- Introduction of Fixed Rate in Auto Finance: A consistent increase in policy rates has burdened customers with significantly higher installment amounts, the option of fixed-rate financing will help bring certainty and ease for the customer and in return, it will support to boost auto finance acquisition.
- Partnership with leading manufacturers: To capitalize on the market and to increase sales numbers, Faysal Islami Car Finance entered into alliance with major Auto manufacturers for priority delivery of vehicles and offering other key features like periodic maintenance package and bank driven discounts to customers.
- Fixed rate offering with PMRC under Home Finance Considering the substantial increase in policy rates, fixed rate financing in collaboration with Pakistan Mortgage Refinance Company (PMRC) was introduced. Fixed rate financing provide stability and predictability to customers in the face of rising Policy rates, helping them to fulfill their financing needs at competitive pricing.

Car Finance

Drive your Dream Car Today!

Now drive your dream car today with Faysal Car Finance. A facility extended to individuals based on the principles of Diminishing Musharakah for purchase of new as well as used vehicle(s). Choose from a range of vehicles available locally.

Home Finance

We help you unlock your dreams.

A Shariah compliant product based on the principles of Diminishing Musharakah which allows to Buy, Build or Renovate your dream house on competitive pricing with quick processing and easy documentation.

Trade

Faysal Trade Products

Faysal Bank provides all types of funded & non funded trade finance facilities to its clients. This includes opening of all types of L/Cs, advising, confirmation, documentary collection, and issuance of bank guarantees. Faysal Trade Products provide a wide range of standard as well as tailor-made products and solutions to trade customers from all walks of life. It includes:

- Import Letter of Credit
- Import Documentary Collection
- Import Advance Payment
- Import Open Account
- Import Financing
- Export L/C Advising & Confirmation Services
- Export Bills for Collection
- Export Advance Payments
- Export Bills Negotiation
- Currency Salam (alternate for Export Bill Discounting)
- SBP Refinancing Schemes for Short Term/Long Term Financing
- Bid Bond Guarantee
- Performance Bond Guarantee
- Advance Payment Guarantee
- Financial Guarantee

Faysal Barkat offers following Trade services

Faysal Barkat offers a wide range of import and export services to effectively manage customers' local and global supply chain needs and provides them a competitive edge. These facilities extend for

both raw materials to fixed assets. Services that are offered include:

Export L/C Advising

Faysal Barkat offer Export Letter of Credit Advising to existing and non-customer enabling exporters for onward negotiation of their export documents. Enjoy greater security and convenience with Faysal Letter of Credit Advising. We authenticate your inbound Letter of Credit, providing you with assurances that it comes from a genuine source. We also offer greater convenience by notifying you upon its arrival.

Bill for Collection under Export

Faysal Barkat offer services for handling export bills on collection basis to our client & facilitate the flow of payment with our Outward Bill Collection. We act as a professional agent to collect payments from the buyer's bank on customer's behalf.

Currency Salam (alternate for Export Bill Discounting)

Faysal Barkat offer Currency Salam for the exporters to improve their cash flow which allows the exporters immediate credit to their accounts while waiting for payment from the issuing bank. Our experts check export documents and if the documents are in order, customers can convert receivables into cash quickly and easily.

Waad (alternate of Forward Booking)

Faysal Barkat offers purchase of foreign currencies against trade transactions upon getting an offer and acceptance from client. Our expert team facilitates the exporters with expert advice to hedge their foreign exchange risk while foreseeing the foreign exchange volatility.

SBP REFINANCING SCHEMES FOR SHORT TERM / LONG TERM FINANCING

SHORT TERM WORKING CAPITAL FINANCING FACILITIES

Export Pre-Shipment and Post-Shipment financing on Islamic modes of financing (IERS Part I & II & Rupee-based discounting of export bills)

Offers refinance facilities to Customers with an aim to support industrial growth and exports with the ultimate objective of promoting overall economic development of the country. SBP introduced special schemes under its refinance window to ensure adequate supply of financing at subsidized rates.

Financing is available to direct exporters including manufacturers, trading companies, new exporters and indirect exporters. Financing can be availed at pre-shipment and/or post-shipment stage against firm export contract / LCs.

LONG TERM PROJECT FINANCING UNDER ISLAMIC MODE OF FINANCING

Islamic Long Term finance facility (ILTF)

Faysal Barkat offers Long Term project finance facility namely Islamic Long Term Financing Facility (ILTF) for Imported and Locally Manufactured New Plant & Machinery to promote export led industrial growth in the country.

Islamic Financing Facility for Renewable Energy (IFRE)

Faysal Barkat has introduced the Islamic Financing Facility for Renewable Energy (IFRE) to facilitate and support the energy sector of the country via new and alternate energy projects to fulfill the individual and industry need of the energy. Financing under IFRE shall be available for power projects / installations using alternative / renewable energy sources (solar, wind, hydro, biogas, bio-fuels, bagasse cogeneration, and geothermal as fuel).

SBP Re-Financing Facility for Storage of Agricultural produce

Financing is available for local purchase /import of new plant & machinery/new generators used in Silos, Warehouses & Cold Storages facilities for storing Agricultural produce.

SBP Refinancing Facilities Under Covid

Islamic Temporary Economic Refinance Facility (ITERF)

Faysal Barkat offers Long term finance facility for purchase of new imported and locally manufactured plant & machinery for setting of new projects/existing units BMR.

Bank Guarantee

A bank guarantee issued at the request of a customer may be defined as an obligation of the issuing bank to pay a sum of money in the event of non-performance or non-fulfillment of stated obligation by its customer. The guarantee is a separate obligation independent of the principal or the contractual relationship between the creditor and the principal debtor. Bank Guarantees are generally payable on first demand from the beneficiary made within the validity of the guarantee.

FBL offers the facility of issuance of guarantees to its customers generally in the following forms:

1. Bid Bonds (GBB)

A Bid Bond substantiates the financial standing of a person submitting a bid. It is issued in connection with submission of a tender for supply of goods or services and its normal characteristic is an undertaking to pay to the beneficiary a fixed amount, generally a small percentage of the total value of the Order, within a stated period on his simple written demand if the applicant withdraws his obligations after acceptance of his bid.

2. Performance Guarantee (PBG)

In a performance guarantee the Bank undertakes on behalf of a customer to pay a fixed amount, generally a higher percentage than the Bid Bond, in case the customer fails to discharge his obligations under a particular Order or contract. Upon issuance of Performance Guarantee the Bid Bond issued earlier for the same contract is returned and cancelled.

3. Advance Payment Guarantee (GAP)

Contracts, particularly those awarded by government departments, agencies and autonomous bodies such as Water and Power Development Authority (WAPDA), K-Electric (KE) etc., sometimes provide for an advance payment to be made to contractors for purposes such as mobilizing manpower, material, and equipment and infra-structure facilities on site. In order to obtain this payment, the contractor is required to produce an advance payment bank guarantee. This advance payment is generally deducted proportionately from proceeds paid to the applicant for work done during the contract period.

4. Shipping Guarantees (SGS & SGU)

A shipping guarantee is required by a customer (importer) when the ship carrying the consignment reaches the port of destination and discharges the goods before the Bills of Lading & other shipping documents are received at importer's bank.

5. Financial Guarantee – Others (BGO)

Bank guarantees whose main characteristic is that it is an undertaking by the issuing bank to meet any claim from the beneficiary up to a fixed sum on simple demand stating that the named customer, on whose behalf the Guarantee is issued, has defaulted in timely payment or discharge of his specified liabilities. Other financial guarantees may be issued for the release of Retention money to the contractor before completion of a contract.

6. Financial Guarantee - Financial Institutions Outside Pakistan (FGT)

A Guarantee to Financial Institutions outside Pakistan in the shape of a Bid Bond or Performance Bond issued by the Bank on behalf of customers dealing in exports, an Engineering or consultancy firm etc. to make good a loss incurred by the beneficiary abroad as a result of non-fulfillment of the contract obligations by the applicant within the specified period.

7. Financial Guarantee - Financial Institutions within Pakistan (FGT)

A guarantee issued in favor of a financial institution within Pakistan to make good on first simple demand a default of the customer due to non-repayment of the finance extended by the financial institution

within the specified period as incorporated in their mutual agreement up to a fixed sum.

Imports

1) Letter of Credit

A Letter of Credit is an obligation taken by a bank (as the issuing bank) on behalf of a buyer of goods & services (the applicant) to pay a certain sum of money to the seller of such goods & services (beneficiary) if the documents called for in the letter of credit are presented strictly in compliance with the terms and conditions of the Letter of Credit.

Letters of Credit activities are presently governed by International Chamber of Commerce Uniform Customs and Practices for Documentary Credits Publication No. 600 (2007 revision).

2) Documentary Collection

Documentary collection is a form of trade finance in which an exporter is paid for its goods by an importer after the two parties' banks exchange the required documents. The exporter's bank collects funds from the importer's bank in exchange for documents releasing title to the shipped merchandise, usually after the goods arrive at the importer's location

3) Import Advance Payment

Advance payment is a payment method in which the price of goods is collected in advance prior to the shipment of the goods which are subject to import and the exporter ships the goods, the payment of which is already made, to the importer later on.

4) Open Account

An open account is an arrangement between a business and a customer, where the customer can buy goods and services on a deferred payment basis. The customer then pays the business at a later date.

5) Import Financing

Import financing is a specialized Trade Finance Solution used to finance the purchase of goods which are being exported from one country for the purpose of being imported into another country.

Corporate Banking

Faysal Bank's Corporate & Investment Banking Group (CIBG) is fully geared to meet the challenges of the dynamic economic environment in Pakistan. Our aim is to fuel growth and progress by filling in the role of financial advisors and financiers by providing a range of diverse financial services (including tailor made solutions) to corporate clients by partnering with them and build long term sustainable relationships.

Our in-house expertise of product specialists is well versed in providing financing solutions to meet our customer's credit, trade, foreign exchange, investment banking and various other business requirements in a hassle free, effective and efficient manner across a diverse range of industries.

Financing options include working capital loans, term loans, trade based finance services (letters of credit, foreign & local currency trade bill discounting, guarantees, import & export loans and Export Refinance and Long Term Finance), financing under SBP schemes and furthermore, depository options are also offered under various schemes.

It also includes arrangement of cross border trade confirmations and trade related commercial & country risk syndications. Our onshore specialized trade services include supply chain solutions for our corporate customer base, including vendor/ supplier & distributor focused structured trade financing solutions.

Our Corporate Banking relationship teams also liaison with Treasury, Cash Management, Trade, Investment Banking and Consumer Banking departments to develop and deliver offerings that are used across diverse businesses.

Investment Banking

FBL offers full suite of Investment Banking services ranging from equity & advisory, syndications and debt capital markets to Project and structured finance. FBL's Investment Banking works in close coordination with Corporate and Retail Banking to facilitate their clients with its services.

- Project & Structured Finance (PSF):

Project & Structured Finance team provides advisory and debt arrangement services for structuring and financing of long-term greenfield and brownfield projects on non-recourse or limited recourse basis. The PSF team offers advisory, structuring, execution and monitoring services for projects of national and strategic significance.

- Syndications & Debt Capital Markets (DCM):

The Syndications & Debt Capital Markets team offers a variety of highly customized products to a diverse set of customers as per their needs. These requirements may include medium to long-term financing for capital expenditure, capacity expansion and mergers & acquisitions. FBL's DCM team also enables credit risk distribution with other financial institutions through syndicated financing arrangements along with speedy access to local and offshore debt capital markets.

- **Equity & Advisory (E&A):**

Our E&A desk provides sell-side and buy-side advisory on merger & acquisition (M&A) transactions, facilitates in business valuations & price discovery along with providing access to equity capital markets. This includes underwriting services for initial public offerings (IPOs), right shares etc. Moreover, FBL has also acted in its capacity as the Bankers to the Issue (BTI) for various transactions.

Agri Banking

Faysal Khushaal Kisan Scheme offers

Production Loans to meet

- Cost of agri inputs (seed, fertilizer, pesticides, diesel, labor), storage, transportation and other working capital requirements of crop farming, orchards, nurseries, Vegetable farming, floriculture etc.

Development Loans to finance

- Farm Power (tractors, combine harvesters, threshers, alternate energy installations including solar energy plants etc.).
- Farm Machinery and Equipment (Ploughs, Cultivators, laser levelers, processing machinery, tunnel structures etc.).
- Farm Transport (Pickup, trailers, mini trucks etc.).
- Farm Irrigation (Installation of tube wells and Solar Pumps, turbines, power lines, transformers, sprinklers, drip irrigation systems, lining or alignment of water channels etc.).
- Land improvement (land leveling, clearance of jungle and land reclamation etc.).
- Godowns, Silos and Cold Storages (cost of construction, machinery and working capital requirements).
- Working capital requirements of Seed Processing Units.

Financing to meet needs of

- Dairy Farms (cost of sheds, milking animals, feed, medicine and other working capital requirements).
- Livestock Farms and Feed Units (cost of animal sheds, feed, medicine and other working capital requirements).
- Poultry Farms and Feed Units (cost of poultry sheds, machinery, equipment, chicks, feed, medicine and other working capital requirements).

Fish Farms (cost of fish ponds, tube wells, fish seed, feed and other working capital requirements).

Cash Management

FBL offers full range of Cash Management services aimed at enhancing clients' liquidity position, reducing operational cost and improving financial control via accurate and timely reporting.

Faysal Transact OTC Collections

All cleared funds received at our branches automatically sweep into collection account for onward credit to main designated account, backed by comprehensive Real time MIS via MIS Scheduler service, real time alerts on each transaction deposit at any branch, maintenance of depositor data to eliminate data entry errors by branch for accurate Real Time MIS availability and support unit to ensure quick processing and attend queries on priority

Cash / Cheque Pick-up and Delivery

In conjunction with leading CIT (cash in transit) companies and courier services in Pakistan, we successfully process cash pickup / delivery requests from client's location(s), as per require

Right Issue / IPO / Bonus Shares Tax Collections

Our entire branch network spread across 100+ cities nationwide are tagged for the collection of Right Shares/IPO application and Bonus Shares Tax collections. Funds received are credited in the designated account of client.

E-IPO processing

This initiative launched in collaboration with CDC and 1Link is a state of the art facility which uses our Internet Banking/Mobile and ATM platform to provide our customers convenience to apply for Equity/Share applications through these channels without standing in queues at branches and without any restriction of banking hours.

Standing Instruction via Debit Authority (SIDA)

This product allows your distributors/dealers to issue one time Standing Instructions to FBL, authorizing FBL to debit their account with designated FBL branch(s), whenever stocks/goods are released and invoices are raised by you.

E-Collections

We provide e-collection via ADC channels, such as Internet Banking, Mobile Banking and ATMs. It allows quick and easy receipt of funds, eco-friendly due to paperless receivables & immediate transfer.

Payment Services

We provide a web based solution – Faysal Transact that can meet the challenges of a rapidly growing domestic payments system. Faysal Transact has the capability and capacity to cater different types of payment transactions.

Corporate Cheques – payable at any branch in Pakistan, electronic signatures of authorized signatories printed on instrument

Payment Orders (PO) – payable at any FBL branch in Pakistan, delivery / dispatch arrangements

Internal Transfer – real time transfer to FBL account holders

Inter Bank Funds Transfer (IBFT) – Bulk transfers to other bank accounts, immediate reflection in account

Real Time Gross Settlement (RTGS) processing – paperless instructions processing via Faysal Transact

Utility Bill Payment (UBPS) - offering an easy and convenient way to pay bills, utility payments are key to smooth business operations, combating the occurrence of both late fees and utility service disruption.

Cash Payout (COC) - This is done by sharing the beneficiary's details on the Payment portal including a transaction specific X-pin which is system generated. The beneficiary then proceeds to any of the designated Faysal Bank branches with the X-pin along with the original CNIC.

Dividend Payouts

FBL provides a complete and comprehensive dividend solution to customers, from printing of dividend warrants to dividend delivery to the customers and their subsequent encashment through FBL branches.

Payroll Proposition – Faysal@work

This tailor-made solution to suit your organization and employees' everyday banking and lifestyle needs, enhances productivity of your employees by bringing banking to their workplace.

Home Remittance

FBL has state of the art solutions to manage home remittances, and a constantly increasing number of global relationships. FBL home remittance beneficiaries may receive payments sent by our dedicated partners via the following payment modes:

- Cash-over-Counter payments for walk-in customers at Faysal Bank branches
- Instant Account Credit to Faysal Bank Ltd account holders
- Instant Account Credit to 1Link member bank account holders through IBFT
- Same Day Account Credit to other bank account holders via PRISM / RTGS

Treasury

The focus of our Treasury Department is predominantly client centric where we use extensive experience and expertise in providing balance sheet solutions to our vast and diverse client base by offering a wide range of Fixed Income and Foreign Exchange products.

Faysal Bank takes pride in also providing the first of its kind online trading platform “Faysal – Self invest” wherein our Faysal Digibank customers have the opportunity to manage their own Government of Pakistan Securities portfolio with Faysal Bank. Faysal – Self Invest enables customers to experience end to end process of Investors Portfolio Securities services from IPS account opening to transacting in Government Securities on real time basis.

Commercial & SME

Financing Facilities

- 1- **Overdraft – Running Finance**
Running finance or overdraft facility is a short term finance provided to customers to fulfill their working capital needs by allowing withdrawals from their account in excess of the credit balance, maintained with the Bank.
- 2- **Pledge Financing**
The pledge financing facility is offered to customers against delivery of goods to the Bank. The goods are held as security and are placed under the custody of the Bank's approved Mucaddum. Drawing power is determined on the basis of value of the goods placed under pledge along with stipulated margin.
- 3- **Long Term Exposure**
Long Term finance facility (LTF) is offered for financing fixed assets like immovable properties i.e. land and buildings, machinery, vehicles etc.

Trade Facilities

In order to facilitate trade business of SMEs, FBL offers a number of products to its customers:

a) Letter of Credit –Foreign & Inland

FBL offers to issue letter of credits (LCs) on behalf of SME clients for routing their imports through the Bank. Sight & Usance are two of the main types of LCs offered to the customers.

b) Finance against Imported Merchandise (FIM)

FIM is a short term facility offered by FBL to the importers for retirement of Sight-LC. The facility is given against the pledge of imported goods. FIM is settled through release of pledged goods against gradual or lump sum payments made by customer.

c) Finance Against Trust Receipt (FATR)

FATR is a type of import financing offered to FBL customers. In FATR deals, the imported goods are released to the importer on the basis of a trust receipt. This is a short term facility for financing imported goods.

d) Export Finance Facilities

The exporters usually require financing for production and supply of goods as per their contracts with the buyers. In order to support the export business, Bank offers Pre & Post Shipment financing (own sources), SBP Refinance (Pre/post) and bill discounting facilities.

e) Pre-shipment (own sources)

Pre-shipment Finance or 'Packing credit' is offered to exporters for catering their financing needs for purchasing, processing, manufacturing or packing of goods prior to shipment.

f) Post shipment (own sources)

Post-shipment (own) is the financing facility offered to manufacturers and exporters of goods after shipment of goods till the date of realization of export or local proceeds.

g) Export Refinance Finance Facility under SBP

As per directives from State Bank of Pakistan, FBL offers Export finance facility under SBP ERF scheme to support export oriented companies. Both pre-shipment and post shipment finance facilities are available at subsidized rates communicated by SBP.

h) Bank Guarantees

Different types of guarantees like Bid Bonds, Performance Bonds and guarantees against advance payments are offered by FBL.

Digital Banking Group

Strategic Initiatives:

As part of Faysal Bank's FY23 digitization agenda, the Bank invested extensively in technology and related HR strength in order to churn a constant stream of innovative digital solutions, products and platforms with an aim to establish itself as the #MostInnovativeIslamicBank.

One of the key driving elements has been the 'go-green' philosophy, encouraging customers to adopt digital channels and reduce reliance on traditional paper-based instruments and traditional modes of transactions. Faysal Bank's digital spread now goes on to include not just retail banking customers but infact the consumer finance audience, merchants and SME's alike.

In FY23, the Bank's digital foot-print increased by 3x, where the digital subscriptions increased from 0.4M to over 1.25M, this was driven by the tremendous transaction uptake via Faysal Digital mobile-app and Faysal Islami WhatsApp Banking.

Digital transactions through the Mobile-app registered a YoY increase of over 300 percent, which makes it one of the fastest growing mobile platforms in the industry. Special focus was on increasing the touchpoints and use-cases for making payments.

Faysal Bank's Digital Positioning

As part of its FY23 positioning strategy, Faysal Bank has adopted a transformative outlook with a clear cut focus on innovation and digitization of customer experiences. This stance has led to Faysal Bank taking a digital leadership stance not only amongst Islamic Bank but also challenging the industry at large.

New innovations in FY23 include the launch of:

'Faysal Tap and Pay': Faysal Bank digital customers can make

payments at any local or international Point-of-Sale (POS) terminal merely by tapping their smart phones. This digital payment feature makes Faysal Bank one of the most advanced NFC payment solutions in the industry.

'Faysal Islami WhatsApp Banking': inarguably the best-in-class WhatsApp Banking solution with an unmatched user-interface and seamless user-journey. During the year Faysal Bank launched 'WhatsApp Payments', thereby allowing FBL Digital customers to transfer funds internally and externally through their WhatsApp, making it one of the most innovative and versatile banking platforms in the industry.

Internet Payment Gateway: with a view to help businesses grow in the eComm space, Faysal Bank launched its payment gateway services, enabling retail businesses to accept debit and credit card payments, hence opening up a whole new growth frontier for businesses.

'Point-of-Sale (POS) Merchant Acquiring': In FY23 Faysal Bank became one of the leading Banks in the industry to offer point of sale terminals for Retail and SME businesses enabling the acceptance of cash less payments, promoting the regulatory agenda of payment digitization.

Faysal Bank Cash Deposit / Digital Kiosks: living up to its reputation of being the most rapidly growing innovative & progressive Islamic bank, Faysal Bank launched Digital Kiosks, promoting the self-serve digital concept, allowing customers to walk-in to the Branch and deposit their cash without having to wait at the counter. The service was immensely successful and in the first 6 months of its launch, over PKR 10 Billion was deposited through these Digital Kiosks.

Faysal Bank ATMs: with a footprint of over 700 ATMs, Faysal Bank initiated its fleet replacement and modernization program in FY23, thereby upgrading to state of the art Diebold Nixdorf machines with biometric capability and being socially responsible, all these machines offer a braille keypad, along with the 'talking-assistant' feature for the visually impaired.

Customer Success Stories:

Roshan Digital Account: Faysal Bank has one of the largest RDA customer base in the industry with one of the highest satisfaction and repeat remittance record.

Burraq Digital Account: with a keen eye towards the upcoming Banking audience, the Millennials and Gen-Z audience, Faysal Bank's Digital Account Opening offers a seamless onboarding, digital experience with instant account opening and one of the best intuitive digital account opening solution, for Freelancers and regular retail customers.

Digital customer care

With one of the industry best customer care unit, Faysal Bank's contact center offers a response rate of less than 10 seconds making it one of the most efficient touchpoints in the industry. And with a focus beyond the traditional, FBL's Customer Care includes social media interaction and 'Live Chat' options, with over 25,000 interactions on a monthly basis through WhatsApp live chat alone, making sure that FBL remains available to its customer 24/7 through all channels.

Also, Faysal Bank is one of the most socially responsible DEI (Diversity, Equality, Inclusion) certified Contact Centers across the industry with over 20 specially-abled individuals serving in its bench strength

Social and Environmental Responsibility

as part of its go-green initiative Faysal Bank launched the pilot program of its 'paperless account opening' in its key branches. Customers walking into these branches only provide their information to the Relationship Manager and within a span of 20 minutes the full fledged account is opened without the customer having to sign stacks of papers like in traditional account opening.

Through this initiative Faysal Bank intends to reduce not only paper wastage but also reduce additional steps like courier etc, thereby reducing the carbon footprint. Likewise, with the introduction of Card Activation, Real-time PIN Generation and push of e-statements via m-app and WhatsApp Banking, Faysal Bank is paving the way in terms of its go-green commitment.

Future Outlook

with its clear-cut focus, commitment and technological investments in Digital Banking and Digitization of Customer Experiences, Faysal Bank stands to carve a niche for itself as the #MostInnovativeIslamicBank in Pakistan. It is already being noticed by its audience for its constant stream of innovation, reflected also in the fact that Codebase Technologies (CBT) UAE awarded Faysal Bank with its Digital Disruptor Award, acknowledging the Bank's zeal and constant go-to-market action in this space.

Amongst its upcoming initiatives the Bank is optimistic that the Raast Person to Merchant (P2M) solutions that it will be unveiling in FY24 will usher in a new growth in the retail cashless segment. Also with an increased focus on process digitization, Faysal Bank intends to invest extensively in AI based solutions with an aim to provide unmatched customer services and experience.

Retail Banking

Faysal Bank provides customers with a wide range of Islamic Deposit Products for their daily banking requirements that comply

with Shariah Principles. Our products are designed keeping in view customer needs and requirements for personal and business banking needs. From simple day-to-day accounts to high value investments, you can choose the product that suits your needs the best to get attractive halal returns. Retail Liability Products also provide you maximum flexibility, transactional convenience and easy access to your funds through our Nationwide Online Faysal Islami branches, ATM network, Debit/Virtual Cards and through Faysal Digibank.

Islamic Current Deposit Accounts

Our value-added Islami current account products enable you to derive benefits from your deposits. Current Account products are a suitable solution for individuals as well as business entities looking for a checking account based on Islamic Financing Principles. Islami Current Accounts are based upon Qard, (Loan on demand) and Remunerative Mudarabah principles which make products free of Riba (interest) and the principle is guaranteed to you, the depositor.

Islamic Savings Accounts

Our Islamic Savings accounts are opened on the basis of 'Mudarabah', where Faysal Islamic Banking is the 'Mudarib' (manager of the funds) and you, the customers are the 'Rabb-ul-Maal' (owner of funds). These deposits are deployed in Shariah compliant modes such as Ijarah, Murabaha and Musharakah, etc. The rate of profit on your deposit will be determined through Shariah approved mechanism for calculation of weightages which will be announced at the beginning of each calendar month and shall be applicable for that month only. Faysal Islamic Saving deposits will share in the profit earned by the Islamic Banking Branches of Faysal Bank. Losses, if any, will be shared in the proportion of investment by each depositor. Monthly weightages for profit distribution shall be calculated and displayed at all Faysal Islamic Banking branches as well as our website.

Term Deposit Products

Faysal Islami Investment Certificates offer you convenient financial solutions under the arrangement of 'Mudarabah', where Faysal Banking is the 'Mudarib' (manager of the funds) and you, the customers, are the 'Rabb-ul-Maal' (owner of the funds). These deposits are deployed in Shariah-compliant modes such as Ijarah, Murabaha, and Musharakah. The rate of profit on your deposit will be determined through a Shariah approved mechanism for calculation of weightages which will be announced at the beginning of each calendar month and shall be applicable for that month only.

Faysal Islami Investment Certificates will share in the profit earned through financing in different Islamic modes of financing. Losses, if any, will be shared in the proportion of investment by each depositor. Monthly weightages for profit distribution shall be calculated and displayed at all Faysal Islamic Banking branches as well as our website.

Faysal Islami offers a wide range of Current, Saving and Term Deposit products for various customer segments based on their transactional and investment needs, details of Islamic Banking products are appended below:

Current Account Product Suite

Islamic Rehmat Individual Account

Faysal Islamic Rehmat account opened on the basis Mudarabah embraces the Islamic value of compassion (Rahma). Upon maintaining a Rehmat Individual Account, Faysal Bank pays for the treatment of underprivileged patients without any deductions from the customer's account. Moreover, customers can enjoy a host of unmatched free services and transactional benefits for all Individual needs.

Islamic Rehmat Business Account

Faysal Islamic Rehmat Account opened on the basis Mudarabah embraces the Islamic value of compassion (Rahma). Upon maintaining a Rehmat Business Account, Faysal Bank pays for the treatment of underprivileged patients without any deductions from the account. Moreover, customers can enjoy a host of unmatched free services and transactional benefits for all business needs.

Islamic Asaan Current Account

Asaan Current Account is designed for unbanked and underbanked segment or the low income group. Asaan Account can be opened with a single CNIC. There is no minimum balance requirement in Asaan accounts. Faysal Islamic Asaan Account is an easy solution for individuals who are looking for banking needs in a secured manner. Moreover, it is opened on the basis of Qard (loan).

Islamic Tez Tareen Asaan Remittance Account

Faysal Islamic Tez Tareen Asaan Remittance Account is a remunerative current account based on the principle of Mudarabah, specifically designed to receive remittances from abroad directly. Customers can withdraw/ transfer funds, pay bills, check account balance using ATM, branch counter, Internet and Faysal Digibank Mobile App.

Islamic Basic Banking Account

Basic Banking Account is a Shariah-Compliant current account that provides customers the comfort of banking in a secure and customer friendly environment. Opened on the basis of Qard. No minimum balance maintenance charges are required and has 2 free deposits and 2 free withdrawals per month through cash/clearing.

Islamic Asaan Saving Account

Asaan savings account is designed for unbanked and underbanked

segment low income group. Asaan account can be opened with just CNIC, no other documentation requirement. There is no minimum balance requirement in Asaan accounts. This account is based on Remunerative Mudarabah.

Islamic Current Account

A transactional account that provides the ease of conducting unlimited transactions with frequent access to funds based on Islamic Financing principles. This account is based upon Qard (Loan on demand) which makes it free of interest and the principle is guaranteed to the depositor.

Islamic Amal Women Priority Plus Account

Saving Account Product Suite

Islamic Savings Account

An account that provides greater returns on your investments and is a suitable solution for individuals as well as business entities that are looking for competitive returns on their savings based on Islamic Financing principles. Opened on the basis of 'Mudarabah'.

Islamic Muntazim Savings Account

A saving account opened on the basis of Mudarabah that provides the comfort of saving, managing their day-to-day banking transaction needs with ease. in accordance with Islamic principles, enjoying Halal returns and managing day to day banking transaction needs with ease.

Islamic Asaan Saving Account

Asaan Saving account is designed for unbanked and underbanked segment or the low-income group. Asaan account can be opened with just a CNIC. There is no minimum balance requirement in Asaan accounts. Faysal Islamic Asaan Account is an easy solution for individuals looking for banking needs in a secure manner along with halal returns.

Islamic Amal Women Saving Account

Faysal Islami Amal Women Saving Account is a Shariah Compliant saving account that provides women financial independence by offering Transactional Convenience, Health Benefits, Financing Facilities, Payment Solutions along with halal profits all under one roof.

Islamic Life Plus Savings Account

Faysal Islamic Life Plus Savings Account is a Shariah Compliant offering designed to cater to the financial needs of senior citizens for the maximization of their hard-earned savings. This account also provides unique health and hospitalization benefits through its Health Card feature.

Islamic Manzil Account

Faysal Islami Manzil is a savings account which provides customers with a solution to save for medium to long term financial goals such as savings for their Kid's Education, Hajj / Umrah, Wedding etc. by depositing periodic investments on agreed frequency. Along with the competitive Halal returns on savings it also provides free of cost Takaful Coverage throughout the plan. This account is opened on the basis of Mudarabah.

Islamic Mubarak Safar Saving Account

Faysal Islami Mubarak Safar Saving Account is an ideal saving solution if one is planning to travel for Hajj, Umrah or Ziyarat. Mubarak Safar Saving Account is a Shariah-compliant Mudarabah based saving account which helps in saving as per convenience and earn attractive halal profit on deposit.

Term Deposit Product Suite

Islamic Barkat Investment Certificates

Faysal Islamic Barkat Investment Certificates offer customers convenient financial solutions under the arrangement of 'Mudarabah', where Faysal Banking is the 'Mudarib'. Range of tenures from 1 month up to 5 years. Premature withdrawal option available with no penalty charge. Islamic Barkat Certificates offer attractive returns.

Islamic Life Plus Investment Certificates

Opened the basis of 'Mudarabah, Life Plus Investment Certificates are an ideal shariah compliant investment avenue for senior citizens to maximize their hard-earned savings with 1 Year placements with monthly and at maturity profit payment options.

Faysal Islami Life Plus Saving Account
Best Halal Returns for the Savings in your Golden Years

Earn Monthly Profit of Up to **13.00%* p.a.**
*Expected Profit

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Financial Inclusion

Faysal Bank understands the importance of women and their contribution to society. The financial needs of women from all walks of life are taken care of by Faysal Bank where products are categorically designed to help achieve the following:

- Increasing access to financing by offering discounted rates
- Reducing gender-based barriers in the business environment
- Creating opportunities for women

Faysal Islami Amal Women Account
Empower yourself sign your path to financial independence.

Faysal Islami Amal Women Account

Faysal Islami Amal Women Priority Plus Account is a Shariah Compliant Account that provides women financial independence by offering Transactional Convenience, Health Benefits, Financing Facilities, Payment Solutions and Takaful Coverages all under one roof

Faysal Islami Amal Asaan Account

Faysal Bank has designed Amal Women Asaan Account (Current and Savings) which caters to the women of lower income segment or housewives who have no financial proof by bringing them into the financial net via quick account opening with minimum documentation and no initial deposit requirements. The product comes with multiple other features catering to the needs of women.

Faysal Islami facilitates Amal account holders not only with saving and transactional convenience but also offers discounted financing products to unlock their dreams i.e. autos, home, personal finance and Noor card.

The Bank also emphasizes on empowering women by engaging them in the workforce to make informed choices for themselves and their families with Agriculture financing products and Small Medium financing particularly for women.

Women Banking Awareness Sessions

Women banking awareness sessions on financial literacy are regularly held to focus on the significance of owning a bank account, various saving and investment options and introduction to financing. These sessions are organized by visiting schools, colleges, universities, hospitals and offices or inviting females at Faysal Bank branches.

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Persons with Disabilities (PWD)

Faysal Islami focuses on providing seamless services to all its customers without any discrimination therefore, when accessing

financial services we promote inclusivity for Persons with Disabilities (PWD). To make banking easy, convenient and accessible for all PWD's, the Bank has taken certain initiatives.

- **Supportive Physical Infrastructure:**

16 PWD branches revamped nationwide in terms of infrastructure (ramps availability, low height adjusted counters, wheelchair friendly areas, talking ATM's) for accessibility in our branches

- **Assistive Technologies:**

Faysal Islami promotes an easy way to communicate in collaboration with Connecthear's mobile application that comes with a live sign language interpreter to communicate with its deaf members within and outside the organization

Access to easy communication has been in place in all PWD branches in collaboration with Boltay Huroof to provide the convenience of banking products and services in the form of stationary (braille account opening forms, brochures and sign-language posters)

PWD Customer Engagement Sessions and Activations

Faysal Islami has organized multiple customer engagement sessions at their PWD branches to increase public awareness about issues faced by deaf people and how they can overcome their problems by availing services provided by our partner Connecthear. The objective of these sessions is to encourage financial inclusion and make everyone feel the same by offering our banking products and services to every individual.

Roshan Digital Accounts

Faysal Islami offers various types of Shariah compliant accounts in Current and Savings categories and Shariah compliant investment opportunities to Overseas Pakistanis with digital account opening from anywhere in the world. Customers can easily repatriate funds back to their home countries, invest in attractive Shariah compliant avenues, pay utility bills, get mobile top-ups and much more.

- **Roshan Samaaji Khidmat**

- Roshan Samaaji Khidmat provides Non-Resident Pakistanis (NRPs) having a Roshan Digital Account a convenient and one-stop payment platform to fulfil all their charitable giving, donation and Zakat needs in Pakistan. They can even carry out Qurbani in Pakistan from anywhere in the world through reputed organizations. Donating is a selfless act, with Faysal Digibank App and Internet Banking, help impact lives of those in need. Donate to your preferred charitable organization from anywhere in a quick, secure & convenient way.

- **Roshan Apni Car**

- Non-Resident Pakistanis can now get Car Financing at very attractive rates to provide cars for their family members in Pakistan. Faysal Islami Car Finance is based on the principles of Diminishing Musharakah. This is a medium and long term financing product, where the Bank and the customer jointly



Deaf Awareness Week - Community Engagement Activity at Karachi PWD Model Branch

As part of our celebration for Deaf Awareness Week, Faysal bank organized a Community Engagement Session for deaf community and customers at our PWD Model Branch, Karachi. The session was facilitated by our esteemed accessibility partner. Donated to increase public awareness of deaf issues, people and culture, emphasizing the positive aspects of deafness and encouraging social inclusion.

The activity proved to be immensely enlightening as we delved into the intricacies of deaf culture and the vibrant community it encompasses. This immersive experience has undoubtedly left an indelible mark on our collective knowledge and appreciation for the deaf community.

Let's come together to make a difference and promote inclusivity as we help break down communication barriers and encourage better communication between deaf and hearing individuals.



purchase an asset and create joint ownership in the asset. The Bank rent out its share in the asset to the customer while the customer periodically purchases units of ownership in the asset from the Bank. After purchase of all the units, the customer becomes the sole owner of the asset.

- **Roshan Apna Ghar**

An exclusive product for Non Resident Pakistanis (NRPs) and Pakistani Origin Card (POC) holders to digitally and remotely buy a property, build or renovate a house in Pakistan through their own investment or bank financing.

Priority Banking

As a Faysal Priority customer, we are committed to provide you an enhanced banking experience and look forward to supporting you in achieving your financial goals. Some of the exclusive benefits associated with our Priority Banking proposition include:

- **Exclusive Priority Banking Experience**

Unlimited Access to our Priority Lounges and facilities across the country for all your financial needs. Faysal priority lounges provide banking luxury and transactional convenience to our priority customers.

- **Financial Advisory and Assistance**

Dedicated Priority Relationship Managers assigned to cater to all your financial requirements and manage your Wealth portfolio.

- **Faysal Priority Platinum Debit Card**

As a Faysal Priority customer, you are entitled to a complimentary Faysal Priority Islamic Debit Card that comes equipped with a suite of features and benefits designed to match your exclusive lifestyle. Enjoy discounts at more than 300 retail outlets across Pakistan.

- **Faysal Islami Priority World Debit Card**

Launch of the "Faysal Islami Priority World Debit Card", exclusively for our HNW Priority Banking customers, which carries a lot of prestige with unlimited embedded benefits and is designed to meet the lifestyle needs of our Priority customers.

Customers can enjoy exclusive benefits with their Faysal Islami Priority World Debit Card, which include:

- Accessibility in more than 200 countries/territories worldwide.
- Enhanced Transactional Limits
- Access to complimentary Airport Lounges, Domestic & International
- Discounts up to 50% on Dining, Health, Fitness & Lifestyle
- Free International Travel Insurance



- **Travel with Comfort**

Host of free services, such as Unlimited Free Cheque Books, Free SMS Alerts, Free Demand Drafts and Pay Orders, Free Intercity Cheque Clearing, Inter Bank Funds Transfer (IBFT), 50% waiver on Annual Locker Rental, and many more.

- **Transactional Privileges**

Host of free services, such as Unlimited Free Cheque Books, Free SMS Alerts, Free Demand Drafts and Pay Orders, Free Intercity Cheque Clearing, Inter Bank Funds Transfer (IBFT), 50% waiver on Annual Locker Rental, and many more.

- **Preferential rates on Islamic Financing**

As a Faysal Priority customer, avail our Islamic facilities at preferential rates. This includes Auto Financing, Mortgages and other Islamic Financing. Please get in touch with your dedicated relationship manager for further details.

- **Dedicated Customer Care**

Exclusive 24-Hour Faysal Priority helpline at 111-11-71-71 where our qualified and dedicated teams are focused and ready to serve you at any time of the day. Customer service teams can assist you with your queries, complaints, reporting of lost or stolen cards and activation of your Faysal Priority Islamic Debit Card.

- **Valet Services**

Free Valet Parking facility at our Priority Lounges for Priority Banking customers.

- **Family Membership**

Exclusive membership for parents, spouse & children of Priority Banking customers.

- **Free Travel Coverage**

Free Travel Coverage for our Faysal Priority customers up to USD 50,000, ensuring that travelers are safeguarded against unforeseen eventualities during their trips, such as Medical Expenses, Hospitalization Expenses, Baggage Loss, Loss of Passport, Trip Cancellation & Emergency Return.

- **Free Daily Hospitalization Coverage**

Faysal Bank introduces Free Hospital Coverage (In-Patient) up to PKR 10,000 per day for its Priority Banking clients. We believe in going the extra mile to ensure our valued client's well-being and peace of mind.

We are committed in safeguarding the health and happiness of our loyal Priority Banking clients and for that purpose; we have collaborated with a leading Takaful coverage provider.

Hospitalization cash coverage provides customers with daily cash, on reimbursement basis, ensuring they are well protected in times of need.

Wealth Management

Faysal Bank offers its customers an extensive menu of Wealth Management solutions tailored to suit their needs. Faysal Bank partners with the best Takaful/Window Takaful Operations providers from Pakistan for its third party products to offer its customers, one of the most robust propositions in the industry, we are ideally positioned to meet all your financial needs based on their individual risk appetite and expectations.

BancaTakaful Solutions

During the course of your financial life, you face an inherent uncertainty and risk associated with your health and well-being. In order to ensure your continued peace of mind we offer you a wide array of Shariah compliant saving and protection products to help achieve your financial goals in life.

- **Saving and Protection Plans**

Our Saving and Protection plans have been developed under distribution agreements with some of the leading life Takaful providers in Pakistan. Our suite of BancaTakaful solutions is tailored to allow you to save on a regular basis and plan towards achieving your life's goals. These plans provide you a high level of Life Takaful coverage in order to safeguard the future of your loved ones while at the same time directing your savings towards professionally managed funds which offer you positive returns against your investments. All products have the flexibility to be customized to cater to customer's specific needs. Whatever their requirements, we have the right solution for them!

Because YOU are our Priority

Enjoy Free Travel Coverage up to USD \$50,000

Prioritize your Journey

- Exclusive Travel Takaful benefit for Faysal Priority customers
- To avail this offer, please call our helpline or contact your branch representative

www.faysalbank.com
Exclusive 24 hour Faysal Priority Helpline at 021 111 117 171

faysal priority



- ### Saving and Protection Plans

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- ### Health Takaful

Our health is our greatest asset and with the increasing cost of health care, it is essential to plan ahead to ensure the best possible health care for ourselves and our loved ones. Faysal Bank offers you a diverse selection of Health Takaful solutions developed in association with the leading Health Takaful companies in Pakistan. Our products are designed to provide

you comprehensive health coverage at leading network hospitals across the country to give our customers the peace of mind that they truly deserve. Furthermore, we have introduced the Industry's First Dental Plan for our customers to address their dental treatment needs.

- ### Life Takaful

In order to provide financial security and a stress-free lifestyle to our customers, Faysal Bank has introduced, Shariah Compliant Takaful plans under the distribution agreement with selected Takaful operators. By simply paying a very nominal amount, you can now avail a significant Takaful coverage on an annual basis to safeguard the needs of your loved ones. These Takaful policies provide you full life coverage in the event of accidental or natural death. The enrollment process is simple and does not require any medical check-ups. All that the customers need to do is call our helpline.

- ### General Takaful

Faysal Bank's product menu offers you a multitude of general Takaful products under the distribution agreement with selected Takaful partners to cater to all your personal and business needs. Whether you need to travel, protect your business structure, or ensure safety of your wallet contents, we have the right solution for our customers.

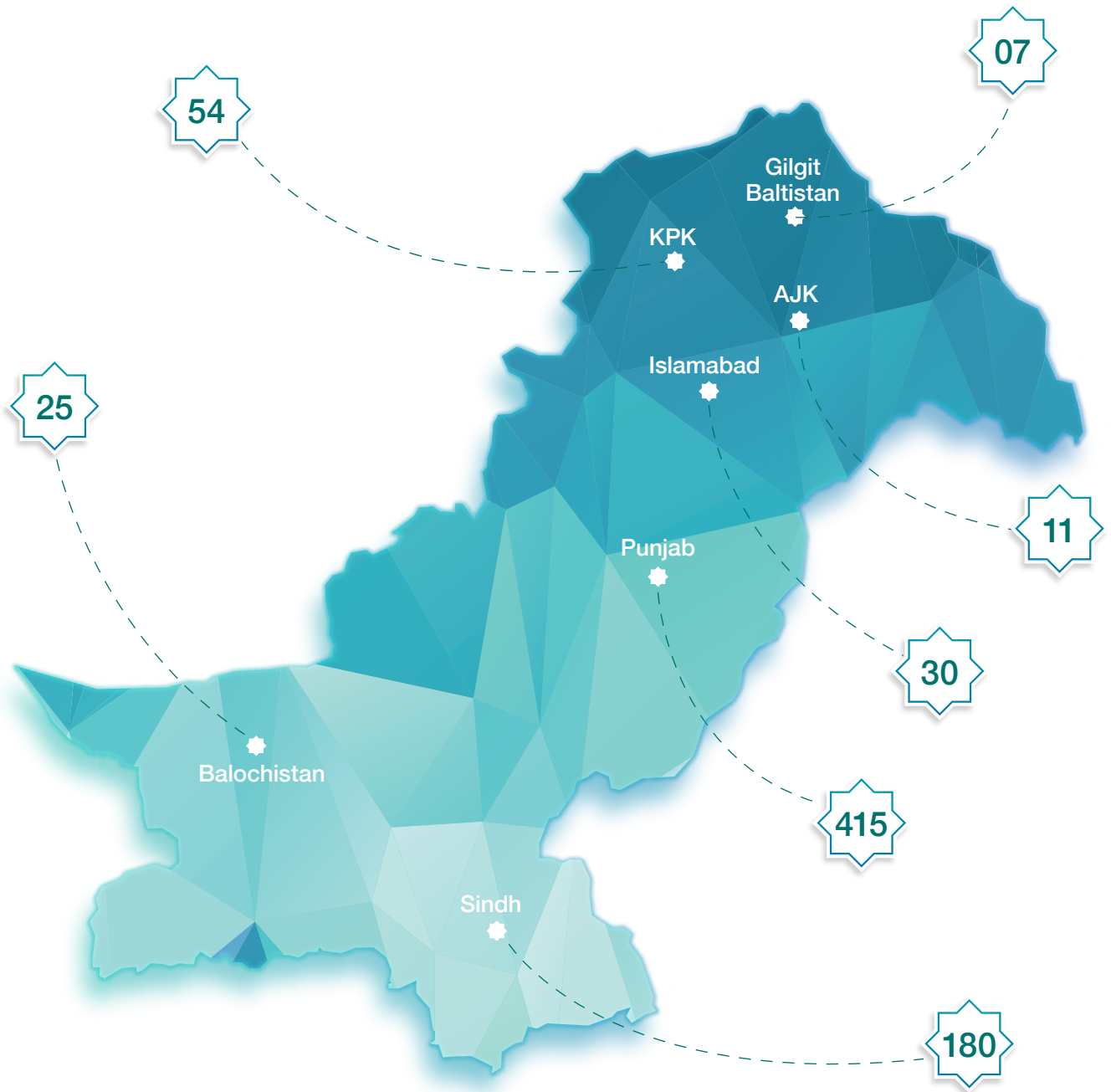
Digital Health Care – Marham Ba-ikhtiyar / Marham Medicare

Marham Ba-ikhtiyar provides a digital platform for medical consultation, scheduling appointment with doctors, lab test booking, medicine delivery and many more healthcare facilities on just a touch of few clicks. It gives you free/paid Online Session with over 32,000+ Doctors across all the categories with Instant subscription of client and their immediate Family Members, adding to the convenience.

Investment Products

In order to support you towards better managing your financial portfolio and to further grow your wealth, we offer you a full menu of Shariah compliant mutual funds through our distribution partner Faysal Funds (a subsidiary of Faysal Bank Ltd.). Based on your individual risk appetite and investment goals, you can select the right investment solution to enter your market of choice and make healthy returns! In addition to investment benefits, these mutual fund placements also entitle you to tax benefits in line with prevalent tax laws. With multiple open-ended and closed-ended funds and varying investment strategies, you can easily find one best suited to your financial needs!

Our Network



722
Total Branches



711
Total ATMs



281
Cities Across Pakistan



Significant Factors Affecting the External Environment

Political

In the year 2023, both Pakistan and the global economy encountered substantial challenges. International conflicts and trade disagreements significantly disrupted the availability of essential resources such as food and energy. Despite some improvements in the COVID-19 situation, its impact on global operations persisted intermittently. Efforts to recover from these adversities faced a mismatch between increasing consumer demands and inadequate supply, resulting in volatile fluctuations in the prices of commodities such as food and energy throughout 2023. Pakistan encountered significant economic challenges due to heightened imports, resulting in financial deficits, inflated prices, and a rapid depletion of foreign reserves. These hurdles were primarily attributed to shifts in the global market dynamics, affecting Pakistan's trade and financial stability.

Economical

In the same year, escalating demands and constrained supplies led to a considerable surge in vital commodity prices such as crude oil, wheat, petrol, and palm oil, surpassing December 2022 rates by more than 60% in the first half of 2023. This surge in international commodity prices heightened global inflation, prompting central banks worldwide to implement measures aimed at curbing inflation and fostering sustained long-term growth. Pakistan faced intensified challenges exacerbated by severe domestic natural disasters.

Contrarily, Pakistan encountered economic growth challenges in 2023, reflected in a lower GDP growth rate compared to FY22, indicative of distinctive economic conditions that year. The precise GDP figures for 2023 might vary due to various factors influencing the economy, including global market fluctuations, internal policies, and external influences. The economy experienced a different trajectory marked by signs of economic contraction due to the government's stringent measures to control overall demand. The estimated GDP growth rate for FY2023-24 stood at 2%, significantly lower than the preceding fiscal year. These measures impacted

economic activity, resulting in slower growth compared to the robust expansion witnessed previously. Additionally, significant crop damage from floods led to anticipated declines in the agriculture sector's performance. Despite these challenges, the government forecasted a primary surplus for FY23, aiming to manage finances despite setbacks in sectors like agriculture, projecting a surplus in the primary budget for the fiscal year.

Similar to other developing nations, Pakistan faced a more demanding external position in 2023 due to surging global commodity prices, increased global demand, and supply shortages influenced by fluctuations in the rupee against the US dollar. These global factors significantly impacted Pakistan's economic status, aligning with their effects on other emerging markets during this period. Recent changes in management and higher import prices exacerbated Pakistan's debt to other nations, concurrently signaling a decline in the country's currency value, reflecting financial challenges amidst domestic uncertainties and global banking complexities.

Social and Technological

Pakistan's demographic structure, cultural values, and consumer behavior shaped the demand for banking services. The banking industry adapted to the youthful population's preferences for digital banking, emphasizing technological advancements and cybersecurity measures. Simultaneously, efforts to promote financial literacy and expand services in rural areas were instrumental in the sector's development.

Legal and Environmental

Banks in Pakistan, like their global counterparts, increasingly considered environmental sustainability. They explored green financing options and eco-friendly practices, assuming a pivotal role in addressing environmental risks. Adherence to local and international banking regulations, including compliance with AML, KYC laws, and oversight from bodies like FATF and IMF, significantly influenced banking operations. Regulatory changes and legal requirements often impacted banks' conduct in business operations.



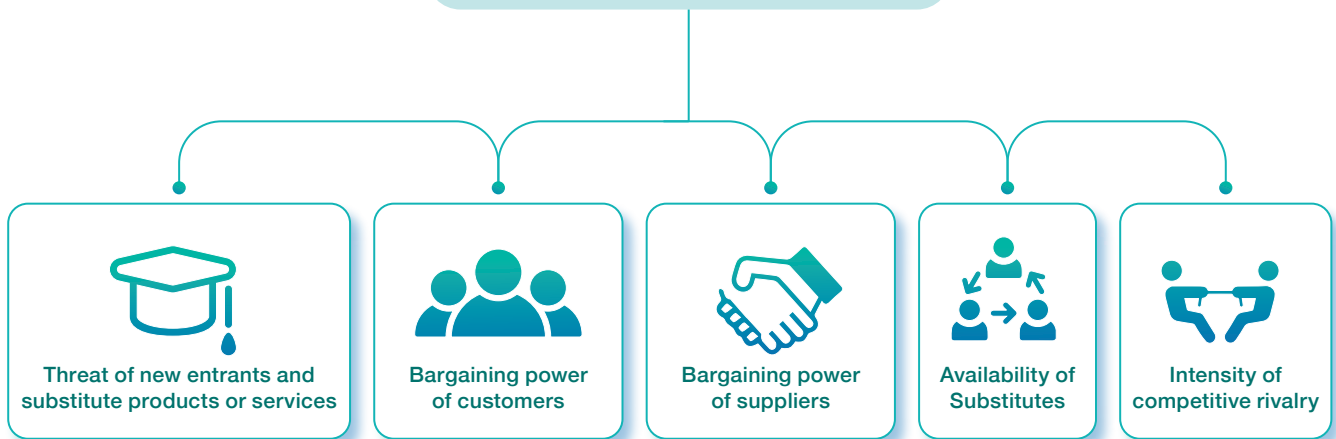
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شرعی تقاضوں کے مطابق روایتی کریڈٹ کارڈ کا نعم البدل۔



Competitive Landscape and Market Positioning

Competitive Landscape & Market Positioning



01

The large amounts of capital required to setup a bank along with the length of time consumed to establish a significant brand loyalty and the need to adhere to strict regulatory stipulations serve as strong entry barrier for new entrants. However, the domestic landscape has been evolving to include Fintech participants that are focusing on transactional services and innovative digital solutions for revolutionizing the customer banking experience

Despite the imminent threat of new entrants and emerging Fintech disruptions, FBL is countering these threats by engaging in the following activities:

- improving customer-brand relationship that goes beyond the minimum transactional services to retain customer loyalty;
- investing substantially in digital platforms for improving customer convenience;
- launching new products and services that cater to a diversified customer base; and
- adhering with all regulatory guidelines with a view to ensure the highest levels of compliance.

02

FBL's suppliers primarily comprise of its deposit-holders who are the Bank's key resource for capital and its employees, i.e., human capital. In an industry scenario with low differentiation, it is easy for the primary deposit-holder group to switch to other banks, tempted by higher rates and better service standards. Further, share of deposits is highly concentrated, which gives them excess bargaining power. With a view to fund gaps in the Bank's borrowings, The Bank mobilizes debt from other financial institutions, with rates being largely market-driven. Hence, their bargaining power is often considered to be medium to high. When it comes to the bargaining power of suppliers of labor, individual employees baring major executives have little bargaining power.

FBL has embraced following strategies in order to derive an edge over its supplier relationships:

- providing a high degree safety to its capital providers including investors, deposit-holders and other banking partners; A point further re-enforced by Bank's high credit ratings of AA/A1+ for long term and short term respectively;
- creating mutually-beneficial solutions across the entire engagement spectrum; and
- sustaining employee retention focus by offering a challenging, learning, and conducive work environment which is duly complemented by career progression opportunities and market competitive salary and benefit packages.

03

Some of the largest threats of substitution are not from rival banks but from non-financial competitors. The industry does not suffer any real threat of substitutes as far as deposits or withdrawals; however, insurances, mutual funds, and fixed income securities are some of the many banking services that are also offered by non-banking companies.

FBL strives to strengthen its suite of products and services. With a renewed focus on bancassurance, investment management and mutual funds.

Faysal Asset Management Limited, a subsidiary of FBL, has acquired Private Fund Management and REIT Management licenses during the year, broadening its realm of business.

04

It is reasonably easy for retail customers to switch to other banks fully, or even avail part of their service requirements alternatively due to the low switching costs involved, hence shrinking the size of banking engagement. However, their bargaining power stays limited due to the minimal impact on the Bank's bottom line.

The bargaining power of larger groups, corporate clients and high net worth individuals is comparatively greater since the rising competition has increased customers price sensitivity and the loss of sizable accounts and sources of revenue from them can substantially impact bank's profitability.

FBL addresses the issue of customer bargaining power primarily by focusing on clearly directed customer retention and acquisition strategies; customer service standards are being continuously augmented, services are being tailored to suit individual needs, innovative solutions are being devised to make customer experiences more enjoyable, convenient, and hassle-free and market competitive rates are being offered to effectively increase switching costs for customers.

05

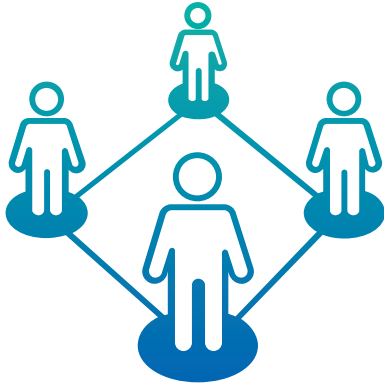
Intensity of competition within the domestic banking sector has grown over the years. Banks have focused on developing a wide range of asset and liability product offerings at competitive rates to reinforce their customer acquisition strategies and attract existing market share.

The relatively low switching cost from one bank to another has further intensified the importance of competition within the industry, especially in the retail and commercial banking spheres.

Traditional banking operating models have been disrupted as the outbreak of COVID-19 has challenged the existing banking landscape and paved way for the industry to adopt emerging technologies in rendering digital financial services amidst responsibly enforced social distancing and containment measures.

FBL has initiated following measures with a view to consolidating and further improving its market share: by distinguishing itself in the marketplace primarily based on its history, experience, and brand image; and staying on the cutting edge of offering customer convenience and low-cost banking solutions.

SWOT

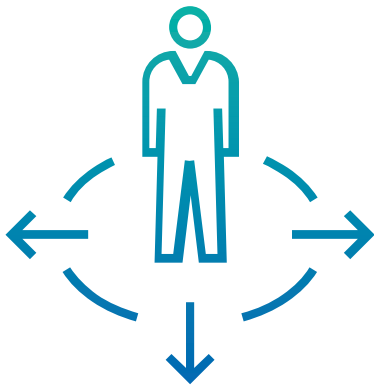
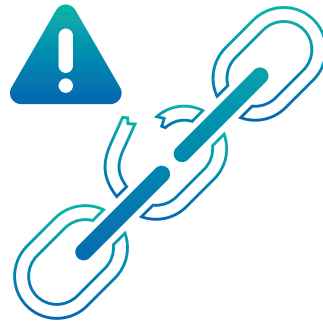


Strengths

- Largest Islamic conversion of a conventional bank
- Highest Shariah Rating
- Dedicated Shariah Board with renowned Shariah scholars
- First ever Islamic Noor Card
- Experienced Management Team

Weaknesses

- Lack of availability of human resources having specialized knowledge of Islamic banking



Opportunities

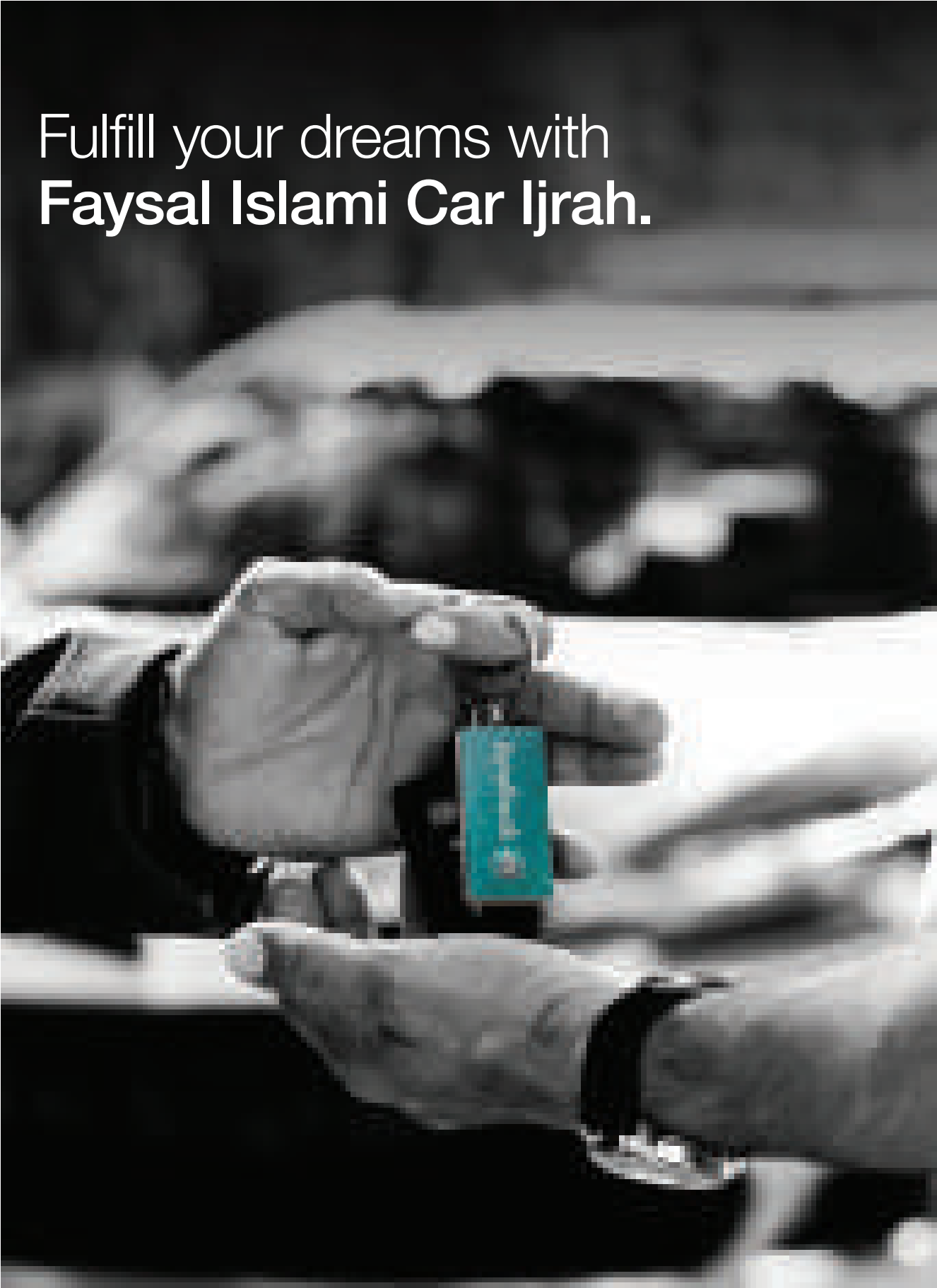
- Increased demand by the population for Islamic banking
- Digital banking & Data Driven Customer Centric Service

Threats

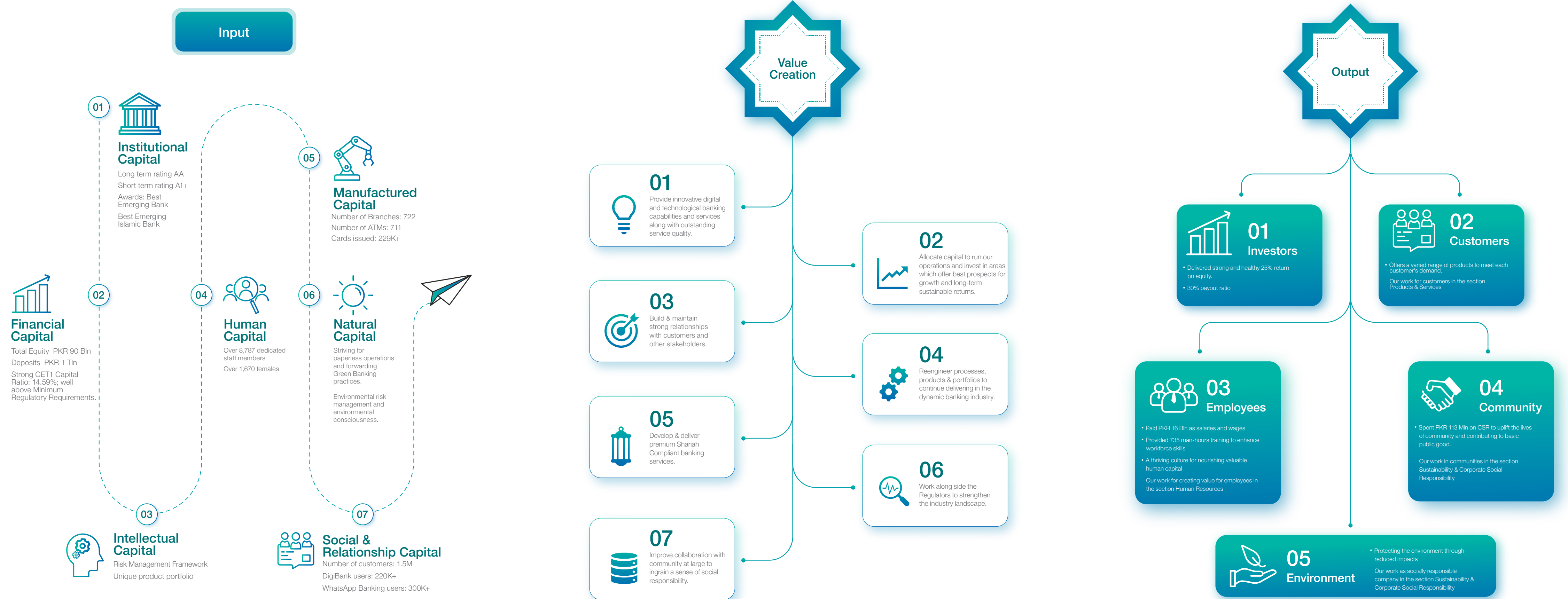
- Increased competition from Islamic banks
- Increased competition in Islamic banking from conventional banks Islamic Windows
- Economic Uncertainty



Fulfill your dreams with
Faysal Islami Car Ijarah.



Value Chain & Business Model



History of Major Events



1987

- Faysal Islamic Bank of Bahrain started operation in Pakistan with three branches.

1994

- Incorporation of Faysal Bank Limited in Pakistan.

2001

- Merger of Al-Faysal Investment Bank Limited with Faysal Bank Limited.

2003

- Incorporation of Faysal Funds.
- First ever scheduled bank to have received the Top Companies Award.
- Third place in the Best Corporate Report.

2005

- Best Architectural Design Award from Institute of Architects Pakistan.
- Second place in the Best Corporate Report.

2006

- Best Corporate Report Award.

2011

- Barkat Islamic Banking expanded from 13 to 45 branches across 20 cities, meeting aggressive growth targets.
- Cash Management introduced a web-based Remittance system for efficient Home Remittance transactions.
- Launched the CEO Club to recognize and incentivize top performers bank-wide.

2010

- Royal Bank of Scotland Limited (RBS Pakistan) merged into Faysal Bank Limited.
- FBL expanded its branch network to 226, ranking among Pakistan's top ten banks.
- Introduced Solitaire Wealth Management as a new priority banking service.
- Fourth place in the Best Corporate Report Awards.

2008

- Best Corporate Report Award.

2007

- Certificate of Excellence in Commercial Banking Category.
- Third place in the Best Corporate Report.

2012

- FBL became the first financial institution registered under Debt Securities Trustee Regulations.
- Faysal Bank partnered with China UnionPay to launch the first UnionPay Debit card in Pakistan.
- Mobile Banking service introduced.
- Launched the Solitaire Platinum Debit Card.
- Faysal Bank announced its corporate brand promise and official tagline Bank on Ambition.

2013

- Introduced Mobile Banking service Mobit.
- Formally entered the social media age with the launch of FBL's Facebook page.
- L&D launched first annual learning calendar.

2015

- Expanded Bank's premium product suite with the launch of "World Credit Card" and enhancing our existing value proposition with the launch of Lifestyles program.

2016

- Presence in more than 100 cities.
- Over 100 Islamic branches.
- Deposits exceeded PKR 340 billion, with a Current Account component surpassing PKR 110 billion.

2020

- Best Emerging Islamic Bank by the Global Islamic Finance Awards
- Best Emerging Bank by the Pakistan Banking Awards.
- Launched a mobile app and a new internet banking platform named 'Digibank'.
- Received 5 Global Diversity, Equity & Inclusion Awards.
- Best Corporate Report Merit Award.

2019

- Achieved the largest branch expansion in history, opening 100 new Islamic branches.
- Best Emerging Islamic Bank awarded by CEO Summit Asia.
- ABF Corporate & Investment Banking Awards - Syndicated Loan of the Year in Pakistan for K-Electric Limited.
- Won the "Most improved score award" at the 11th Best Place to Work Awards.
- Developed Green Banking Policy.
- Rebranded and launched a new Islamic brand

2018

- Acquired 69.99% of Faysal Asset Management Limited (FAML), increasing FBL's total interest to 99.99%.

2017

- Celebrated 30 years of presence in Pakistan.
- Expanded the Islamic branch network to 197—the country's largest network of dedicated Islamic Branches among conventional banks.
- Implemented a comprehensive environmental policy, undertaking initiatives to reduce energy consumption and carbon emissions.
- Board of Directors approved a Rs. 225 million investment in Faysal Asset Management Limited (FAML).

2021

- Best Islamic Bank for Transformation & Innovation awarded by Global Islamic Finance Awards.
- Best Bank of the year by CFA Society Pakistan.
- Introduced premium Islamic credit card, Noor.

2022

- Conversion to a full-fledged Islamic Bank.
- 1 trillion mark in total assets.
- Best Islamic Retail Bank in Pakistan awarded by Cambridge IFA.
- Received 7 Global Diversity, Equity & Inclusion Awards.
- 700 branches network.

2023

- PKR 1 trillion Deposits
- Awarded as One of the Best Corporate Report.
- Best Emerging Bank Award by Pakistan Banking Awards.
- Best Emerging Islamic Bank Award by Global Finance Islamic Awards.
- Launched Faysal e-academy, a new Learning Management System for employees.

Significant Changes from Prior Years

There have been no significant changes from prior years.



Faysal Bank qualified for the "Best Corporate Report Award" and its Annual Report 2022 has been honored as one of the Best Corporate Reports in the Banking Sector Category.

Alhamdulillah

Faysal Bank
Wins Award for

**Best Emerging
Bank**



Pakistan Banking Awards 2023
The Definitive Benchmark For Banking Excellence



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faysalbank

Governance



اَسْمَاكُ خَطْبَةِ

حضرت عبد اللہ بن عباس رضی اللہ عنہما سے روایت ہے کہ دسویں تاریخ کو رسول کریم صلی اللہ علیہ وسلم نے منیٰ میں خطبہ دیا،... پھر آپ صلی اللہ علیہ وسلم نے فرمایا بس تمہارا خون تمہارے مال اور تمہاری عزت ایک دوسرے پر اسی طرح حرام ہے جیسے اس دن کی حرمت، اس شہر اور اس مہینے کی حرمت ہے، اس کلمہ کو آپ صلی اللہ علیہ وسلم نے کئی بار دہرایا۔

(صحیح البخاری)

Board of Directors



Left to right:

Mr. Mohsin Tariq

Mr. Imtiaz Ahmad Pervez

Ms. Fatima Asad Khan

Mr. Abdulelah Ebrahim Mohamed AlQasimi

Mr. Juma Hasan Ali Abul

Mr. Yousaf Hussain



Left to right:

Mian Muhammad Younis

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery

Ms. Sadia Khan

Mr. Abdulla Abdulaziz Ali Taleb

Mr. Ali Munir

Directors' Profile

Mian Muhammad Younis

Chairman

Mian Mohammad Younis' distinguished professional journey spans over 39 years, career. He, after completing his Master's degree in economics joined the civil service of Pakistan. During his public service in Government, he further enhanced his knowledge, skill and expertise, by attending various educational and professional courses/workshops, which include, "Project Appraisal & Risk Management course" at Duke University USA, Assessing Financial System Stability (IMF Institute, Singapore), Promotion of Direct Foreign Investment (Osaka, Japan), Promotion of Agro Based Industry (Manila Philippines), Islamic Banking (Kuala Lumpur, Malaysia), Anti-Money Laundering and Corporate Governance & Leadership Skills from Pakistan Institute of Corporate Governance (PICG).

Mian Younis during his public service remained closely associated with reforms carried out in Public Finance, Banking and Financial Sector, Corporate Sector Governance, Rules, Regulations and Audit Procedures. He was also Head of Inter-Governmental Finance Wing (IGF), Regulation Wing (RW), and Human Resource Wing (HRW) of Finance Division as Additional Finance Secretary (AFS). He was also Secretary to National Finance Commission (NFC) from 2003 to 2010 and was the first Chief Operating Officer (COO) of Khushal Pakistan Fund Limited (KPF) under Finance Division. He supervised not only the Expenditure budget of the Federal Government but also implemented Public Sector Development Programs (PSDP) of Finance Division from 2001 to 2011,

Affected recovery of loans extended to Provincial Governments and other Public Sector entities by the Federal Government, and assisted State Bank of Pakistan (SBP) in managing the overdraft position of

provinces, AJK, and various Public Sector Corporations from 2003 to 2011. Therefore, has in depth understanding of economic policies, fiscal matters and governmental procedures. In this context, he worked in different governmental, semi-governmental departments and Autonomous Bodies i.e. FBR, Economic Affairs Division (EAD), M/O F&A, BOI, Pakistan Software Export Board (PSEB) and Finance Division. He played a pivotal role in establishing various funds including "Relief Funds" and was instrumental in framing their accounting procedures, Financial / Investment Rules in consultation with Controller General of Accounts (CGA) and Auditor General of Pakistan's Office. He completed the process of liquidation of Federal Bank for Cooperative (FBC) and Agriculture Marketing, and Storage Limited (AMSL) as liquidator. He contributed towards policy formulation as a member of boards of various Corporate Sector entities and banks.

Mian Younis was on the Board of Directors of Meezan Bank Limited and remained Chairman, Board Audit Committee & Member Risk Management Committee, for about three years. He has been a member on the Board of Directors of Faysal Bank Limited (FBL) since April 2014 and elected as Chairman of FBL on July 17, 2023. He is also the Chairman, Board Strategy Committee of FBL. He also served as a Chairman Board Audit and Corporate Governance Committee (BACGC), Member Recruitment, Nomination and Remuneration Committee (RNRC) and Member Board Risk Management Committee (BRMC) during his tenure. He, as director, provided valuable insights and strategic direction contributing to the bank's growth, Audit, compliance with Islamic finance principles and overall success in the financial sector. He is known for strong leadership qualities, strategic thinking and expertise in financial matters, navigated complex economic landscapes and formulating policies that balance financial prudence with social responsibility.



Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
Vice Chairman

Mr. Ahmed Abdulrahim Bucheery holds MBA from the University of Glamorgan, Wales (UK), and is a Fellow Member of the Institute of Financial Accountants, London (UK) and the Institute of Public Accountants, Australia. He also holds Executive Management Diploma from the University of Bahrain and Advance Banking Diploma from the Bahrain Institute of Banking and Finance. He is also a certified Director from the Pakistan Institute of Corporate Governance.

Till 30 September 2022, Ahmed Bucheery was the Chief Executive Officer of Ithmaar Group, including Ithmaar Bank, and retired on 1 October 2022. He started his career in the Accounting Department with Aluminum Bahrain followed by Chase Manhattan Bank (currently J.P. Morgan) as Head of Financial Control. He then joined National Bank of Bahrain where he served for 28 years in various executive levels and in different capacities, including Manager Foreign Exchange and Funding, Chief Internal Auditor and Assistant General Manager of Corporate Services Group.

Ahmed Bucheery held simultaneously dual roles of Deputy Chief Executive Officer at Shamil Bank and Chief Operating Officer at Ithmaar Bank for approximately four years. In 2013 he was appointed as CEO, Ithmaar Bank. Currently, Ahmed Bucheery serves as Vice Chairman of Faysal Bank Limited (Pakistan) and Vice Chairman of Naseej (Bahrain).



Mr. Yousaf Hussain
President & CEO

Mr. Yousaf Hussain, President & CEO Faysal Bank since 2017, has around 30 years of rich professional experience. He has been associated with Faysal Bank since August 2008 and previously held senior management positions within Corporate & Investment Banking, Special Assets Management and Risk Management Groups.

His earlier assignments have primarily been with ABN AMRO Bank, where he held multiple senior managerial positions, mainly within Corporate Banking.

Under his leadership, Faysal Bank has been able to fully transform from a conventional interest-based bank to a full-fledged Islamic bank. The transformation has been independently validated by the International Islamic Rating Agency as the World's largest Islamic Banking transformation to date.

Additionally, over the past five years, the Bank successfully implemented a customer-focused growth plan which was based on significant expansion of its branch network, introduction of a diverse range of Islamic banking products, and launch of user-friendly digital channels utilizing the latest technology platforms. As a result of its conversion and ongoing growth, Faysal Bank is now positioned as a leading Islamic bank in Pakistan, with a widespread network of 700 branches spread across 270 cities.

Yousaf is an Electrical engineer with an MBA from LUMS. He is a member of the Executive Committee of Pakistan Banking Association, a Council Member of the Institute of Bankers-Pakistan, Director at Pakistan Business Council and Pakistan Institute of Corporate Governance. He is also a member of the Management Committee of IBA- CEIF (Centre for Excellence in Islamic Finance).



Mr. Imtiaz Ahmad Pervez

Director

Mr. Imtiaz Ahmad Pervez has over 35 years' work experience in the field of banking in the United Kingdom, Bahrain and Pakistan. His last position was that of the Chief Operating Officer of the Faysal Islamic Bank of Bahrain BSC., till 1994. He was also the first CEO of the former Faysal Investment Bank Limited, Pakistan (later merged with Faysal Bank Limited, Pakistan). Additionally, he has served on the boards of banks including the Ithmaar Bank BSC, Bahrain, AlBaraka Bank Pakistan Limited, Faysal Islamic Bank of Bahrain BSC, Faysal Investment Bank of Bahrain EC and the Faysal Investment Bank Limited, Pakistan. He holds B.A. degree from the University of the Punjab and fellowship of the Institute of Islamic Banking and Insurance, London, U.K.

Mr. Ali Munir

Director

Mr. Ali Munir has a BA degree from Government College Lahore and an LLB Degree From The University of Punjab, Lahore. He has over thirty years' experience as a Chartered Accountant. He is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Pakistan. He was also a member of Investment Management Regulatory Organisation and the Securities Association (now known as the SFA) in England. He joined MCB Bank Ltd. in 1999 and has previously held senior positions at Citibank, Saudi American Bank and Habib Bank. In 2005, he was awarded the M.A Mozaffar Memorial Gold Medal from the SBP and Institute of Bankers in relation to his services to banking reforms in Pakistan and Agriculture Finance. He was previously the Chairman of the SBP Committee for Agricultural Finance and also the Chairman of the SBP Committee for Islamic Banking.



Mr. Juma Hasan Ali Abul

Director

Mr. Juma Hasan Ali Abul is a fellow member of the Association of Chartered Certified Accountants, England, certified Director from the Pakistan Institute of Corporate Governance and holds a Bachelors Degree in Accounting, from Cairo (1980).

Key Positions Held:

- Fellow member of the Chartered Association of Certified Accountants, England
- Certified Director from the Pakistan Institute of Corporate Governance
- Bachelor Degree in Accounting, Cairo (1980).
- Executive General Manager, Ithmaar Bank BSC, Bahrain (2010-2013).
- General Manager MFAI (Jersey) (2000 – 2010), then (2013 – Present), wholly owned subsidiary of the DMI Group.
- Executive Senior Manager, Shamil Bank of Bahrain BSC (formerly, Faysal Islamic Bank of Bahrain) 1988-2000.
- Board Memberships: Faysal Bank, Pakistan; CITIC International Asset Management, Hong Kong; Chairman of Egyptian Investments Co, Egypt; Gulf Investors Asset Management Co., Saudi Arabia (until 2021); United Bank of Albania (until 2011); in addition to entities ranging from trading, industrial, real estate development in Bahrain, Cayman, and Egypt.
- Worked with Touché Ross, London (now Deloitte), and Peat Marwick Mitchell Bahrain (now KPMG) –Chartered Accountants
- Lead restructuring of Group institutions as well as major Mergers & Acquisitions



Mr. Abdulelah Ebrahim Mohamed AlQasimi

Director

Mr. Abdulelah AlQasimi has more than 38 years of diversified management experience. His previous positions include Chief Executive of the Labor Fund (Tamkeen), from which he resigned in May 2010, Deputy Chief Executive Officer of Labor Fund Project at the Bahrain Economic Development Board, Assistant Undersecretary for Training at the Bahrain Ministry of Labor and Social Affairs, Director of Engineering and Maintenance at the Bahrain Ministry of Health. He has also served as the Chairman of the Bahrain Qualifications Framework Steering Committee and the Steering Committee of Career Expo and was a Board member of the Bahrain Society of Engineers and the Bahrain Consumer Protection Society.

He is currently a Chairman of Ithmaar Dilmunia General Partner Co. and Member of the Board of Naseej BSC, Faysal Bank Limited (Pakistan) and a member of the Board of Trustees of Arabian Pearl Gulf School.

Abdulelah AlQasimi holds a BSc in Civil Engineering from Queen Mary College University of London, UK, and MSc in Health Facility Planning from the University of North London, UK, and a Diploma in Health Care Management from the Royal College of Surgeons in Ireland, Bahrain. He is also a certified Director from the Pakistan Institute of Corporate Governance.



Mr. Abdulla Abdulaziz Ali Taleb

Director

Mr. Abdulla Abdulaziz Ali Taleb has more than 22 years of experience in banking and currently he is the Chief Executive Officer of Ithmaar Holding B.S.C., Ithmaar Bank B.S.C. (c) & IB Capital B.S.C. (c), Bahrain. Besides that, he has a strong work experience in a number of banking functions; including Islamic financial services, corporate banking, capital markets and credits. Prior to joining Ithmaar Bank, he held senior positions in various banks and financial institutions including BMI Bank, First Investment Bank, Shamil Bank and Khaleej Finance & Investments.

Abdulla Taleb is a certified Arbitrator by G.C.C. Commercial Arbitration Centre specialized in Banking & Finance and has a Master's in Business Administration from DePaul University, a Bachelor's Degree in Banking & Finance from Kingdom University and Associate Diploma in Economics Banking and Finance from University of Bahrain. He also holds an Advanced Diploma in Islamic Banking from Bahrain Institute of Banking and Finance. In addition Abdulla is a certified Director from the Pakistan Institute of Corporate Governance.

Ms. Fatima Asad Khan

Director

Fatima Asad-Said is the CEO of Abacus Consulting Technology, a leading international professional services firm committed to transforming clients by delivering world class technology, consulting, and outsourcing solutions through high performing people and global strategic partnerships. Over 24 years, Fatima's professional experience embodies thought leadership, value creation, and delivering transformative solutions in Corporate Governance, Digital Transformation, Enterprise Technology Solutions, Strategic Change, Human Capital Management across multiple sectors and industries. Through partnering with leading solution providers such as SAP, Google Cloud, Huawei, UiPath, Mercer, and other providers, she leads Abacus towards sustaining the transformation partner of choice position.

A MBA graduate from LUMS, she started her career with Coopers & Lybrand International and then PricewaterhouseCoopers. Her leadership journey includes serving on various Boards as an independent director such as Lahore University of Management Sciences (LUMS), Faysal Bank, Kashf Foundation, Bata Pakistan, Kaarvan Crafts Foundation and Interloop Limited. She also holds a Corporate Director Certification from Harvard Business School and PICG, and a member of Diversity and Inclusion Hub Leadership Council, Women Executives on Boards and YPO Global forums.



Mr. Mohsin Tariq

Director

Mr. Mohsin Tariq boasts over 14 years of extensive professional experience in the Petro-Chemicals and Chemical Industries, showcasing his adept leadership skills as the Executive Director of Nimir Chemicals Pakistan Limited. Under his guidance, the company's financial statements achieved unprecedented success.

Having earned his B.Sc. in Business Management from Brunel University, West London, and an M.Sc. in International Management from School of Oriental and African Studies (SOAS), London, Mr. Mohsin Tariq is well-versed in the nuances of his field.

In May 2020, he was elected as an Independent Director on the Board of Faysal Bank Limited. Notably, from 2015 to 2018, he also served on the board of another chemical company, M/s NIMIR INDUSTRIAL CHEMICALS LTD. Currently, he holds a position on the board of Nimir Trading (Pvt) Ltd..

In response to the dynamic business landscape, Mr. Mohsin Tariq actively engages in staying abreast of evolving challenges. He has also attended the Directors' Training Program at LUMS.

Beyond his professional pursuits, Mr. Mohsin Tariq is an active member of civil society and contributes to various reputable charitable organizations, demonstrating a commitment to social responsibility.



Ms. Sadia Khan

Director

Sadia Khan is a seasoned fintech executive with over twenty years of industry experience largely on the product development and technology side. Out of the total experience, 12 years have been at COO, CEO, and board level roles. Most recently, Sadia was CEO of AutoSoft Dynamics, a Made-In-Pakistan product-based company providing globally competitive core banking and related software.

Under Sadia's leadership AutoSoft's customer base has grown and today its solutions power both leading local banks within Pakistan and global banks in South Sudan, Zambia, Bahrain, and Afghanistan. She has led several successful core banking and lending system migrations (Faysal Bank, Al Baraka Bank, Sindh Bank, PMRC), mobile wallet implementations (Finca Microfinance Bank, Allied Bank), and treasury system installations (Bank of Punjab, National Bank of Pakistan, Askari Bank).

Sadia has extensive experience in managing large scale software development and technology projects. Under her leadership, AutoSoft Dynamics developed the digital banking technology for Pakistan's first smartphone based mobile wallet (SimSim) and subsequently, Allied Bank's mobile wallet solution.

In 2022, Sadia led AutoSoft's acquisition by Contour Software (Private) Limited, an indirect subsidiary of Constellation Software, Inc., a publicly traded company on the Toronto Stock Exchange (TSX: CSU) with a market capitalization of \$36 Billion and over 16,000 employees.

Sadia has a bachelor's degree in Computer Science from Rutgers University, USA. She serves on the board of directors of Kashf Foundation, Naseeb Online Services (Rozee.pk), Naseeb Networks and Punjab Information Technology Board.



Senior Management Profiles

Mr. Yousaf Hussain President & CEO

Mr. Yousaf Hussain has 30 years of professional experience, primarily at ABN AMRO Bank where he held multiple senior managerial positions including those within the Corporate / Credit and Transaction Banking functions. He has been with Faysal Bank since August 2008, with a significant contribution to the franchise in his previous positions as Chief Risk Officer, Regional Corporate Banking Head-North and Head of Special Assets Management Group. His experience also includes a senior role with Samba Bank and earlier assignments with Mashreq Bank and Mobilink / Motorola. Mr. Yousaf Hussain has a Bachelor of Science degree in Electrical Engineering and has done his MBA from Lahore University of Management Sciences.



Mr. Raheel Ijaz Chief Operating Officer

Mr. Raheel Ijaz has over four decades of work experience. Before assuming this position, he accumulated a rich banking experience in institutions like MCB Bank Limited as Group Head Compliance and Controls, Country Head Sri Lanka, Head Corporate North & Public Sector, United Bank Limited as Regional Chief Executive North and also held key positions in Faysal Bank, Prime Commercial Bank and Emirates Bank International. His last role with Faysal Bank Limited was as Head Compliance. Mr. Raheel Ijaz holds an MBA degree from Quaid-e-Azam International University.



Mr. Shuja Haider
Head Treasury & ECM

Mr. Shuja Haider is a seasoned professional with over two decades of experience within the dynamic landscape of major national and international financial institutions in Pakistan and the Middle East. His diverse expertise encompasses Treasury and Risk Management, Asset and Liability Management, Foreign Exchange, Capital Markets and Derivatives, in both conventional and Islamic products. Currently serving as the Group Head of Treasury & ECM at Faysal Bank, he adeptly manages a team overseeing diverse financial aspects, from foreign exchange to Equity Capital Markets. Mr. Haider's exceptional proficiency and leadership qualities have played an instrumental role in building a strong treasury team and setting up the treasury functions of 'Pak Brunei'.

Prior to joining Faysal Bank Limited, Mr. Shuja Haider has held senior positions at prominent financial institutions such as Al-Rajhi Banking and Investment Corporation in Riyadh, National Bank of Pakistan, Pak-Brunei Investment Company and Soneri Bank. His remarkable experience and tenure at these organizations of great repute is a testimony of his unwavering commitment to excellence and noteworthy contribution to the industry at large. Mr. Haider holds a Master's degree in Business Administration.



Mr. Syed Majid Ali
Chief Financial Officer

Mr. Majid Ali is a fellow member of the Institute of Chartered Accountants of Pakistan and has over three decades of experience in the field of accounts and finance disciplines of banking with exposure in IT and HR activities. He has been associated as CFO at Saudi Pak Commercial Bank Limited (now Silk Bank Limited) and Emirates Bank International PJSC (Pakistan operations). He has also served as Partner in KPMG Taseer Hadi & Co, Chartered Accountants. Mr. Majid Ali has rich experience in Banking Finance amid mergers and acquisitions. He has also supervised Strategy, Technology and Administration Functions at Faysal Bank Limited.

Mr. Ali also led the conversion of FBL into a full-fledge Islamic Bank, a monumental achievement that marked the largest global conversion of a conventional bank into an Islamic Bank. In recognition of his outstanding contributions, he was honored with the 'Finance Leader Award 2023' by the Institute of Chartered Accountants of Pakistan.



Mr. Nasir Islam
Head, Internal Audit

Mr. Nasir Islam is a fellow member of the Institute of Chartered Accountants of Pakistan. He is a senior professional with more than 31 years of Banking experience having lead Internal Audit, Compliance and Finance functions. Mr. Islam has also been leading Business Process Re-engineering, Change Management and Acquisition / Integration projects. He has been working as a Senior Executive in senior management committees and been instrumental in formulation and implementation of the risk and control environment including the creation of various risk and control committees allowing senior executives to understand and mitigate risk issues across their respective areas / functions. He has also been working with Board and its Committees in implementing good Corporate Governance practices and setting up corporate governance, risk management and compliance policies within the organization.



Mr. Jaudat Hussain
Head, Retail Banking

Mr. Jaudat Hussain brings with him over 27 years of professional experience in Retail, Commercial and Consumer Branch Banking. Prior to joining Faysal Bank he has served at key positions in Standard Chartered, MCB, United Bank, NIB Bank and Habib Bank. Prior to his current appointment as Head Retail Banking, he has also held the position of Head Branch Distribution at Faysal Bank. He holds a Master of Business Administration degree from Indiana University of Pennsylvania, USA, and International Capital Markets Qualifications from Securities Institute London, U.K.



Mian Salman Ali
Chief Risk Officer

Mr. Salman Ali brings with him a banking experience of over 20 years in large local and multinational banks. During his career, he has held various leadership/supervisory roles in business and control functions. Mr. Ali has a diversified experience in the field of Corporate Banking, Commercial / SME Banking & Credit / Risk Management and serves as a director at Faysal Asset Management Limited. Prior to joining Faysal Bank, he has been associated with ABN AMRO Pakistan and Allied Bank. Mian Salman holds a Master's of Business Administration degree from Lahore School of Economics. He is also a certified Islamic Banking Professional from NIBAF.



Mr. Muhammad Aurangzeb Amin
Company Secretary & Head, Legal

Mr. Aurangzeb Amin brings with him over 27 years of experience in the Financial Sector and Legal Consultancies both in Pakistan and in the USA. During his career, he has worked with NIB Bank and Pak-Kuwait Investment Co. as Company Secretary and Head Legal. He has also worked with law firms locally and internationally, including Orr, Dignam & Co. and Surridge & Beecheno. He has a Master of Laws degree from Temple University, USA.



Syed Muhammad Fraz Zaidi
Head Operations and Strategy

Mr. Fraz Zaidi brings with him over 19 years of experience in the financial services sector, where he has held leadership roles in Finance, Risk Advisory and Strategy. Prior to joining Faysal Bank, he has been associated with organizations such as H & H Exchange Co. (Pvt.), A. F. Ferguson & Co. and United Bank. His last assignment was Head Operational Risk & Basel-II Division at United Bank. Mr. Fraz Zaidi is a Chartered Accountant from the Institute of Chartered Accountants, Pakistan and serves as a director at Faysal Asset Management Limited.



Mr. Monis Mirza
Head Human Resources

Mr. Monis Mirza has over 27 years of leadership experience in Human Capital Management, Mergers & Acquisitions, Cultural Integration and Business Growth in multiple geographies. During his career, he has held key positions in Procter and Gamble (P&G), Standard Chartered Bank in Pakistan and Tenova Canada. He remained Director of Human Resources and a Management Committee member for SCB Pakistan for over a decade, and helped the bank manage organic and inorganic business growth, drive productivity through engagement and organizational design efficiencies. His last assignment was with HRS Global as Chief Executive Officer – Recruiting. Mr. Mirza acquired his B.E. Electrical Engineering degree from University of Buffalo, USA and MBA degree in Human Resources from Institute of Business Administration, Karachi. He has also completed an advance diploma in Human Resources from McMaster University, Canada.



Mr. Bashir Ahmed Sheikh
Head Special Assets Management

Mr. Bashir Ahmed Sheikh has five decades of diversified domestic as well as international banking experience of Operations, Corporate Banking, Commercial/Retail Banking, Investment and Risk Management, with a proven record of superior performance throughout his career. He has strong skills in Syndications, Advisory Services, Acquisitions, Mergers, Privatizations, Agriculture Financing, Remedial Management, Compliance and dealing with the Regulators amid other relevant agencies. Prior to joining Faysal Bank in 2018, he has been associated with United Bank, Union National Bank, BCCI, Indus Bank, Askari Bank, Faysal Bank and Bank Alfalah. His last assignment was Group Head Special Assets Management at Bank Alfalah. Mr. Bashir Ahmed Sheikh holds a graduation degree from University of Punjab. He is also a Graduate of Executive Development Program, Johnson Graduate School of Management, USA.



Mr. Muhammad Faisal Shaikh
Head, Product, Shariah Structuring & Organizational Transformation

Mr. Muhammad Faisal Shaikh has over 23 years of experience in the field of Shariah Structuring, Compliance and Shariah Compliant Product Development. He played key role in the Islamic conversion process of Faysal Bank and ensured smooth conversion of the bank's business. Prior to joining Faysal Bank Limited, he was associated with BankIslami Pakistan Ltd. and Meezan Bank Ltd. He has been instrumental in the development of various pioneering Islamic Corporate & Consumer Banking Products and Sukuk structures in Pakistan. He led the team which converted conventional assets and liabilities of KASB Bank Ltd. after its acquisition by BankIslami Pakistan Ltd. Prior to this, his team structured acquisition and conversion of Citibank's conventional housing finance portfolio by BankIslami Pakistan Ltd. He was an active member of the team responsible for conversion and merger of Pakistan operations of Societe Generale into Meezan Bank Ltd. He has also served as a member of different advisory committees of State Bank of Pakistan on Islamic Banking. Mr. Shaikh is a graduate of Institute of Business Administration, Karachi.



Mr. Aneeq Malik
Head Consumer Finance

Mr. Aneeq Malik is a solutions-focused banker with over 22 years of rich experience overseeing the compliance function, branch operations and consumer finance. Prior to joining Faysal Bank Limited, he has been associated with banks like ABN AMRO and MCB. Mr. Aneeq Malik is recognized for being both reactive to developments in the regulatory and governance environment and proactive in areas related to compliance education and training. Highly adept in identifying gaps and / or risk exposure in operations as well as developing and implementing strong systems of check and balances. He holds a graduation degree from Punjab University, Lahore. He is a certified expert in Corporate Governance & Leadership Skills from Pakistan Institute of Corporate Governance (PICG). He is also certified from NIBAF in Islamic Banking. He is on the Board of Directors of M/s. 1Link (Guarantee) Ltd., as a nominee director from Faysal Bank Limited as well.



Mr. Abadullah
Chief Compliance Officer

Mr. Abadullah brings with him over three decades of diversified experience of Branch Banking, Trade, Operations and Compliance. Prior to joining Faysal Bank Limited, he has been associated with Standard Chartered, ANZ Grindlays and United Bank. His last assignment with SCB was as Head Corporate Service Delivery. Prior to his current appointment as Chief Compliance Officer, he has also held the position of Head Operations at Faysal Bank. Mr. Abadullah has been instrumental in implementing various projects and had led teams which migrated core banking systems in Faysal Bank. He is a certified GRC professional from GRCP International and diploma holder from Institute of Bankers in Pakistan. He holds a Master of Business Administration (Finance) degree from IBA, University of Punjab and is a certified director from ICMA Pakistan.



Syed Hasan Jafri
Head Information Technology

Mr. Hasan Jafri brings with him over 38 years of diversified experience in both financial and non-financial sectors. Mr. Jafri is an accomplished technology professional having experience in Networking, Software design, Product development, Information security, Internet and Telecommunication technologies. Prior to joining Faysal Bank, he has been associated with organizations such as Shahnawaz Limited, Karachi Stock Exchange, Arif Habib Corporation, Summit Bank and Allied Bank. His last assignment was Group Head Information Technology at Allied Bank . Mr. Hasan Jafri holds a Master of Information Technology degree from PIMSAT, Karachi.



Mr. Ali Waqar
Head Corporate & Investment Banking

Mr. Ali Waqar has over 21 years of professional experience, primarily in the field of Corporate & Investment Banking, and Commercial Banking. Throughout his professional career, he has been instrumental in driving the organization's profitability through a diverse mix of transactions including Structured Finance, Project Finance, Mergers & Acquisitions and Derivatives. He has served at key positions in leading multinationals as well as local organizations including ABN AMRO Bank N.V., Barclays Bank Plc. and Faysal Bank. Prior to his current assignment, Mr. Ali Waqar spearheaded Faysal Bank's Regional Corporate Banking franchise for 9 years as the 'Corporate Head-Central' where he contributed significantly towards sustainable portfolio and revenue growth. Mr. Waqar holds an M.Sc. degree in Economics and Finance from Lahore School of Economics.



Mr. Amin ur Rehman
Chief Digital Officer

Mr. Amin ur Rehman has a rich experience of over 21 years in both financial and non-financial sectors and holds a Hons and Master's degree from Institute of Business Administration. Having worked in the Banking industry, Public Utility and Global Payment Schemes, he has a diversified exposure where prior to joining Faysal Bank, he was associated with UBL, Visa Worldwide, K-Electric, Atlas Bank and HBL. His experience in the digital domain includes collaborating with Fintechs in developing their go-to-market strategy and he has played a key role in expanding digital merchant acceptance while driving business sustainability. At Faysal Bank, he is currently spear-heading the digital transformation journey by focusing on increasing the Bank's digital foot-print and creating digital enablement for key business verticals across the Bank.



Shariah Board - Profiles

Mufti Muhammad Mohib ul Haq Siddiqui

Chairman Shariah Board

Mufti Mohib ul Haq is a prominent and a well-recognized Shariah scholar of international repute. His credentials include a specialized degree in Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Al-Takhasus fil-Iftaa' (Specialization in Islamic Jurisprudence and Fatwa) from the esteemed Jamia Darul Uloom, Karachi.

Mufti Mohib ul Haq has a diversified experience of more than 20 years in Islamic Finance Industry. He has been associated with Faysal Islamic Banking since 2011, as the Shariah Advisor, prior to his appointment as the Chairman Shariah Board. He is also a Shariah Board Member of Bank Alfalah Limited and Bank Al Habib Limited.

Previously, he has served as the Shariah Advisor / Shariah Board Member at various Financial Institutions which include:

- Bank Al Habib Limited
- Takaful Pakistan Limited
- Royal Bank of Scotland Berhad, Malaysia
- JS Islamic Mutual Fund

Mufti Mohib ul Haq has significant research experience related to Islamic Finance and other Shariah related subjects. Further, he is also a member of the State Bank of Pakistan's Committee for Shariah review, standardization of Islamic products and processes, and formalization of Accounting & Auditing Organization for Islamic Financial Institutions ("AAOIFI") Shariah standards for the Pakistan banking industry. He is also an experienced lecturer and trainer in the field of Islamic Finance, Fiqh and Islamic Financial Laws at various institutions which include:

- Jamia Darul Uloom, Karachi
- Centre for Islamic Economics ("CIE")
- National Institute of Banking and Finance ("NIBAF") – SBP
- Institute of Cost and Management Accountants of Pakistan ("ICMA")
- Institution of Business Administration- Centre for Excellence in Islamic Finance ("CEIF")

Mufti Muhammad Abdullah

Resident Shariah Board Member

Mufti Muhammad Abdullah is serving Faysal Bank Limited – Islamic Banking as Resident Shariah Board Member since 2018. Prior to his joining at Faysal Bank – Islamic Banking, he has worked as Resident Shariah Board Member and Head Shariah Compliance Department in Standard Chartered Bank Pakistan Limited (Saadiq Division). Further, Mufti Abdullah has worked as a member of the Shariah Compliance Department of Albaraka Bank Pakistan Limited. He has wide and diversified professional experience in Islamic finance industry.

In addition to above, he has significant experience in the field of teaching for Social Sciences, Management Sciences and Islamic Finance in renowned educational Institutions including National University of Computer and Emerging Sciences (NUCES – FAST), DHA Suffa University and IQRA University.

Mufti Abdullah possesses both contemporary as well as religious academic qualifications. He holds Shadat-ul-Aalamia from Jamia-tul-Uloom-ul-Islamiyyah, Binori Town, Karachi (Equivalency of Degree: M.A. Islamic Studies and Arabic awarded by University of Karachi & Higher Education Commission - Pakistan) and Al-Takhasus Fil Fiqh Al Islami (specialization in Islamic Jurisprudence) from Jamia Darul-Uloom Rasheedia, Karachi. He also holds Master's degrees in Arabic, Economics & Finance and General History from University of Karachi, Islamic Studies, History from Federal Urdu University and Muslim History from University of Sind. Moreover, he has been awarded "Certificate of Director Education" in "Corporate Governance Leadership Skills (CGLS)" from "Pakistan Institute of Corporate Governance (PICG)" and also awarded "Certified Shariah Advisor & Auditor" (CSAA) from "Accounting and Auditing Organization for Islamic Financial Institutions" (AAOIFI) and he is also registered as a Shariah Advisor in Security Exchange Commission of Pakistan (SECP).

Dr. Mufti Khalil Ahmad Aazami

Shariah Board Member

Dr. Mufti Khalil Ahmad Aazami is a renowned Shariah Scholar in the Islamic Banking industry. Dr. Aazami has graduated from Jamia Darul Uloom, Karachi. He obtained his Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Al-Takhassus fi al-Iftaa' (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi. Dr. Aazami holds a Doctorate degree in "Islamic Jurisprudence" from University of Karachi.

Dr. Aazami is working with Bank Alfalah Limited-Islamic Banking since 2003 in the capacity of Shariah Advisor and now serving Bank Alfalah Limited-Islamic Banking as Chairperson Shariah Board since 2015. He is also a Shariah Board Member of National Bank of Pakistan-Islamic Banking and Faysal Bank Limited-Islamic Banking.

Dr. Aazami has served as Shariah Advisor / Shariah Board Member in different financial institutions including:

- Takaful Pakistan Limited (2005 - 2014)
- Alfalah GHP Islamic Fund (2007 - 2014)

Dr. Aazami has significant research experience related to Islamic Finance and other Shariah related subjects. Furthermore, he is the member of AAOIFI Shariah Standards Committee (Karachi). He is an author of numerous publications. He is also an experienced lecturer and trainer in the field of Islamic Finance, Economics, Fiqh, Islamic Financial Laws and General Islamic Science at various institutions which include:

- Jamia Darul Uloom, Karachi
- Centre for Islamic Economics ("CIE")
- National Institute of Banking and Finance ("NIBAF") – SBP
- Sheikh Zayed Islamic Centre - University of Karachi
- Institution of Business Administration- Centre for Excellence in Islamic Finance ("CEIF")

Mufti Abdul Basit

Shariah Board Member

Mufti Abdul Basit is serving Faysal Bank Limited-Islamic banking as Shariah Board Member since July 2021. Prior to his joining the Shariah Board, he has served as Shariah Scholar (Assistant Manager Shariah Support) at Product Management and Development Department Faysal Bank Limited-Islamic Banking.

Mufti Abdul Basit possesses both contemporary as well as religious academic qualifications. He holds Shadat-ul-Aalamia (Masters in Islamic Studies & Arabic) from the esteemed Jamia Darul Uloom, Karachi and Takhassus Fiqh-ul-Muamlaat from Jamia Tur Rasheed, Karachi. He also holds graduation degree from University of Karachi in the field of Commerce.

Mufti Abdul Basit has wide and diversified professional and educational experience. He has extensive experience in Islamic Banking in product development with Faysal Bank limited. He has significant experience in the field of teaching at renowned institutions as a Permanent and Visiting Faculty Member of various Institutions such as:

- Sheikh Zayed Islamic Centre - University of Karachi
- AL – Ihsan Courses

He also holds certificate of 'Certified Shariah Adviser & Auditor' ("CSAA") from Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Bahrain. Further, He also holds certificate of 'NIBAF Islamic Banking Certificate Course - Capacity Building of Shariah Scholars' organized by National Institute of Banking And Finance State Bank of Pakistan.

SCFR (PK) 1 Highest Shariah Rating Attainable Islamic International Rating Agency.



Senior Management and Internal Committees

Senior Management Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Syed Majid Ali
Member & Secretary

Shuja Haider
Member

Jaudat Hussain
Member

Abadullah
Member

Ali Waqar
Member

Mian Salman Ali
Member

Bashir Ahmed Sheikh
Member

Syed Muhammad Fraz Zaidi
Member

Monis Mirza
Member

Aneeq Malik
Member

Syed Hasan Jafri
Member

Muhammad Faisal Shaikh
Member

Syed Amin Ur Rehman
Member

Asim Jilani
Member

IT Steering Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Syed Majid Ali
Member

Mian Salman Ali
Member

Muhammad Maad
Member

Muhammad Abadullah
Member

Syed Hasan Jafri
Member

Syed Tahir Rizavi
Member

Imran Saeed Chaudhry
Member & Secretary

Syed Muhammad Fraz Zaidi
Member

Syed Amin Ur Rehman
Member

Jaudat Hussain
Member

Asset & Liability Committee

Yousaf Hussain
Chairman

Shuja Haider
Member & Secretary

Jaudat Hussain
Member

Ali Waqar
Member

Mian Salman Ali
Member

Syed Majid Ali
Member

Syed Muhammad Fraz Zaidi
Member

Muhammad Faisal Shaikh
Member

Aneeq Malik
Member

Investment Committee

Yousaf Hussain
Chairman

Shuja Haider
Member & Secretary

Ali Waqar
Member

Mian Salman Ali
Member

Syed Majid Ali
Member

Syed Muhammad Fraz Zaidi
Member

Sheraz Nasir
Member

Country Credit Committee

Yousaf Hussain
Chairman

Mian Salman Ali
Member & Secretary

Ali Waqar
Member

Jaudat Hussain
Member

Compliance & Fraud Risk Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Abadullah
Member & Secretary

Syed Majid Ali
Member

Mian Salman Ali
Member

Syed Muhammad Fraz Zaidi
Member

Jaudat Hussain
Member

Monis Mirza
Member

Enterprise Risk Management Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Shuja Haider
Member

Syed Majid Ali
Member

Mian Salman Ali
Member

Syed Muhammad Fraz Zaidi
Member

Abadullah
Member

Muhammad Maad
Member

Sheikh Muhammad Asif
Member

Sheraz Nasir
Member & Secretary

Management Strategy Committee

Yousaf Hussain
Chairman

Raheel Ijaz
Member

Syed Majid Ali
Member

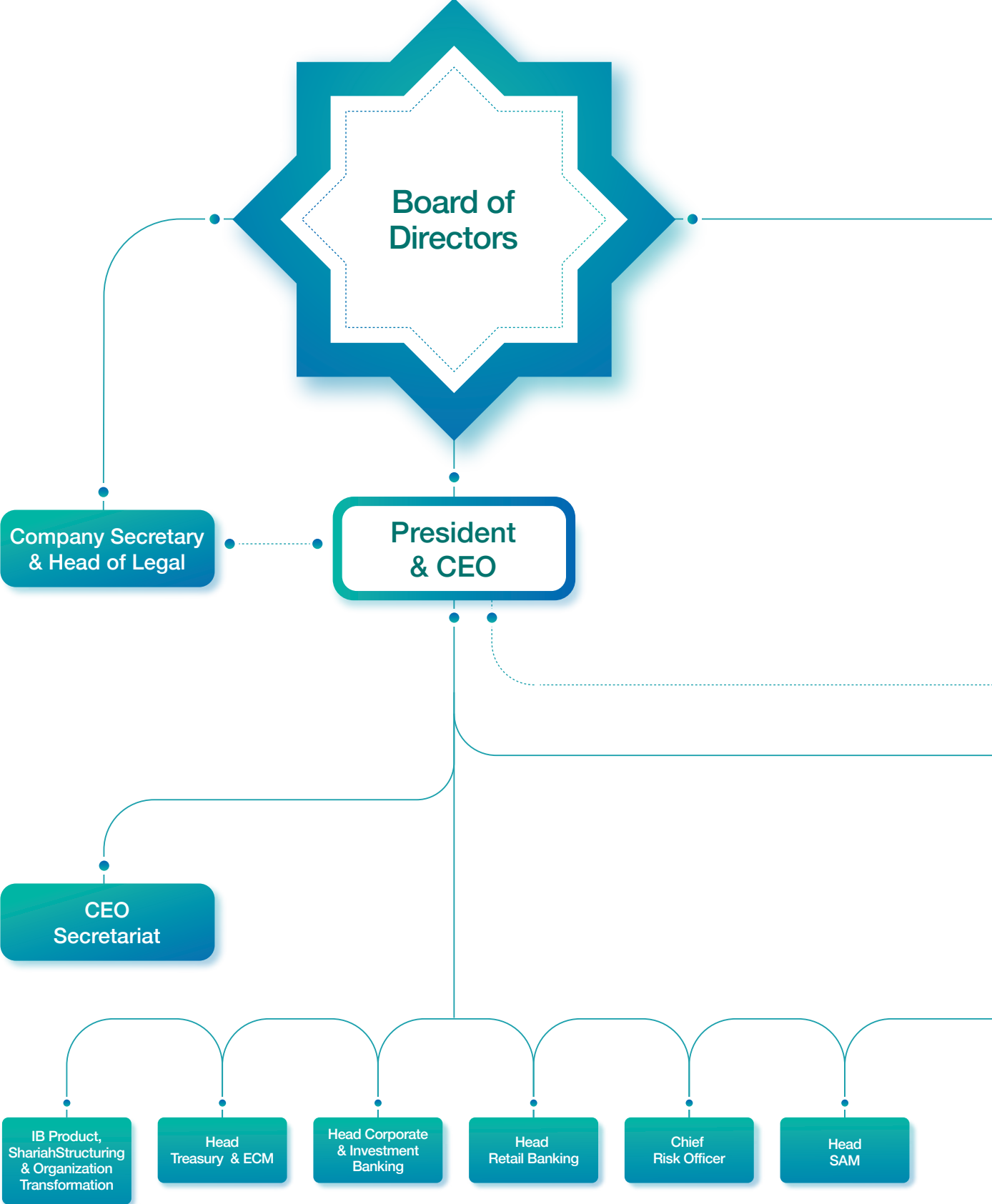
Jaudat Hussain
Member

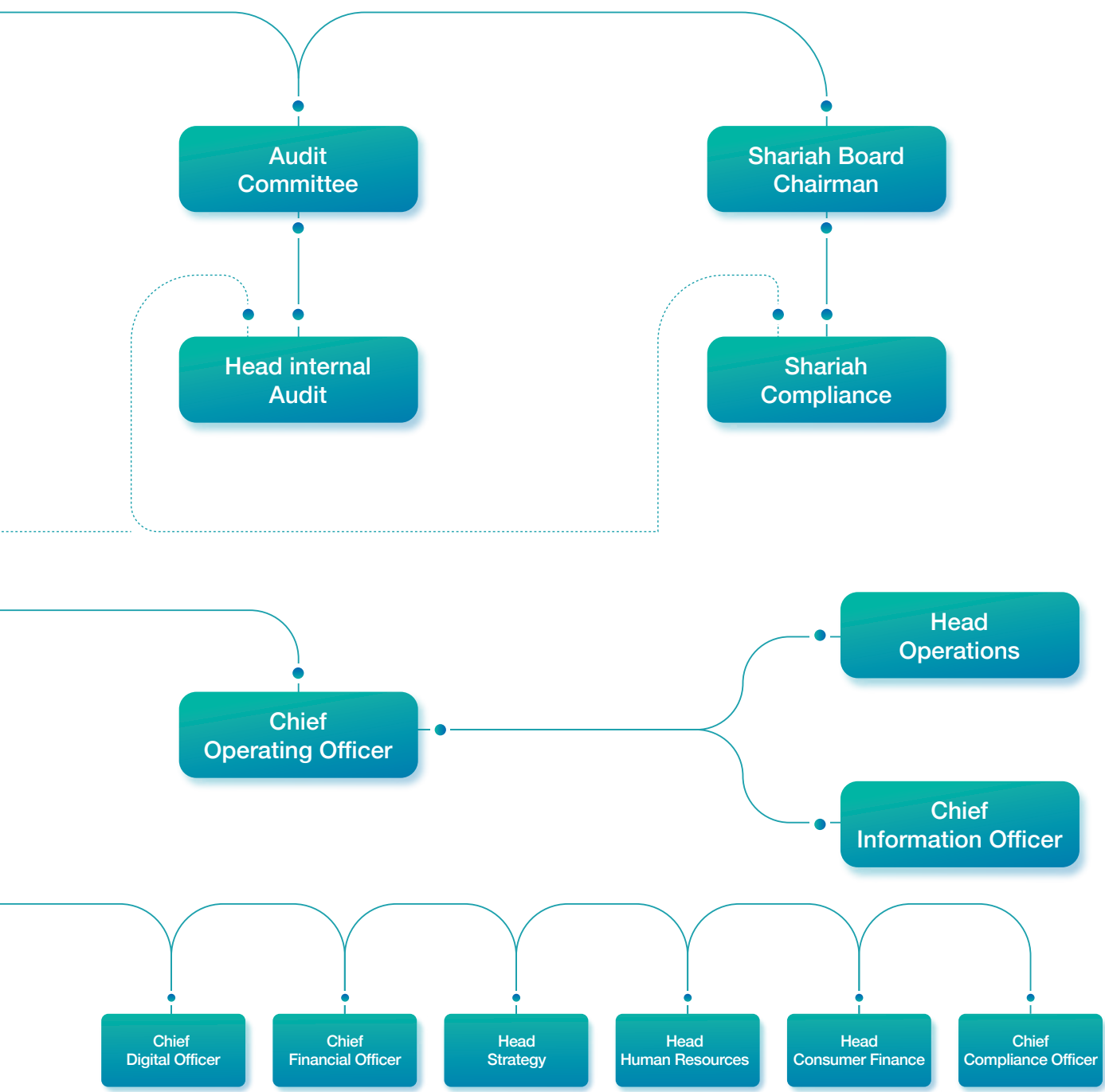
Syed Muhammad Fraz Zaidi
Member

Syed Amin Ur Rehman
Member

Syed Tahir Rizavi
Member & Secretary

Organisational Structure





Board Committees and Terms of Reference

Board Audit & Corporate Governance Committee (BACGC)

- To oversee the integrity of the accounting and financial reporting processes as well as of the Financial Statements with focus on compliance with applicable accounting and reporting standards to give a true and fair view of the financial position and performance of the Bank.
- To oversee the Bank's compliance with legal and regulatory requirements.
- To oversee the Internal Control Framework (both policies as well as procedures), established by the Management, to ensure the compliance of applicable Laws and Regulations and to ensure the adherence of Accounting and Reporting Standards.
- To oversee adherence of employees and management to Bank's Control Framework and Code of Conduct.
- Selection and recommendation of the External Auditor to the BOD, after, thorough analysis of qualification and competence, and ensuring its independence from the Management.
- Establishment and smooth functioning of an independent, objective and competent Internal Audit Group supported by adequate resources.
- To review the performance of Internal Audit Department (IAD) and External Auditors.
- Review and recommend to the Board of Directors the amendments in the internal audit policy.
- Approval of the Audit Manual, Assurance Level and Audit Rating System, prepared and presented by Head of IAD, after thorough discussion and analysis, with prime focus on Risk Based Audit Approach.
- To ensure that IAD is independent of the activities it audited and from the everyday internal control process and is adequately structured to achieve its chartered objectives and responsibilities.
- To oversee Shariah Audit Function, Credit Risk Review of Corporate portfolio and Management's actions for identification of gaps and implementation of controls as a preventive measure against frauds as stated in the fraud preventive policy.
- Review and discuss with Head IAD and Management, the status of implementation of the Committee's Decisions and reasons for any significant delay(s) together with Committee's direction for necessary actions.
- Formulation and approval of Key Performance Indicators (KPIs) of Head Internal of Audit.
- To ensure independence of any investigation/disciplinary action against Head of Internal Audit or Internal Auditors.
- To review effectiveness of Whistle Blow mechanism of the Bank.
- Provision of reports to the Board regarding any other matter as per the requirement of BOD further communication with the relevant sub-committees of the Board/BOD regarding significant findings by Internal Audit or External Audit and their implementation status relating to their respective areas for consideration and follow-up for corrective actions thereon.
- Fulfillment of any other task/responsibility assigned by the Board as well as by the Regulators.

Board Strategic Planning and Business Transformation Committee (BSC)

Strategy Related Matters:

- Review periodically and make recommendations to the Board regarding:
 - Bank's Vision & Mission statements and strategic goals & objectives.
 - Bank's Strategic Plan and overall Strategy.
 - Matters of strategic importance including items such as mergers and acquisitions, potential new business avenues & strategic partnerships/ alliances, modifications to business & operating models, opportunities for growth & expansion of business, changes in technology and marketing strategies, enhanced customer experience etc.
- Assist management in the development of Bank's Corporate Strategy, including reviewing and discussing with the management the strategic direction, initiatives, key performance indicators (KPIs) and the risks associated with the Bank's strategy.

- Review the process for development, approval and modification of the Bank's strategy and Strategic Plan.
- Review key issues, risks and external developments impacting the Bank's strategy, and advise management in adopting the viable/ suitable options, based on management recommendations. Review tactical changes in strategic plan and initiatives, in response to key issues, risks and external developments, as recommended by the management.
- Review progress against strategic plan and key performance indicators to monitor Bank's progress against its strategic goals.
- Seek, review and make recommendations on performance measurement and recognition practices so that it remains aligned with the Bank's strategic objectives.
- Review and approve capital expenditure, recurring and operating expenses and write-offs as per defined thresholds.
- Review, obtain updates and recommend annual branch network expansion plans including plans for overseas operations, setting-up companies/operations/offices in new overseas locations, for approval to the Board.
- Review and recommend Shariah Board reports in compliance with SBP Shariah Governance Framework, for approval to the Board.
- Review and recommend matters relating to the shareholders and related parties to the board, in consultation with the Chairman.
- Seek, review and make recommendations on Bank's resource allocation plan so that they remain aligned with Banks strategic objectives.
- Engage external consultants and seek expert advice on key strategic matters and plans, where-ever required.

Business Transformation Related Matters:

- Provide guidance to the management in conversion of FBL into an Islamic bank.
- Approve appointment of legal, accounting, Sharia's, tax and other consultants for this project.
- Review and approve Business Transformation Plan and Financials.
- Review progress on implementation of Business Transformation Plan and approve deviations from the plan.
- Recommend to the Board, approval of sale of products and businesses, not viable under the Islamic setup, if any.

Board Risk Management Committee (BRMC)

- To establish and maintain a system to oversee risk management policies and principles.
- To review the adequacy and effectiveness of the risk management process across the Bank.
- To establish and maintain a risk management framework to identify risks and to evaluate the alignment and effectiveness of risk management activities.
- To review the Bank's strategy from a risk perspective and ensure that it is prepared in accordance with the Bank's policies.
- To review and recommend to Board the Bank's overall risk appetite and delineating risk tolerance in relation to credit, market, liquidity, operational (including trade based money laundering risk, Shari'ah risk, legal risk, outsourcing risk, etc.), approve the exposure limits in relation to risk management strategies, and review compliance with these limits.
- To ensure a system to identify any exceptions to the appetite/ limits and the risk management policies and procedures; and to take timely corrective measures.
- To review Risk Management Information System reports, evaluate the findings and the appropriateness of the remedial measures and direct necessary actions, besides approving Credit related policies, Internal Risk rating policy and recommend the same for Board approval.
- Reviewing Product Programmes of lending/investment/derivative and Product Programmes related to new line of business and recommend them to the Board.
- Recommending to Board, delegation of authorities to management committees for achieving Board mandated strategic direction.

Board Information Technology Committee (BITC)

- To review and recommend IT Strategy and Digital Strategy of the Bank to the Board for approval.
- To advise and report to the Board on the status of technology activities and digital initiatives in the banks. To review and monitor the implementation of SBP 'Enterprise Technology Governance and Risk Management Framework'.
- To monitor the overall impact with regard to business, customer, control as well as the impact of Information Technology infrastructure and applications, to assess and address strategic gaps and issues.
- To monitor, oversee and optimize technology related investments and capital expenditure related to Information Technology and to recommend IT budget to the Board for approval.
- To reinforce Information Technology roles and responsibilities through relevant policies and to issue high level policy guidelines.
- To ensure that effective Risk Management strategies are designed and implemented to achieve resilience, including the ability to effectively respond to wide-scale disruptions, cyber-attacks and attacks on critical infrastructure.
- To monitor and track all major Technology related projects, ITG performance and IT Services Delivery.
- To review IT Capacity Planning and Resource Management (including financial, data & information, infrastructure & assets, human resource staff development, recruitment and the retention of skilled staff, vendors, etc.).

Recruitment, Nomination & Remuneration Committee (RN&RC)

- To ensure that HR policies and practices are in line with the market dynamics and business objectives of the Bank.
- To design competitive compensation programs that attract, retain and motivate staff to achieve business objectives of the organisation, while enhancing and sustaining shareholder value.
- To review the implementation of the revised State Bank's remuneration guidelines, and ensure that remuneration policy is align with the requirements of the guidelines.
- To periodically examine the Bank's remuneration policy.
- To review and recommend the HR policies of the Bank to the Board. Ensure development of new policies to help attract, retain, develop and motivate talent.
- To review the Management Structure/Organogram of the Bank.
- To review and recommend the selection/ appointment/ reappointment, evaluation, compensation, increments, performance bonuses, fringe benefits, including retirement benefits, and terms and conditions of service agreement of the CEO to the Board.
- To review and recommend to the Board the selection, evaluation and compensation of key executives of the Bank.
- To review and confirm the Job Descriptions of key executives, review and recommend the appointment and promotions of all key executives and general managers.
- To investigate and recommend resolutions to the Board of major violations of the code of business conduct and ethics that may relate to personnel or internal controls relating to human resource policies or benefits.
- To consider/review and recommend to the Board, the remunerations to be paid to the non-executive Directors of the Bank for attended Board and Board Committee meetings.
- To review and monitor the training and development budget.
- To look after any other matters relating to Human Resource Management.

Shariah Board

- To review and approve all the procedure manuals, product programs/structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures so that they are in conformity with the rules and principles of Shariah.
- To take up and discuss with management all the significant and unresolved issues raised by Shariah compliance, internal Shariah audit, external Shariah audit and SBP's inspection report on Shariah Compliance and if necessary shall include all the significant outstanding issues in their annual Shariah Board Report.
- To issue annual Shariah Board report which will be placed before FBL BOD & will be published in FBL's annual report. The report will be based on the findings and reports of internal Shariah audit, external Shariah audit, Shariah compliance review and SBP Shariah Inspection. Furthermore, it shall also cover FBL IBD's Shariah compliance environment and conditions.
- To review the periodical report submitted by Head SCD on the Shariah compliance environment of FBL-IBD.
- To review the reports of Internal Shariah Audit, External Shariah Audit, Shariah Compliance Review and SBP Shariah Compliance Inspection, which shall be submitted to SB for consideration and prescribing appropriate enforcement action.
- To review and approve the Islamic Banking training plans.
- SB may discuss all the significant and unresolved issues with SBP inspection team during their on-site inspection.
- To review internal Shariah audit plan and to review & approve the scope, methodology, Internal Shariah audit manual and format of internal Shariah audit report.
- To undergo and attend training sessions and orientation programs related to the applicable legal and regulatory framework, banking, finance, treasury operations etc. to improve their understanding of such matters in the context of an Islamic Banking Institution (IBI).
- To ensure that engagements of the RSBM other than FBL shall not hinder his activities at the Bank.
- The SB shall not delegate any of its roles and responsibilities prescribed in the Shariah Governance framework to any other person or any of its members.
- To perform and finalize appraisal of SCD, including Head SCD.
- To refer any Shariah issue for seeking opinion from SBP Shariah Advisory Committee.
- Review responses to Shariah related queries of FBL-IBD's clients regarding FBL-IBD's products and services as submitted by SCD.
- To discuss the significant and unresolved issues with SBP inspection team during their on-site inspection.
- To assist and advise SCD in its review of the proposals to be submitted to the SB.
- RSBM of the bank shall not serve in any capacity whatsoever, at any other IBI.
- RSBM of the bank may serve as member of Shariah Board of upto two IFIs, with prior approval of SB.
- RSBM shall not hold any administrative and/or full-time position with any organization / institution other than the FBL.
- All meetings shall be chaired by the SB Chairman and in his absence one of the Shariah Scholar members, other than Resident Shariah Board Member, shall be elected as the acting Chairman to preside over the meeting.
- The minutes of the meeting shall be submitted to Islamic Banking Department of SBP for record, within 15 days of its approval/confirmation. Further, the minutes shall be made available to the BOD, SBP inspection teams, internal/external auditors on request, enabling them to appreciate and understand the rationale and background of the SB rulings, decisions and fatawa.
- The SB shall ensure that the minutes of the meeting are properly recorded, incorporating necessary details of all deliberations, decisions, rulings and fatawa issued alongwith rationale and difference of opinion or dissenting note, if any.

Board Meetings and Attendance

Attendance of Board of Directors Meetings during the year 2023

Attended by / Meeting Date	23-02-23	28-04-23	11-05-23	17-07-23	24-08-23	27-09-23	26-10-23	07-12-23
Mian Muhammad Younis	✓	✓	✓	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓	✓	✓
Imtiaz Ahmad Pervez	✓	✓	✓	✓	✓	✓	✓	✓
Ali Munir	✓	✓	✓	✓	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed Al Qasimi	✓	✓	✓	✓	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓	✓	✓	✓	✓
Fatima Asad Khan	✓	✓	✓	✓	✓	✓	✓	✓
Mohsin Tariq	✓	✓	✓	✓	✓	✓	✓	✓
Sadia Khan	—	—	—	(Elected in EOGM on May 11, 2023)	✓	✓	✓	✓
Farooq Rahmatullah Khan	✓	✓	✓	—	—	—	—	—

Board Audit & Corporate Governance Committee Meetings during the year 2023

Attended by / Meeting Date	22-02-23	27-04-23	23-08-23	25-09-23	24-10-23	06-12-23
Ali Munir	✓	✓	✓	✓	✓	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓
Mohsin Tariq	—	—	(Appointed on July 17, 2023)	✓	✓	✓
Mian Muhammad Younis	✓	✓	—	—	—	—

Attendance of Board Risk Management Committee Meetings during the year 2023

Attended by / Meeting Date	21-02-23	26-04-23	26-09-23	25-10-23
Imtiaz Ahmad Pervez	✓	✓	✓	✓
Abdulelah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓
Ali Munir	—	—	(Appointed on July 17, 2023)	✓
Yousaf Hussain	✓	✓	✓	✓
Mian Muhammad Younis	✓	✓	—	—

Attendance of Shariah Board Meetings during the year 2023

Attended by / Meeting Date	07-02-23	08-06-23	28-09-23	15-12-23
Mufti Muhammad Mohib-ul-Haq Siddiqui	✓	✓	✓	✓
Dr. Mufti Khalil Ahmad Aazami	✓	✓	✓	✓
Mufti Muhammad Ashja Khan	✓	✓	✓	✓
Mufti Abdul Basit	✓	✓	✓	✓
Mufti Muhammad Abdullah	✓	✓	✓	✓

Attendance of Recruitment, Nomination and Remuneration Committee Meetings during the year 2023

Attended by / Meeting Date	22-02-23	29-03-23	27-04-23	10-05-23	26-09-23	25-10-23	06-12-23
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓	✓	✓	✓
Fatima Asad Khan	✓	✓	✓	✓	✓	✓	✓
Mohsin Tariq	—	—	—	—	(Appointed on July 17, 2023)	✓	✓
Sadia Khan	—	—	—	—	(Appointed on July 17, 2023)	✓	✓
Mian Muhammad Younis	✓	✓	✓	✓	—	—	—
Ali Munir	✓	✓	✓	✓	—	—	—

Attendance of Board Strategy Committee Meetings during the year 2023

Attended by / Meeting Date	21-02-23	26-04-23	25-09-23	24-10-23
Mian Muhammad Younis	—	—	(Appointed on July 17, 2023)	✓
Ahmed Abdulrahim Mohamed Abdulla Bucheery	✓	✓	✓	✓
Juma Hasan Ali Abul	✓	✓	✓	✓
Fatima Asad Khan	✓	✓	✓	✓
Imtiaz Ahmad Pervez	—	—	(Appointed on July 17, 2023)	✓
Yousaf Hussain	✓	✓	✓	✓
Mohsin Tariq	✓	✓	—	—
Farooq Rahmatullah Khan	✓	✓	—	—

Attendance of Board IT Committee Meetings during the year 2023

Attended by / Meeting Date	21-02-23	26-04-23	25-09-23	24-10-23	06-12-23
Sadia Khan	—	—	(Appointed on July 17, 2023)	✓	✓
Abdulelah Ebrahim Mohamed AlQasimi	✓	✓	✓	✓	✓
Abdulla Abdulaziz Ali Taleb	✓	✓	✓	✓	✓
Yousaf Hussain	✓	✓	✓	✓	✓
Ali Munir	✓	✓	—	—	—
Mohsin Tariq	✓	✓	—	—	—

Board Meetings held outside Pakistan

No meetings were held outside Pakistan during the year 2023.

Role of the Board of Directors

The Board of Directors (BOD) is responsible for the oversight of Management of the Faysal Bank Limited (of the Bank). It accomplishes this function acting directly and through the principal standing BOD Committees. It provides entrepreneurial leadership and direction for the Management within a framework of prudent and effective controls. It promotes collective vision of the Bank's purpose, its culture, its values and also demonstrates ethical leadership. The collective wisdom of the Board is translated into its decisions which form the basis for Management to achieve its targets. The primary role of the BOD of the Bank is to enhance shareholder value.

The Board is concerned with strategic matters and overseeing the business of the Bank in light of emerging risks and opportunities, on a regular basis and also involved in establishing and reviewing the strategies, yearly targets and financial objectives of the Bank. All the strategic decisions of the Bank have been taken by the Board.

Significant Issues/Matters discussed/approved by the Board of Directors:

- Annual Budget for the year 2024.
- Bank's Policies including periodic reviews and amendments thereto.
- Implementation status of the Bank's Strategic Plan.
- Budget for FY 2023 and its implementation status.
- Periodical review of Terms of Reference ("TORs") of Board's Sub-Committees.
- Un- Consolidated and Consolidated Financial Statements of the Bank on Quarterly, Half-yearly and Annual basis together with Directors' and Auditors' Reports along with Statement of Compliance of the Code of Corporate Governance.
- Related Party Transactions of the Bank.
- Amendment in Articles of Association as directed by the State Bank of Pakistan in accordance with the Islamic Banking License of Faysal Bank Limited
- Management Letter issued by the External Auditors of the Bank and its compliance status.
- Performance evaluation of the Board's Sub-Committees.
- Matters as recommended by Board's Sub- Committees.
- Appointment of External Auditors of the Bank for the year 2023.
- Various SBP Inspection Reports along with Action Plan thereon.
- Performance Evaluation of the Board & its Sub- Committees.
- Matters pertaining to Faysal Asset Management Limited, subsidiary of the Bank.
- Various strategic equity investments by the Bank.
- Quarterly and Annual Reports on Fraud & Forgery Cases.
- Consumer Lending Business.
- Write-offs/Waivers approved at Different Authority Levels and recoveries thereto.
- Status and implications of all material law suits filed by and against the Bank.
- Annual Branch Expansion Plan of the Bank; and
- Updates on significant Laws, Rules and Regulations.
- Implementation status of the significant regulations issued by the State Bank of Pakistan or the Securities & Exchange Commission of Pakistan.

Role of the President & CEO

In the dynamic eco-system of Islamic Banking, the President and CEO of Faysal Bank serves as a visionary architect and leader, charting a course towards the growth, sustainability, and unparalleled excellence of the Bank as the Best Islamic Bank in the industry. The President and CEO's position demands an individual of exceptional caliber, equipped with a profound level of understanding of the financial eco-system, unwavering dedication to the ethos and principles of Islamic Banking and corporate governance, and the adeptness to lead the organization through the challenges and opportunities of a tough competitive environment, rapidly changing technological eco-system, and stringent, multifaceted regulatory frameworks.

- The President and CEO lead as the linchpin of the organization. The position converts the strategic blueprints of the Board of Directors into actionable and impactful agendas and leads the establishment of strategic, business, operational, and regulatory compliance objectives of the organization, in order to ensure the growth and sustainability of the Bank's profitability, market share, regulatory standing, and unique identity in the market as the Best Islamic Bank.
- The President and CEO embodies the fundamental and strong level of trust between the Bank and its stakeholders, which include the Bank's sponsors, its customers, and a diverse range of stakeholders. The position must lead by example, ensuring that the Bank's business and operational mandates establish high benchmarks for excellence in a customer-centric business.
- Fundamental to the President and CEOs mandate is the nurturing and inculcation of a corporate ethos based upon the divine guidance of the Shariah, and reflected through the implementation of policies, procedures, and Islamic values across the organization, thereby cultivating a culture of transparency and accountability that creates a unique Islamic identity of the Bank in the market. This oversight extends to all spheres of interaction, encompassing the Bank's rapport with its Board, shareholders, employees, clientele, stakeholders, and regulatory entities. The President and CEO is a staunch advocate for a culture that focuses on ethical conduct, diversity, equity, and inclusion, ensuring that these principles are integral components of the organisation's fabric.
- The President and CEO must also lead the development and achievement of the executive team's performance objectives, establishing rigorous performance metrics, conducting periodic evaluations to evaluate performance across the board, and providing leadership and guidance, to drive performance excellence, and ensure alignment of Group specific objectives with the overarching strategy of the Bank.
- In safeguarding the Bank against multiple risks emanating from a rapidly changing environment, the President and CEO meticulously lead the curation of strategies that mitigate financial, business, operational, technological, and reputational vulnerabilities and establish the risk appetite of the Bank. The position is also instrumental in crafting and executing crisis management protocols that adeptly navigate unforeseen adversities that affect the performance and market image of the Bank.
- The President and CEO is also at the forefront of increasing a culture of innovation across the organization, through driving emphasis on continuous innovation and optimization initiatives that enable organizational agility, transactional convenience, internal process optimization, and enable the delivery of an exceptional customer experience, thereby ensuring that the Bank remains equipped to deal with the challenges of a rapidly changing technological eco-system, and challenging customer expectations.
- The President and CEO also has a pivotal role in sustaining the regulatory strength of the Bank, by driving the criticality of regulatory compliance across the organization and engaging with multiple stakeholders and regulatory authorities in order to accentuate the regulatory soundness of the Bank. This entails spearheading initiatives that provide assessments related to the Bank's level of Shariah compliance, risk mechanisms, internal audit, and regulatory compliance. This facet of the position takes on added prominence in light of the Islamic regulatory framework, which has a profound impact on the identity, operations, and sustainability of the organization.
- The President and CEO also leads as the public relations and social responsibility ambassador of the Bank. The position leads the development and execution of a wide range of initiatives that proliferate and strengthen the corporate and Islamic identity of the Bank in the market, whilst ensuring that the Bank contributes to the development of the nation and its people.

The President and CEO of Faysal Bank stands as a central figure in propelling the organization towards a future marked by adherence to the fundamental principles and values of Shariah, sustainable growth, business and operational excellence, and stringent regulatory adherence. The position requires a forward-thinking luminary, poised to tackle emerging challenges, whilst steadfastly upholding the Bank's legacy of excellence and integrity.

Annual Evaluation of the Board of Directors

In line with the best practices of the corporate governance FBL's Board since 2012 has conducted self-evaluation exercise on an annual basis by engaging Pakistan Institute of Corporate Governance (PICG) as an external facilitator which is the lead on Corporate Governance and has a team of consultants to conduct Board evaluations for companies and banks.

SBP Guidelines on Performance Evaluation of Board of Directors were implemented in August 2016 and accordingly, the FBL's Board in compliance thereof has conducted its self-evaluation to comply the same.

The evaluation covered various aspects of the performance of the Board including but not limited to: Board's role, Committees' performance, Training, Strategy, Risk Management, and Board Meetings. The evaluation covered:

- The Board as a whole
- Individual Director (Independent, Non-Executive and CEO)
- Board Committees

The evaluation was carried out using quantitative method based on subjective assessment, and was conducted via questionnaires developed by the consultants in conformance with the State Bank of Pakistan's Guidelines on Performance Evaluation of Board of Directors. The quantitative technique has the advantage of being specific and measurable. Measurement scale used in FBL's board evaluation is the summated rating on a scale of 1-10 depending on how strongly they agree or disagree with a given statement. The use of this method ensures specific and measurable data that can be benchmarked over time.

Directors' Orientation

As and when new Director is elected or appointed on the Board, the Company Secretariat provides an orientation pack consisting on below mention documents:

1. Minutes of Board of Directors Meeting during the one year
2. Minutes of Board Committees during the one year
3. Minutes of Annual General Meeting during the last three years
4. Memorandum and Articles of Association of the FBL
5. Terms of Reference of Board Committees
6. Code of Conduct of FBL
7. Banking Companies Ordinance, 1962
8. Prudential Regulations
9. Companies Act, 2017
10. Code of Corporate Governance 2019
11. Corporate Governance Regulatory Framework 2021
12. Rule Book of Pakistan Stock Exchange
13. Any other relevant document if required

If desired by the incoming Director, we also arrange meetings with the Group Heads.

At the start of every three years Board of Director terms, we conduct the Directors Orientation Workshop through Pakistan Institute of Corporate Governance (PICG).

The Bank arranged Directors Orientation Workshop for newly elected Board Members through PICG on October 26, 2023.

Directors' Training

As at December 31, 2023 the Bank is compliant in respect of the Directors' Training Requirement as laid down in the Code of Corporate Governance.

Out of Eleven (11) Directors, the following Ten (10) Directors are certified and have completed mandatory Directors Training Program:

1. Mian Muhammad Younis
2. Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
3. Mr. Yousaf Hussain – President & CEO
4. Mr. Ali Munir
5. Mr. Juma Hasan Ali Abul
6. Mr. Abdulelah Ebrahim Mohamed AlQasimi
7. Mr. Abdulla Abdulaziz Ali Taleb
8. Ms. Fatima Asad Khan
9. Mr. Mohsin Tariq
10. Ms. Sadia Khan

Mr. Imtiaz Ahmed Pervez has attended the Directors' Training, however his final test is pending.

Additionally, the Bank also arranged the following Training for the Board of Directors during the year 2023:

- Compliance Structure for the Board of Directors by Pakistan Institute of Corporate Governance on April 28, 2023
- Directors' Orientation Workshop by Pakistan Institute of Corporate Governance on September 27, 2023
- Islamic Financial contracts by Chairman Shariah Board of Faysal Bank Limited on October 26, 2023

Oversight over Internal Controls & Systems

The Internal Audit (IA) in Faysal Bank limited (FBL) is an independent, objective assurance and consulting services activity designed to add value and improve the Bank's internal control environment. It helps the bank to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

Remuneration Policy Disclosures

PURPOSE AND SCOPE

The Bank has developed a fair, objective, transparent and sound Remuneration Policy that is aligned with risks and responsibilities of Financial Intermediation.

The scope of Remuneration Policy covers all employees across the Bank who are materially responsible for risk taking or risk controlling activities.

OBJECTIVES

Following are the main objectives of Remuneration Policy:

- To promote and be consistent with sound and effective risk management and not encourage risk-taking that exceeds the risk thresholds of the Bank.
- To ensure that the remuneration practice is in line with the Bank's objectives, taking into consideration all major risks that the Bank may face, and promotes and supports long-term sustainable performance.
- To align remuneration with risk appetite and with the conduct expectations of the Bank, regulators and stakeholders; and
- To not only attract, retain and motivate highly qualified employees, but also reward those who promote corporate values with incentives correlated to the long-term value generation.

GOVERNANCE FRAMEWORK

The Bank's Governance Framework with respect to the aforementioned guidelines, aims at guaranteeing an appropriate control on remuneration practices, ensuring that decisions are taken with sufficient independence and in an informed way, by such authorities and functions, to which different responsibilities are delegated.

The Board of Directors (BOD) reviews, approves and monitors implementation of the Bank-wide remuneration policy, based on the recommendations of Recruitment, Nomination and Remuneration Committee (RNRC). In addition, the BOD through RNRC, shall review remuneration structure including composition of fixed and variable remuneration of President & CEO, Chief Operating Officer (COO) and Senior Management (excluding Head Internal Audit). Whereas BOD through Board Audit & Corporate Governance Committee (BACGC) reviews Head Internal Audit's remuneration structure including composition of fixed and variable remuneration.

The RNRC oversees the Bank's remuneration programme along with its other approved Terms of Reference. One of its key responsibilities is to approve the list of employees identified as MRTs and MRCs, in accordance with the specified criteria.

The President & CEO provides support to HR in the development and implementation of Remuneration Policy amidst review and recommends compensation structures of the Senior Management Team and approve structures for other MRTs/MRCs. The President & CEO also reviews and recommends to RNRC, malus application for withholding deferred compensation of MRTs/MRCs (including Senior Management), in case of any event resulting in loss to the Bank that is directly attributable to the respective MRT/MRC.

The Business groups and support functions provide adequate support to HR in implementation of this policy.

HR bears primary responsibility for the development, dissemination, coordination and consistent application of the Remuneration Policy. Some of its key responsibilities include; Determination of compensation structures, deferrals percentages and periods for all MRTs and MRCs; and finalisation of the deferral pool mechanism through an established Fund and ensuring close coordination with the Trustees of Fund, for deferral compensation management.

MRT/MRC INCLUSION CRITERIA

The inclusion criteria have been developed in accordance with the guidelines and applicable best practices, and comprise of two sections, namely, the Qualitative and Quantitative MRT/MRC criteria.

Qualitative Inclusion Criteria

The following qualitative criteria has been applied for identification of MRTs and MRCs:

- President & CEO and COO;
- Members of the Senior Management;
- Members of critical Management Committees;
- Heads of critical functions responsible for managing business amid risks and controls; and
- CEO of Faysal Asset Management Limited (a subsidiary of FBL).

Quantitative Inclusion Criteria

The Bank has carried out detailed assessment of individuals subjecting the Bank to significant risks. The materiality of significant risks has been determined through the quantitative criteria for each major risk type i.e., i) Credit Risk; ii) Market Risk; iii) Operational Risk; iv) Liquidity Risk; and v) Financial Expenditure Approval Authority.

ANNUAL MRT/ MRC ASSESSMENTS

HR conducts risk assessments for identification of MRTs and MRCs as per the quantitative and qualitative criteria and present to the President & CEO for review and recommending to the BACGC/RNRC for onward submission to BOD for approval.

COMPENSATION STRUCTURE

The Bank offers a compensation structure with a balanced mix of fixed and variable elements, in order to encourage behaviors focused on the achievement of long-term sustainable results, as detailed below: -

Fixed Remuneration

Fixed remuneration comprises of base salary (including annual increment therein) and role-based fixed allowances, if applicable. Fixed remuneration shall not vary with performance and is payable, in accordance with HR Policies.

Variable Performance Based Remuneration

Variable remuneration takes into account Bank's performance, Group's performance, business unit/ product's performance and individual's performance. Underachievement of financial performance, taking excessive or undue risks, customer experience, audit/internal controls/compliance issues etc. are generally considered for determining risk-adjusted variable remuneration.

Other Benefits

Other benefits are awarded on the basis of individual employment contracts and local market practices. These may include staff financing, expense allowances/ reimbursements, life takaful, medical care and relocation allowances etc. These benefits shall not be subject to deferment requirements for MRTs and MRCs.

PERFORMANCE MEASUREMENT OF MRTs AND MRCs

Performance management is a core people management process at FBL which aligns individual performance objectives with the Bank's strategy and priorities, to achieve sustainable and successful performance. Significant points of Performance Management are given below:

Risk-adjusted Balanced Scorecards for Performance Evaluation of MRTs/ MRCs

FBL has developed risk-adjusted balanced scorecards for all MRTs and MRCs for their performance measurement, which ensures establishing a correlation between and alignment of risks and rewards. These risk-adjusted balanced scorecards are prepared at individual levels, incorporating various financial, non-financial/ qualitative and risk-adjusting factors.

The performance measurement through risk-adjusted balanced scorecards is also subject to application of an overriding/adjusting factor by the relevant scoring authorities/ assessors to account for any circumstances not in control of the individual MRT/MRC whose performance is being assessed.

Further, the assessor may also consider reducing, or zero rising the variable compensation of the individual MRT/MRC, in case the individual does not achieve reasonable minimum/hurdle score in any of the critical factor, category or on an overall basis. In addition to reducing or zero rising variable compensation, disciplinary action may also be initiated in case of significant adverse performance against any risk adjusting factor.

DEFERRAL MECHANISM

A certain portion of variable compensation of the MRTs and MRCs is subject to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance.

Deferral Period & Percentages

The deferred amount is withheld for a defined period whereas remaining portion of the variable compensation is paid upfront to the MRT/MRC. The deferred remuneration vests proportionately over the deferral period following the year of variable remuneration award. The deferred portion of the variable remuneration along with the profit accrued shall be paid to the MRT/ MRC on vesting, proportionally through yearly installments, during the deferred period in case no malus triggers are applicable. In case of malus and where accountability has been determined, the entire or certain portion of the deferred remuneration is withheld and not paid to the MRT/MRC on it becoming due

Settlement of Deferred Remuneration

As mentioned above, the amount withheld shall be paid proportionately during the deferral period, even if that individual is no more an employee of the Bank. The Bank continues to make payment of the deferred amount proportionately for the remaining deferral period, regardless of whether the employee has resigned, or has been retired or terminated, except in case of malus. However, the entire deferred remuneration shall be paid immediately in the event of death.

Shariah Board Members' Remuneration

The services of Shariah Board members have been acquired on fixed period contract basis. They are provided a fixed remuneration comprising of monthly honorarium and allowances/other benefits along with award of Bonus based on their performance, as per their respective contracts. The Other Benefits may include expense allowances/reimbursements, medical care, life takaful, etc.

Policy for Security Clearance of Foreign Directors

Foreign Directors elected on the Board of Bank requires security clearance from Ministry of Interior through SECP. All legal formalities and requirements have been met in this regard.

Governance Practices Exceeding Legal Requirements

FBL respects the country's laws and ensures meticulous compliance of applicable laws, rules & regulations. We have successfully adapted our practices to reflect the changing standards of evolving governance regulations. We are committed to the highest standards of corporate governance. We meet corporate governance legal requirements in Pakistan, as well as the best practices recommended by PSX and SECP.

Following are some of the practices of the Bank which exceed the minimum legal requirement:

- The Board has constituted 5 board Sub- Committees vis-à-vis the requirement of having 4 board committees and has also from time to time formed board committee(s) for specific assignments along with specific targets in order to carryout different roles & responsibilities.
- The Bank has only one Executive Director (President & CEO) though permitted two executive directors by SBP and four (one third of the Board as executive directors) under Listed Companies (Code of Corporate Governance) Regulations – 2019.
- The Board receives and accordingly, reviews the detailed performance report of each Board Committee on a periodic basis.
- The Board receives and considers a detailed report on every meeting of the Board Committees from the Chairmen of the Board Committees.
- The Bank has a comprehensive Code of Conduct along with mechanism for implementing and monitoring the same and has taken necessary steps to disseminate it throughout the Bank along with its supporting policies and procedures.
- The Board has given specific mandate with requisite authorities and powers to the Board Audit & Corporate Governance Committee to monitor and oversee the corporate governance practices, procedures, ethical standards and controls along with legal and regulatory compliances in the Bank.

Conflict of Interest

The Bank has adopted robust policies and procedures with respect to identifying, reporting and managing conflicts of interests, and the situations that may lead to it. The directors hold fiduciary duties of care and loyalty to the Bank and to protect the shareholders. One of the key duties includes not placing oneself in a position where the directors' personal interest may possibly conflict with their duty to the company.

Conflict of interest may arise in several situations, and in order to identify, report and manage any possible conflict the Board has adopted several measures which include:

- A policy and procedural framework.
- Board Members and Executive Management disclose their interests, including their interests in other entities, on a periodic basis.
- Board Members at the start of every meeting confirm to the Chairman whether or not they have any conflict with respect to any agenda item to be discussed in the Board Meeting.
- A Board Member in a conflict of interest situation exits the Boardroom when such a matter is being deliberated upon and refrains from deliberating and discussing on the said issue.
- Any other measure which may be appropriate in light of legal and regulatory guidelines.

Director's Interest in Significant Contracts and Arrangements

None of the Directors have any [direct/personal] interest in significant contracts and arrangements of the Bank. However, every director of the Bank who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, either ongoing or forthcoming, discloses the details of her or his involvement during a Board meeting, adhering to regulatory guidelines. A director with such an interest refrain from participating or voting during the deliberations of the Board meeting related to that particular contract or arrangement.

Related Party Transactions

The Board of Directors has approved Policy for Related Party Transactions. The Bank's policy is to conduct all the related party transactions on an arm's length basis in the normal course of business. If a transaction is not conducted on arm's length basis, then specific approvals or ratifications are required by the Board on recommendation of the Board Audit & Corporate Governance Committee (BACGC) of the Bank in order to avoid any potential conflict of interest.

The policy specifies that all transactions entered into with related parties shall require Board's approval on the recommendation of the BACGC of the Bank, which is chaired by an independent director of the Bank except for those held with employees as per their terms of employment or a policy of the Bank.

Every director (including their relatives) of the Bank who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank shall provide information about the nature of his concern or interest in the form specified and shall cause it to be disclosed at the meeting of the board held immediately after the date of the notice. No director of the Bank shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank, if he/ she is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his/ her presence count for the purpose of forming a quorum at the time of any such discussion or vote.

During the year, the Bank has entered into transactions and contracts with the related parties i.e. subsidiary company, associates, post-employment benefit plans for the Bank's employees, Key Management Personnel (KMPs), close family members of KMPs and other related entities. Those transactions include financing to , and deposits from the related parties, , acceptances and off balance sheet transactions and provision of other banking and financial services that are carried out in the ordinary course of business on an arm's length basis at commercial rates, except for the transactions that KMPs have availed under HR policy of the Bank. 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.

During the year, no contract or arrangement has been entered into with related parties other than in the ordinary course of business on an arm's length basis.

The Bank has made detailed disclosures about related party transactions in its financial statements annexed with this annual report.

Policy for Safety Records of the Bank

Record management is a methodological approach to controlling the maintenance and disposition of an organization's records. Record management ensures that valuable records evidencing an organization's activities that have legal, financial, administrative, or historical value are protected and accessible, while expired records are systematically destroyed. Thus, for this purpose, Faysal Bank has signed an agreement with a service provider to put in place comprehensive processes, controls, and guidelines as per ISO-15489 standard for handling, protection, retention, retrieval and disposition of recorded business information generated daily, which are of ongoing importance to FBL's overall service capability and regulatory compliance. In addition, we take the safety and security of our customers' records very seriously. We have implemented a number of policies and procedures to ensure that all bank records are kept confidential and secure at all times. These measures include the use of secure servers and databases, frequent password updates, and strict access controls for employees. In addition, we have trained all of our staff on the proper handling and protection of sensitive information. We are committed to ensuring the safety of our customers' bank records and taking all necessary steps to protect their privacy

Whistle Blowing Policy

FBL is committed to maintain a culture of the highest ethics, integrity, transparency and competence in its business & customer handling and ensures compliance with its Code of Conduct & Code of Ethics. FBL provides open and safe workplace environment for employees & third parties and encourages Staff and any other person who has a genuine concern about any wrongdoing or misconducts to raise through dedicated whistle blow channels, thereby maintaining public trust and confidence in the integrity and professionalism of the services provided by the Bank.

REPORTABLE MATTERS

FBL does not want to condone and become party to the inappropriate conduct, unethical behavior, fraudulent activities. If an employee, customer or any third party forms a reasonable suspicion; that any of the criminal and unethical conducts have taken place / is taking place / intend to carry out any wrongdoing in the future, then they should immediately speak up.

During the year, 06 cases were reported through Whistle Blow channels.

WHISTLE BLOW CHANNELS

FBL provides, employees & third parties with access to specific, independent, confidential and secure means to Speak Up.

- **Email:** whistleblowdesk@faysalbank.com
- **Whistle Blow Hot Line:** 021-38733000
- **Intranet:** [mhttp://fblintranet.faysalbank.com/sites/Bankopedia/Manual Center/Whistle Blowing Policy](http://fblintranet.faysalbank.com/sites/Bankopedia/Manual Center/Whistle Blowing Policy)
- **Internet:** <https://www.faysalbank.com/en/whistle-blowing/>
- **Postal address:** "Whistle Blow Desk Faysal House, Business Compliance, Compliance Function, 2nd Floor, ST02 Shahrah-e-Faisal Karachi, Pakistan"

All Speaking Up disclosures are recorded, reviewed and independently investigated by concerned Functions. It may also be noted that Abuse of Channel based on false statements and facts are not entertained.

PROTECTION FOR WHISTLE BLOWERS

Faysal Bank will take all reasonable steps to protect whistleblowers from any retaliation, victimization, harassment or penalization that might arise because of whistle blowing and sharing substantial evidences. Speaking Up disclosures, including the identity of the whistle blower and the subject of the Speaking Up disclosure, will be kept confidential.

REPORTING TO EC & BACGC

The Ethics Committee (EC) and Board Audit & Corporate Governance Committee (BACGC) have an oversight on issues related to unethical conduct and whistleblowing complaints. For EC & BACGC consumption, whistle blow complaints along with update on investigations/resolution is quarterly reported.

Business Continuity Management

Faysal Bank believes there is no greater value than the one to place our stakeholders on priority who make our business successful. This includes all our employees and associates, customers, vendors and shareholders. It is the policy of Faysal Bank to maintain a BCM program and Business Continuity plans to ensure the prompt and efficient recovery of critical operations of its product and services from any incident or physical disaster which the organization may face, from time to time. To ensure that the program fully meets the current and changing needs of Faysal Bank, all Business Continuity plans are regularly reviewed, updated and tested, and results are presented to Board of Directors.

Enterprise Resource Planning

How it is designed to manage and integrate the functions of core business processes/modules like finance, HR, supply chain and inventory management in a single system

An ERP system consists of software components, or modules, each of which focuses on a distinct business process. ERP is distinguished from standalone applications by its central database that records information from the business transactions and other actions carried out in the modules, and by integration that allows the modules to communicate with each other and with the common database. In Faysal Bank we are using ERP for procure to pay cycle, fixed assets recording and corporate financial reporting.

Management support in the effective implementation and continuous updation

Faysal Bank management continuously reviews process flows for effective implementation and updates are incorporated as and when required.

Details about user training of ERP software

Training employees to use ERP system effectively, is critical to the success of any implementation or upgrade project. During upgrade phase FBL has conducted user training session to ensure the efficient and effective use of the ERP system by the employees. Training gives users the opportunity to understand their work's relation to other functional areas.

How the company manages risks or control risk factors on ERP projects

The impact of risks on project outcome are determined with the involvement of the representatives of both project team as well as the ERP implementation partner. They devised mitigating strategies for each risk through brainstorming, which are conducted by the project manager. The project manager has overall responsibility for managing all risks and discussing closing actions, due dates, priorities and risk impacts to ensure that risks are being actively managed. High probability and high impact risks are escalated to be analyzed and resolved.

How the company assesses system security, access to sensitive data and segregation of duties

Segregation of Duties are achieved by restricting user access to conflicting activities within the application. It is essential to rely on a reliable information system and to ensure security of the data. In FBL user management and roles assignment are managed by an independent team. Any activity with respect to user management is duly approved by concerned authority. In FBL Oracle E Business Suite is operated on private network to prevent access of financial data from outside.

External Search Consultancy for Directors' Selection

Non-Executive Directors are elected during the Directors' election at the Annual General Meeting. The most recent election occurred in 2023. Subsequently, the elected Non-Executive Directors have the authority to appoint the Chairman from among themselves. No external search consultancy was required for the Chairman's appointment.

IT Governance and Cybersecurity



اَسْئَلُكَ عَدْلًا لِي

اور کسی قوم کی دشمنی تمہیں اس بات پر آملا نہ کرے کہ تم ناانصافی کرو۔
انصاف سے کام لو، یہی طریقہ تقویٰ سے قریب تر ہے۔
(سورۃ المائدہ آیت نمبر ۸ - جزو آیت)

IT Governance Policy

Information technology has become essential for dynamic organizations, particularly financial institutions like Faysal Bank. The banking sector heavily relies on Information Technology not only to enhance efficiency and increase profits but also to maintain a competitive edge. Given the critical role of IT in operations and business, it commands a significant allocation in the budget for which proper governance is crucial to maximize the benefits of this essential enabler.

Faysal Bank has established an IT Governance framework in compliance with regulatory requirements. This framework encompasses directives from regulators, Management IT, and the Board IT Committee, aiming to enhance overall governance within Technology. Beyond risk assessment and monitoring, IT Governance bridges the gap between Business strategy and IT strategy, aligning technological initiatives with the bank's interests. The structured framework aids executive management and staff in setting expectations, communication, and establishing accountability. It is designed to create efficient mechanisms, adhere to internationally accepted best practices, improve overall IT performance, and ensure better control and security.

The Information Technology function at Faysal Bank, led by the Chief Information Officer (CIO), plays a pivotal role in the development and delivery of world-class technology services. The CIO is directly responsible for various key aspects, including ensuring the proper setup of the IT function, overseeing the Data Centre's readiness, integrating IT Strategy with the Bank's Strategy, and encouraging technical innovation. Additionally, the CIO sets the overall direction for the IT Group, introducing and implementing innovative technology solutions.

The Information Technology function at Faysal Bank is supported by committed teams of professionals working across units and verticals. These teams provide innovative and efficient solutions to achieve strategic objectives and goals under the guidance of the Board IT Committee (BITC) and management IT Steering Committee (ITSC).

The governing bodies, BITC and ITSC, review, evaluate, and prioritize major technology investment plans and strategies. They ensure effective oversight of the Information Security function, aligning it with the risk appetite. Key objectives include providing a forum for discussion on technological needs, reviewing and

prioritizing major technology projects, establishing an efficient IT organization structure, reviewing cloud-based outsourcing arrangements, integrating technology risks with enterprise risk management, maintaining an independent technology audit function, and addressing resource gaps.

Furthermore, the IT Governance, Risk, and Compliance (GRC) function at Faysal Bank has undertaken substantial initiatives to enhance the robustness of the Information Technology (IT) landscape. One of the notable advancements is the streamlined change management process, which ensures a more seamless and controlled implementation of alterations within the IT infrastructure. This streamlining not only accelerates the pace of change but also minimizes potential disruptions, fostering a more agile and responsive IT environment.

In addition to the refined change management process, the introduction of the e-Audit Tool stands out as a pivotal development. This tool serves as a comprehensive solution for auditing processes within the IT framework, facilitating thorough inspections, compliance checks, and risk assessments. The e-Audit Tool not only automates these critical tasks but also provides real-time insights, enabling proactive identification and mitigation of potential risks. This contributes significantly to the bank's adherence to regulatory standards and enhances the overall risk management posture.

Moreover, the IT GRC function has extended its focus to Software Quality Assurance (QA) by further automating the testing processes. This automation not only accelerates the software development life cycle but also ensures a higher level of accuracy and consistency in QA activities. By leveraging automated testing tools and methodologies, Faysal Bank's IT function can deliver high-quality software products with reduced turnaround times, ultimately enhancing the efficiency of IT operations.

These collective enhancements play a pivotal role in aligning the Information Technology function with Faysal Bank's strategic goals. By embracing streamlined change management, employing sophisticated e-Audit tools, and automating Software QA, the IT GRC function contributes to the overall effectiveness of IT operations. The bank is better positioned to adapt swiftly to technological changes, maintain regulatory compliance, and deliver innovative solutions, thereby reinforcing its commitment to excellence in the dynamic landscape of financial technology.

Cybersecurity

Evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches

The Board remains focused on instigating a culture of cyber resilience as the Bank progress towards the new platforms. This resilience culture is in strict compliance to the pertinent legal & regulatory instructions, as well as leading practices related to cybersecurity risk management. The Board assumes the responsibility of oversight and governance of the cybersecurity risk and ensures that the cybersecurity objectives are met without any major incidents in the Bank.

IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place

The Bank is focused on protecting its most critical assets & remains vigilant to evolving cyber threats. The Bank has established a comprehensive information security program, comprising of information security policy, detailed standards & procedures, and an all-inclusive cybersecurity framework. These policies, standards, and frameworks are kept up to date with evolving technology and digital advancements.

Role of cybersecurity in the board's risk oversight function

The Board has the oversight on cybersecurity matters, whereby key risk items and issues are presented to the Board on periodic basis. Concerns and measures relating to evolving threats is also responded to the Board.

Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.

The Board has mandated the cybersecurity oversight responsibilities to the following Board Sub Committees:

Board Information Technology Committee (BITC):

- To advise and report to the Board on the status of technology activities and digital initiatives in the Bank. To review and monitor the implementation and compliance of SBP 'Enterprise Technology Governance and Risk Management Framework'.
- To ensure that effective Risk Management strategies are designed and implemented to achieve resilience, including the ability to effectively respond to wide-scale disruptions, cyber-attacks, and attacks on critical infrastructure.

Board Risk Management Committee (BRMC):

- To review the adequacy and effectiveness of the risk management process across the Bank.
- To establish and maintain a risk management framework to identify risks and to evaluate the alignment and effectiveness of risk management activities.

Bank's controls and procedures about an "early warning system" that enables the Bank to identify, assess, address,

make timely disclosures and timely communications to the board about cybersecurity risks and incidents.

The Bank has acquired renowned third-party services that provide insights on the activities happening on Surface, Dark, and Deep Web concerning the Bank. Multiple Threat Intelligence (TI) feeds have also been subscribed by the Bank, which assist the cybersecurity function in developing and recommending appropriate controls against risks on the horizon. Using the information from these early warning systems, the Board is apprised of any imminent threat as well as the countermeasures adopted by the Bank.

Policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.

In compliance with regulatory instructions and leading practices, the Bank has a program for comprehensive security assessments of technology environment and third parties, to ensure the maintenance of cyber resilience and desired risk posture. The assessments are undertaken frequently all around the year to ensure that any changes to the technology environment does not pose a challenge to cybersecurity risk of the Bank.

Resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about Bank's cyber insurance.

The Bank has drawn and implemented a comprehensive resilience mechanism that addresses the continuity of service provision to our customers. At the same time, the Bank undertakes frequent drills of a cyber-attack scenario that keep the pertinent staff alert for a real situation.

Advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.

Digital transformation is critical in today's business landscape to not only improve operational efficiency but also more so to create processes which aid in better serving the customers. In line with this spirit, amongst other initiatives, Faysal Islami Bank has catered to this through the introduction of AI-based Chatbots. The aim is to create an inclusive solution which is based on machine-learning with the ability to respond back in the natural flow of language, providing quick and accurate answers. By implementing AI-based chatbots, Faysal Bank's customer service will be further improved while reducing the workload on their support teams.

Faysal Islami Bank's Local Digital Account (LDA) is tailored to address the needs of the new age digital customers, who prefer to operate from the comfort of their own environment. FBL's LDA ensures that all security standards are met, through the integrated digital verification methods. Currently this is achieved through, real-time biometric verification and the liveness check as well. Both these digital verification methods allow the process to be safe, secure and customer friendly. This empowers the idea of self-serve and contactless banking.

Another solution that Faysal Islami Bank is implementing is digital solutions for small and medium-sized enterprises (SMEs). Once fully-implemented this will assist in digitizing the manual-intensive process of catering to the requests of SME customers, especially in the case of lending application evaluations. The concept is to go beyond the traditional territories and create seamless experiences across all touch-points.

Traffic migration is another important aspect of the digital transformation agenda for Faysal Islami Bank. This refers to the process of routing customer traffic from the traditional and slow channels, onto the digital platform. Initiatives like Digital Kiosk, where cash can be deposited in the Bank, 24/7, without any human-interaction cuts down customers' time and effort of standing in long queues.

In addition to the above FBL is working on expanding the Contactless Payments foot-print, by making it easier for its customers to make retail everyday payments. Currently this high priority project is in motion, whereby the payments will be able to be made just by tapping the phone on the POS terminal, hence eliminating even the need to carry your wallet. The concept behind all digital initiatives for FBL, is to makes life easier for the customers by making payments for seamless and frictionless.

Education and training efforts of the Bank to mitigate cybersecurity risks.

We continue to develop our internal talent pool and recruit external talent where required to support these critical capabilities. All cybersecurity and IT staff are required to attain training on new technology as well as participate in conferences & seminars to be aware of new trends.



Faysal Bank gets Global Recognition Best Emerging Islamic Bank Global Finance Islamic Awards (GIFA)

Faysal Bank Limited (FBL) has been recognised as the "Best Emerging Islamic Bank 2023" at the 13th Global Islamic Finance Awards (GIFA). The award was conferred upon the Bank by the President of the Republic of Senegal, Mr. Macky Sall at a ceremony held recently in Dakar.

This global award is in recognition of Faysal Bank's recently concluded landmark journey of transformation from a conventional bank to an Islamic bank coupled with sustained high business growth & strong financial performance. This journey is being recognised as world's largest transformation to an Islamic Bank.

Faysal Bank's CEO - Mr. Yousaf Hussain has also been conferred upon "Islamic Banker of the Year" Award by GIFA, on account of his strong leadership during this historic Islamic transformation and continued success of Faysal Bank.

On this occasion, Mian M. Younis - Chairman of the Board of Faysal Bank, attributed Bank's success to Allah's blessings, Board's sound strategic vision, management's delivery excellence and stakeholder support including that by our customers, State Bank and Shariah Scholars. He said that Faysal Bank, being a role model due to its successful transformation, had adopted a leadership role for propagation of Islamic Banking in Pakistan.

Yousaf Hussain said that the historic Islamic transformation journey & growth was based on strong faith in Allah & belief in Islamic Banking being the best way forward for personal & business financial solutions for all our valued customers. Bank's widest customer centric Islamic product range including digital enablement & quality service has made Faysal Bank the first choice Islamic Bank for customers.

Faysal Bank, with its 700 plus growing network of Islamic branches carries highest possible local Shariah rating by the International Islamic Rating Agency.

بڑھو - یقین کے ساتھ

faysalbank

Faysal Islamic Life Plus Savings Account

A Golden Opportunity
for Your Golden Years.



Sustainability and Corporate Social Responsibility



اَسْئَلُكَ اِيْمَانًا

ہاں اگر تم ایک دوسرے پر بھروسہ کرو تو جس پر بھروسہ کیا گیا ہے وہ
اپنی امانت ٹھیک ٹھیک ادا کرے اور اللہ سے ڈرے جو اس کا پروردگار ہے۔

(سورۃ البقرۃ آیت نمبر ۲۸۳ جزو آیت)

Corporate Social Responsibility

The well-being of the community lies at the core of Islamic Financial Instruments (IFI), making Corporate Social Responsibility (CSR) of significant importance for Faysal Bank (FBL) due to the alignment of its principles with Islamic values and ethics. CSR is central to our mission of creating a positive societal and environmental influence. Our CSR objectives and policies, formulated following ISO 26000, directly correspond to seven of the UN Sustainable Development Goals.

The Bank has made substantial progress in its approach to giving back to society; hence, the CSR footprint has been increasing each year. We have strengthened our programs and initiatives in the realms of education and healthcare and have rolled out specific projects aimed at achieving substantial financial inclusion.

Our recognition by the Pakistan Center for Philanthropy, for the monitoring and disbursement of funds related to its CSR practices and initiatives, has been truly rewarding.

We are delighted to share some significant highlights of our CSR initiatives the year 2023.



WAQF FAISAL

The Waqf Faisal Trust was created with one of our core values - Care.

Its establishment serves the objective of supporting non-profit organizations across various sectors, such as hospitals, educational institutions, vocational training centers, community development, and social service organizations. Waqf Faisal aims to provide aid to the underprivileged, needy, and financially disadvantaged individuals within society.

Faysal Bank donated a total of PKR 120.85 Million in 2023 through Waqf Faisal to amongst the needy.



Advancing the cause of education through CSR endeavors, has been prioritized. The Bank has initiated scholarship programs to extend financial support for disadvantaged students in various categories.

In 2023, the Bank spent a substantial portion of its CSR budget i.e. 18% to the cause of quality education, aligning with its commitment in contributing for a society that will uphold the Islamic principle of "Learning is mandatory for all Muslims."

To ensure accessibility of quality of education for the under privileged and to foster a more conducive learning environment for all students, we partnered with various educational institutions. Financial aid, Provided by Faysal Bank supported infrastructure improvements, and educational resources.



Lahore University of Management Sciences (LUMS)-National Outreach Program (NOP)

LUMS - NOP provides financial access for sponsorships for students who qualify on merit but are challenged for resources. Through FBL's commitment in helping members of disadvantaged communities. Many deserving students at LUMS are benefiting through this initiative.

Rahnuma Public School

Over 500 students receive tuition-free education at Rahnuma Public School, the Bank's continued resolve to empower the underprivileged. RPS's objective is to foster and provide superior with education to deserving students, to empower them for success and to help them emerge as promising individuals, and future leaders of Pakistan.



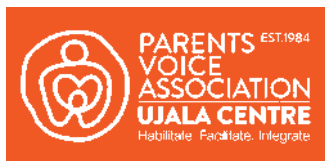
Forman Christian College-A Chartered University-FCCU

FCCU offers quality education to students and contributes to their academic, economic, and social development. The Bank provides scholarships to the needy students and proudly partners with the institution to produce, empowered, informed and responsible learners.



National Business Education Accreditation Council (NBEAC)

The NBEAC offers programmatic accreditation for business schools that offer undergraduate and graduate degrees in Business Administration, Management Sciences, Public Administration, and Commerce. In its commitment to advancing business education, the Bank aligns itself with the NBEAC to elevate the quality of business education in Pakistan.



Ujala Centre-School for Children with Special Abilities and Vocational Training Centre

The value of 'Care' -a strong pillar of our Bank's ethos - is again well illustrated in our partnership with Ujala – a school for differently abled children. More than 70 children with Down-Syndrome, Autism and other intellectual and developmental disabilities, are enrolled at Ujala. Where they are provided with professional care with academic coaching.



Sundar STEM School

Our association with Sundar STEM stands as another notable achievement. We take pride in contributing to the development of Sundar STEM students into accomplished scientists, engineers, researchers, and scholars in STEM-related fields. Through rigorous assessments in mathematics and IQ, the school adopts a need-blind admissions policy for high school students, providing intensive training to prepare them for admission to prestigious universities.



The Bank recognizes the significance of health as a priority and emphasizes the importance of ensuring accessible and high-quality healthcare for the welfare of the community. This commitment involves providing finances for the acquisition of medical equipment, medications, and the enhancement of healthcare infrastructure. Consequently, it fortifies the capacity of healthcare institutions to deliver exceptional care to all patients universally. The Bank's concentration is on supporting local healthcare facilities, hospitals, and clinics, aligning with its dedication to fostering a society guided by the welfare principles of Islamic values. This noble work has accounted for 33% of the CSR budget during this Year.



Indus Hospital & Health Network (IHHN)

Indus Hospital & Health Network (IHHN) provides quality healthcare absolutely free of cost to millions of deserving patients through its countrywide network of hospitals in Pakistan. The Bank is proud to be a donation partner for IHHN in catering to millions of deserving patients. IHHN is a not-for-profit healthcare system that solely relies on public donations. The Bank also participates in organizing and voluntary blood donation drives in collaboration with IHHN.



National Institute of Child Health (NICH)

NICH is the first children's hospital in Pakistan and presently the largest healthcare facility in the province of Sindh. The Bank is working with NICH to enable it to continue as a Centre of Excellence in Childcare. Our financial aid specifically contributes to improving High Dependency Unit (HDU) that serves critical patients.



The Health Foundation (THF)

The goal of THF is to make "A Hepatitis Free Pakistan." As a part of its CSR initiatives, our goal is to contribute towards eradicating Hepatitis from underserved communities across Pakistan. Our aim is to provide free-of-cost Hepatitis treatment to deserving patients.



Pink Ribbon

Pink Ribbon not only treats needy patients of breast cancer, but also carries out awareness campaigns to help patients with early detection. We are working closely with Pink Ribbon in the treatment and awareness campaigns to enable the breast cancer patients with early diagnostics, care and the required treatment.



People's Primary Healthcare Initiative-Baluchistan (PPHI-B)

PPHI-B is working in thirty four districts of Baluchistan to deliver primary health care services. In continuity of our prioritizing health, we have contributed to PPHI-B's setting up of a Telehealth Center in Baluchistan.



The Layton Rahmatulla Benevolent Trust (LRBT)

A leading non-profit organization in Pakistan, dedicated to being the best charity eye hospital, providing hope and care for those in need. LRBT in providing free eye care treatment to thousands of patients in Karachi and Pakistan. The Bank contributes significantly to easing the suffering caused by blindness and other eye ailments for needy and deserving patients.

Health Care Hospital

To improve the diagnostics and radiology services, we have made a significant contribution towards the acquisition of a new MRI machine at the hospital.



Pakistan Society for Rehabilitation

Their primary mission is to provide preventive, remedial, and rehabilitative treatment for differently abled persons. In solidarity with our Health for all approach, we are providing our share for enablement for free health care to the institute.



Zaman Foundation

The Bank contributed to Zaman Foundation's initiatives, which were focused on healthcare, provision of clean, safe, and disease-free drinking water for the residents of under-developed areas in this regards the Bank supported for Water Filtration Plant.



Lahore Hospital Welfare Society (LHWS)

Lahore Hospital Welfare Society (LHWS), a charitable organization manages the Shams Shab-ud-Din Convalescent Home. LHWS, provide quality healthcare services for poor women, men and children. Their aim is to make their stay comfortable during their short- or long-term convalescence from prolonged illness. LHWS offers residential facilities to patients who are undergoing long term treatment such as radiotherapy, chemotherapy, physiotherapy etc. Most of the patients come from neighboring villages & cities and some from far flung areas, besides the organization also provides patients with free wholesome freshly cooked food, diagnostic tests, medicines and safe and secure environment where they can convalesce in peace. After reviewing the noble work, FBL supported this initiative to motivate generosity in the society.



Faysal Bank has played a pivotal role in advancing social welfare through its CSR initiatives. The Bank has forged partnerships with esteemed non-governmental organizations (NGOs) devoted to various social welfare causes.

Poverty alleviation can only happen if members of society are provided a conducive environment, training, and skills, this will help them earn a decent living and contribute positively to the community. Therefore around 32% of the CSR budget has been spent on initiatives pertaining to the Social Upliftment. Health, Diversity and Social Inclusion are at the heart of Faysal Bank's corporate social responsibility mission. As a responsible and conscientious institution, we ensure continued alliances for helping the underprivileged sustain and excel.



Special Olympics Pakistan

The Bank sponsored the 8th SOP Unified Marathon, 2023 in Karachi yet again in association with Special Olympics Pakistan. Our focus was to ensure equal participation of individuals with special needs to empower an inclusive community. The Bank works with a long-term vision for athletes. Young athletes require qualified coaching and consistent grooming for future National Athletics Competition. The end objective is, of course, to prepare them for participation in the Special Olympics World Games.



Karachi Relief Trust (KRT)

KRT has continuously reached out to the needy with relief efforts and is now moving to the next phase of rehabilitation and poverty alleviation of villages. The Bank offered partnered with KRT in building homes for the flood affectees.

Refurbishment of Mosques

A Mosque is a symbol, of communal prowess and strength. The Bank actively engaged in the refurbishment of the mosque at Sialkot International Airport and Lahore University of Management Sciences.

The objective was to create a space that encourages community engagement, learning, and social activities, fostering a sense of belonging and unity among worshippers and the local community.



SOS Children's Village

Our collaboration with SOS Children's Village represents a significant step in adopting a contemporary approach to child welfare. Catering to children without parental care, we take pride in being instrumental in enabling the organization to provide a nurturing environment for these orphans.

Naya Nazimabad Bankers Cup

Naya Nazimabad Bankers Cup 2023 was a significant step for the upliftment of sports. It is a well-known name in the domestic cricket of Pakistan which focuses on giving a platform to young cricketers of Pakistan. The Bank was happy to empower the organizers for a competitive series of games.



Pakistan Hindu Council (PHC)

Upholding the element of white in our national flag and strong Islamic principles of respect for the minorities, we ensure continued contributions for empowerment, to different religious communities in Pakistan. In collaboration with the Pakistan Hindu Council, the Bank organized a job fair which helped in creating job opportunities for young graduates of the community.



Pakistan Institute of Corporate Governance (PICG)

We extended full cooperation to PICG to prioritize Environmental, Social, and Governance (ESG) impacts. The collaboration aimed to address climate change and promote sustainable practices for a better future. The Bank is committed to ESG compliance and plans to develop a comprehensive ecosystem for capacity building and advocacy.

Behbud Association

The Bank takes pride in its contribution to the Behbud Association, for the design and construction of houses to provide secure accommodation for skilled women. This initiative aims to enable these women to maintain a central role in their communities. Aligned with its Islamic values, the Bank places a strong emphasis on poverty alleviation and the empowerment of underprivileged and marginalized communities. This commitment is manifested through interventions in areas such as education, health, vocational training, income generation, and disaster relief.



Hunar Ghar Welfare Organization

To further enhance women empowerment, the Bank has made interventions in education, vocational training, and income generation, with Hunar Ghar Welfare Organization.



The significance of staff welfare extends beyond mere business concerns. In adherence to Islamic principles, the Bank emphasizes the well-being of its staff and dedicated a substantial CSR budget for employees welfare.

Staff welfare is not just a matter of policy, it reflects the values and principles embedded in Islamic teachings that guide the vision and mission of Faysal Bank as an Islamic financial institution. We uphold ethical standards, fulfill social responsibilities, and foster an environment conducive to both individual and organizational growth of the Faysal family.

Waqf Faisal is committed to facilitating all employees associated with us, in accessing financial enablement for themselves and their families in challenging circumstances such as medical treatments and other pressing expenditure. As a tradition we provide ration bags and arrange Sehr and Iftar meals during Ramadan for guards and other office TPC staff. Aligned with this goal, the Bank allocated a specific budget in 2023, to offer financial assistance to its staff in diverse situations.

Because YOU
are our Priority

Enjoy Free
Hospitalization Coverage

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Prioritize Your Health

- Exclusive Hospitalization Takaful benefit for Faysal Priority customers
- Annual Coverage upto PKR 1,500,000
- To avail this offer, please call 021 111 117 171 or visit www.faysalbank.com for details

Terms & Conditions Apply.



Digital Banking Impact

Go Green Agenda

We are reducing the printing of physical account statements through subscription of electronic statements so that customers can get their account statement on their registered email address.

Traffic Migration

One of our initiatives is to migrate the traffic from branch counters to Digital Channels.

Donations Collections

Our digital channels are enabled with the functionality to collect donations for charity organizations maintaining accounts with Faysal Bank.

Facilitation to CSR Organization

Bank is maintaining a corporate relationship with Indus Hospital and in order to collect donation in the form of currency notes, we are in process of Cash Deposit Machine deployment within Indus Hospital premises.

Subscriptions to Digital Services

We are directly taking consents through Account Opening Forms for the subscription of electronic statement, WhatsApp Banking, SMS Alerts with a view to cater customer needs without increasing the operational cost at branch end.



Environmental Stewardship

FBL has developed an Environmental & Social Risk Management framework, with an objective to reduce vulnerability of the Bank from risks arising from environmental & social issues, fulfill its responsibilities for the protection of environment and play its role to improve resource efficiency & climate resilience in the economy.

This framework aids in identifying, assessing, mitigating and monitoring environmental & social risks arising from operations of the Bank. It also provides guidance on the evaluation and management of environmental, social and climate change risks emanating from the (financing) decisions taken by the Bank.

Under this framework, the Bank has developed and implemented a comprehensive 'Green Banking Policy', which includes:

- Environmental & Social Risk Management guidelines based on which financing facilities are extended to the customers
- Guidelines on adopting environment friendly policies and practices in the Bank
- Raising awareness among the customers about importance of ESG (Environmental, Social & Governance) matters

The Bank has also updated the Environmental & Social Risk Rating (ESRR) model used to rate Corporate, Commercial & ME customers and to gauge the environmental & social impact of overall financing operations.

Green Financing Products

By recognizing the potential for green finance products, FBL has been at the forefront in financing the renewable energy sector. Our aim is to uphold our corporate responsibility to society and safeguard the environment. Our product offerings are in line with SBP's refinancing scheme for renewable energy. We believe that green finance products have a beneficial impact on the environment.

Environment Protection Measures

In order to transform the Bank into an environmentally conscious organization, we regularly plan awareness campaigns through training sessions and broadcasts. These initiatives are designed to promote energy efficiency among employees and foster a culture of environmental protection.

Energy Conservation

The Bank has implemented a life cycle replacement plan which includes replacement of traditional lighting, air conditioning systems and other electrical equipment with LED lights, inverter ACs and energy efficient appliances. This initiative aims to decrease maintenance expenses and improve energy efficiency.

Performance & Position



اَسْئَلُكَ صِدْقَ اقْبَابِكَ

اے ایمان والو! اللہ پر ایمان رکھو، اور اس کے رسول پر اور اس کتاب پر جو اللہ نے اپنے رسول پر اتاری ہے اور ہر اس کتاب پر جو اس نے پہلے اتاری تھی۔

(سورۃ النساء، آیت نمبر ۱۳۶ جزو آیت)

Highlights 2023 at a Glance



Financial Ratios

		2023	2022	2021	2020	2019	2018
Asset quality & Liquidity ratios							
Gross financing to deposits ratio	%	59.00	60.59	64.71	62.84	72.92	78.23
Net financing to deposits ratio	%	57.03	58.12	61.53	58.85	67.62	72.41
Current / Quick ratio	Times	0.51	0.44	0.53	0.68	0.76	0.82
Cash to current liabilities	%	6.92	5.99	7.77	9.81	10.94	7.91
Cashflow Coverage Ratio	%	90.87	94.15	72.93	173.73	9.03	43.97
CASA to total deposits	%	75.02	80.02	75.42	71.75	70.70	68.47
Gross Non-Performing assets to gross financing	%	3.84	4.58	5.62	7.72	9.11	8.33
Non-performing financing to total financing	%	3.97	4.78	5.91	8.24	9.82	9.00
Coverage ratio (specific provision to non-performing loans)	%	83.14	85.52	83.50	78.74	77.20	86.69
Earning assets to total assets ratio	%	85.42	86.89	86.68	84.24	81.55	85.62
Weighted average cost of deposit	%	10.3	6.5	3.6	5.3	6.83	3.82
Liquidity coverage ratio	Times	1.53	1.79	2.14	2.11	1.42	1.45
Net stable funding ratio	%	173.79	169.67	171.75	169.28	135.60	130.67
Share information							
Price earning ratio	%	1.86	3.49	4.28	4.03	4.77	7.22
Earnings per share (EPS)	Rs.	13.21	7.40	5.37	4.29	3.98	3.19
Price to book ratio	%	49.75	65.96	59.40	51.34	64.78	90.89
Market value per share	Rs.	32.58	25.83	23.00	17.28	19.00	23.00
High - during the year	Rs.	34.59	31.94	29.74	22.95	26.26	30.00
Low - during the year	Rs.	19.81	19.95	15.25	11.21	15.15	20.77
Book value per share (excl. surplus on revaluation of assets)	Rs.	49.45	39.16	38.72	33.66	29.33	25.30
Book value per share (Inc. surplus on revaluation of assets)	Rs.	59.43	46.18	43.37	39.60	36.41	28.66
Capital structure ratios							
Capital adequacy ratio	%	17.46	15.47	17.53	18.67	19.14	16.80
Tier 1 capital adequacy ratio	%	14.59	12.89	15.68	15.95	15.53	14.81
Leverage ratio	%	4.57	4.50	5.46	5.96	5.86	4.89
Net assets per share	Rs.	59.43	46.18	43.37	39.60	36.41	28.66
Debt to Equity Ratio		1.85	2.14	1.69	0.97	1.32	2.26
Total assets turnover ratio	%	6.07	4.56	3.95	4.62	4.50	3.81
Total assets to fixed assets turnover ratio	Times	34.02	30.67	33.02	29.53	26.05	51.66
DuPont analysis							
Net operating margin	%	24.11	22.95	23.74	19.87	21.30	21.16
Asset utilization	%	6.80	5.04	4.35	4.89	4.61	4.18
Leverage ratio / Equity multiplier	Times	18.18	16.45	14.38	14.02	14.83	15.20
Net assets maturity wise (based on expected withdrawal pattern) (Rupees in Million)							
Upto one month		(6,167)	(53,065)	19,003	(19,244)	34,478	13,364
Over one month to three months		(7,814)	(64,735)	(19,384)	90,164	49,393	72,161
Over three months to six months		452,716	352,874	21,191	12,636	9,434	13,875
Over six months to one year		(34,862)	32,085	14,893	19,777	10,450	17,776
Over one year to two years		(36,758)	(31,916)	52,336	3,236	9,811	16,038
Over two years to three years		(109,995)	(121,630)	866	12,090	7,916	4,512
Over three years to five years		(28,685)	(4,762)	132,775	20,982	(8,494)	(5,636)
Over five years to ten years		(163,337)	(64,556)	(69,800)	(19,673)	(11,405)	(55,121)
Over ten years		25,099	25,788	(86,057)	(59,861)	(46,319)	(33,470)
Total net assets		90,197	70,083	65,823	60,107	55,264	43,499

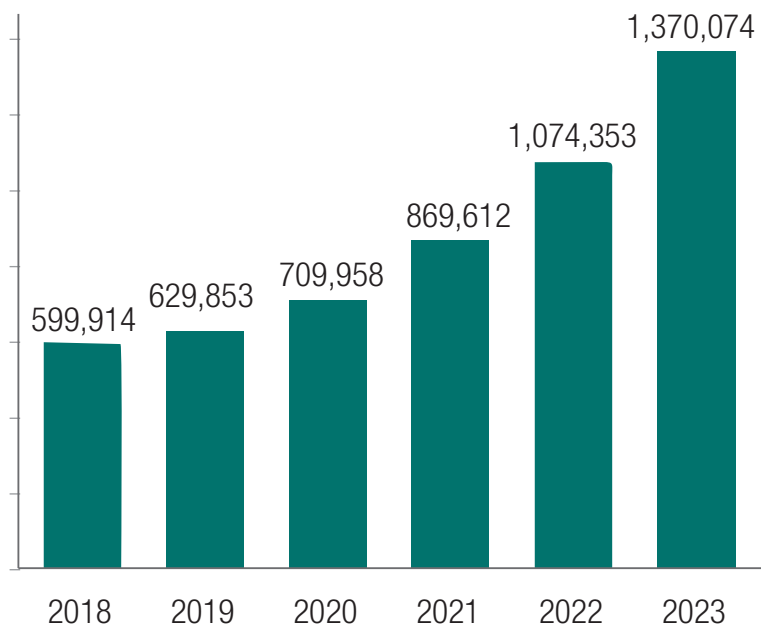
Six Year Financial Summary

		2023	2022	2021	2020	2019	2018
Operational Results		(Rupees in Million)					
Profit / return earned		189,448	104,521	53,869	55,922	58,398	35,200
Profit / return expensed		118,395	64,533	28,035	31,388	37,278	18,925
Fee, commission, brokerage, Forex and other income		13,668	9,947	7,735	6,156	7,403	6,363
Dividend and capital gain / (loss)		(1,579)	(987)	774	2,075	(155)	221
Total income		83,142	48,947	34,343	32,765	28,367	22,859
Provisions / (Write-offs)		914	(940)	48	2,254	843	(422)
Operating and other expenses		40,807	27,494	20,887	19,740	17,333	15,079
Operating profit before tax and provision		42,335	21,453	13,456	13,025	11,035	7,780
Profit before taxation		41,422	22,393	13,409	10,770	10,192	8,202
Profit after taxation		20,046	11,233	8,153	6,511	6,041	4,837
Cash dividend	%	40	70	15	-	-	-
Bonus shares	%	-	-	-	-	-	-
Statement of financial position		(Rupees in Million)					
Shareholders' equity		75,047	59,435	58,762	51,080	44,516	38,405
Revaluation reserves		15,151	10,649	7,062	9,027	10,748	5,094
Deposits		1,018,276	781,571	644,089	540,636	457,789	409,384
Due to financial institutions		166,887	150,134	111,190	58,447	72,747	98,352
Islamic financing and related assets - net		580,711	454,261	396,295	318,180	309,573	296,445
Investments - net		589,545	469,451	357,471	276,930	204,069	214,186
Total assets		1,370,074	1,074,353	869,612	709,958	629,853	599,914
Cashflows		(Rupees in Million)					
Operating activities		151,657	141,352	81,090	101,539	6,568	43,545
Investing activities		(118,212)	(130,709)	(79,769)	(101,347)	(13,124)	(38,151)
Financing activities		(6,978)	(12,878)	(2,958)	(1,832)	(1,806)	(3)
Cash and cash equivalents at end of the year		83,721	57,253	59,489	61,126	62,765	44,880
Other key information							
Imports - local	Rs. Mln	62,615	72,106	72,686	24,310	31,825	44,879
Imports - foreign	USD. Mln	1,330	1,461	1,718	1,343	1,129	1,323
Exports - local	Rs. Mln	22,674	59,348	35,893	35,538	53,347	68,431
Exports - foreign	USD. Mln	510	402	423	370	373	364
Number of employees		8,787	8,011	7,120	6,803	6,938	6,141
Number of branches		722	700	606	576	555	455
Profitability ratios							
Profit before tax ratio	%	21.86	21.42	24.89	19.26	17.45	23.30
Gross yield on earning assets	%	16.19	11.20	7.15	9.35	11.37	6.85
Gross spread ratio	%	37.51	38.26	47.96	43.87	36.17	46.24
Cost to income ratio	%	49.08	56.17	60.82	60.25	61.10	65.97
Return on average equity (ROE)	%	29.81	19.01	14.84	13.62	14.57	13.43
Return on capital employed (ROCE)	%	26.61	16.40	11.47	10.84	13.02	15.18
Return on share holder's fund (ROSF)	%	55.19	37.68	22.82	21.09	22.89	21.36
Return on average assets (ROA)	%	1.64	1.16	1.03	0.97	0.98	0.88
Net profit return to total revenue	%	85.46	81.70	75.22	74.88	74.45	71.20
Income to expense ratio	Times	2.04	1.78	1.64	1.66	1.64	1.52

Graphical Presentation of Six Year Financial Summary

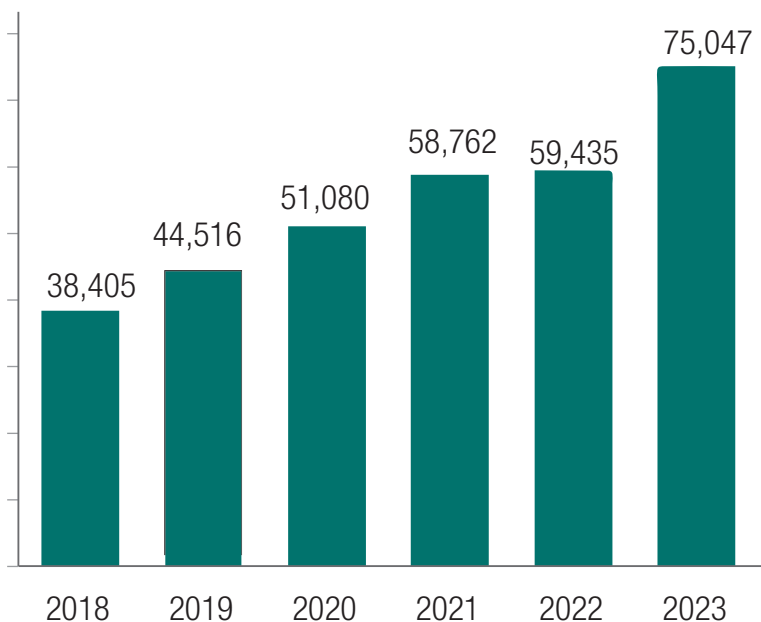
Total assets

Rupees in Million



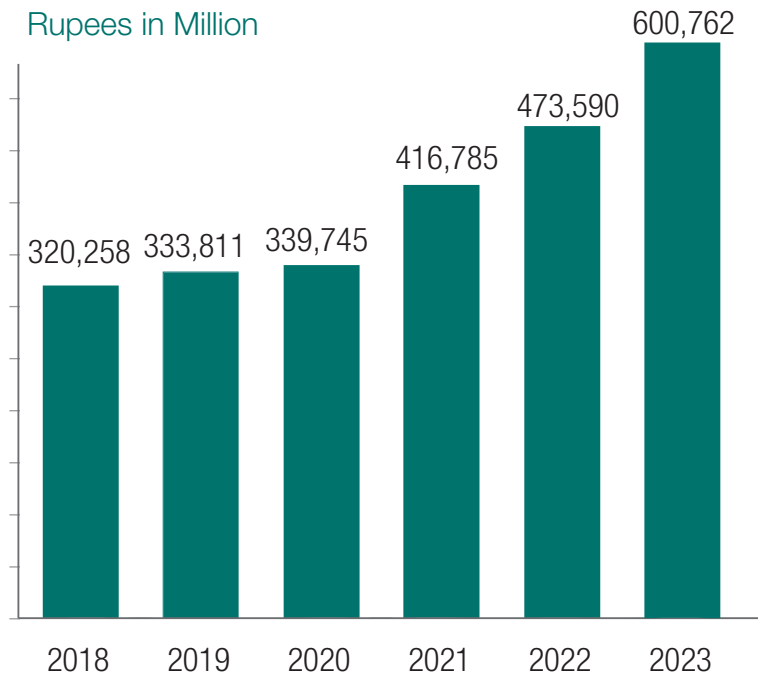
Shareholders' equity

Rupees in Million



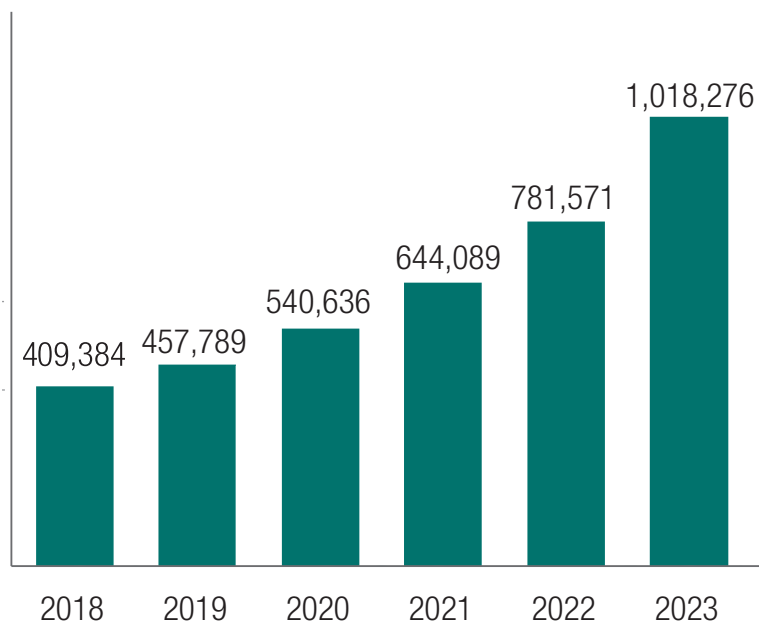
Gross Financing

Rupees in Million

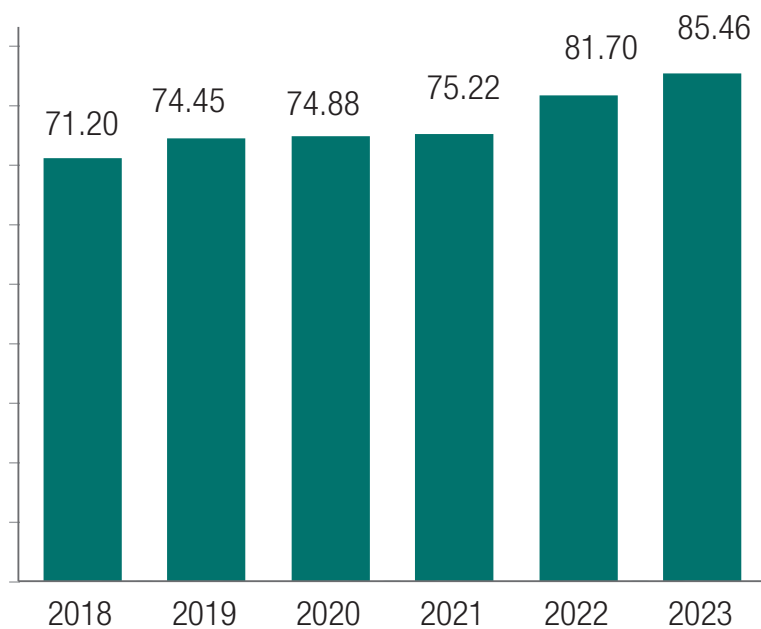


Deposits

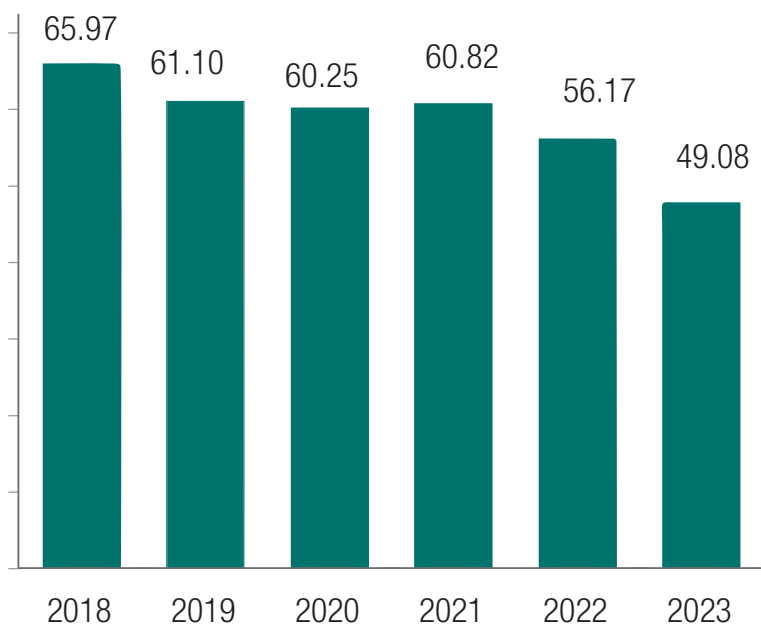
Rupees in Million



Net profit / return to total revenue %

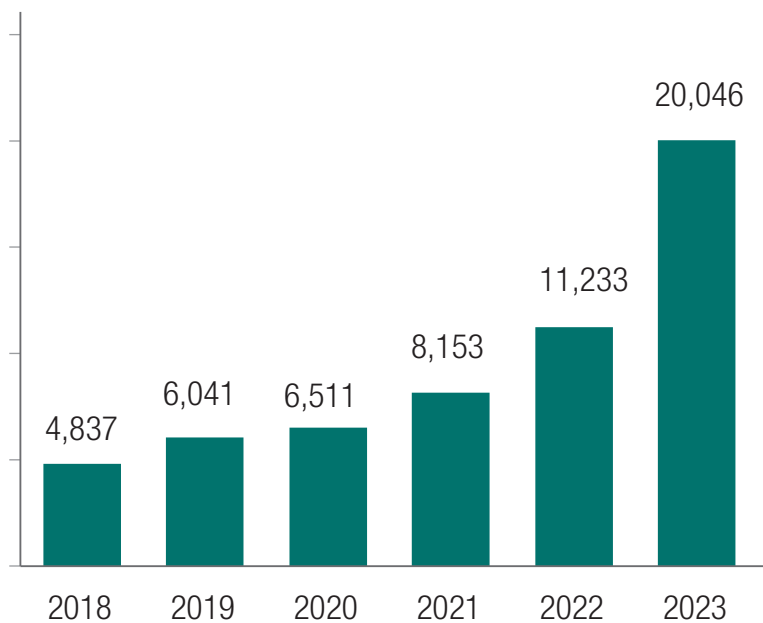


Cost to Income ratio %



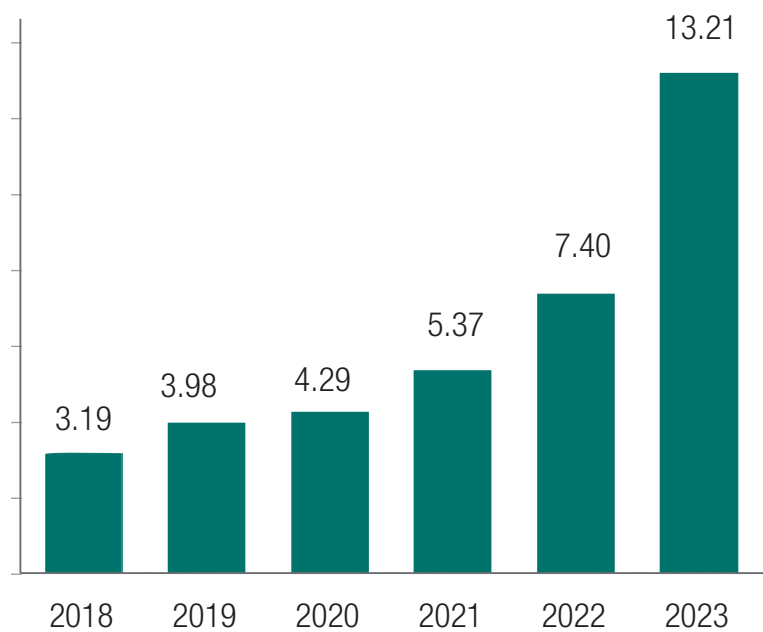
Profit after Tax

Rupees in Million



Earnings per share

In Rupees



Horizontal Analysis

Statement of Financial Position

	2023	2023 vs	2022	2022 vs	2021	2021 vs	2020	2020 vs	2019	2019 vs	2018	2018 vs
	2022		2021		2020		2019		2018		2017	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
ASSETS												
Cash and balances with treasury banks	84,037	50%	56,131	-4%	58,517	-2%	59,881	-1%	60,368	40%	43,174	14%
Balances with other banks	1,812	-35%	2,785	-21%	3,517	22%	2,879	2%	2,836	53%	1,848	-1%
Due from financial institutions	-	-100%	9,815	-	-	-100%	2,985	100%	-	-100%	2,997	-67%
Investments	589,545	26%	469,451	31%	357,471	29%	276,930	36%	204,069	-5%	214,186	19%
Islamic financing and related assets - net	580,711	28%	454,261	15%	396,295	25%	318,180	3%	309,573	4%	296,445	28%
Fixed assets	40,268	15%	35,034	33%	26,338	10%	24,039	-1%	24,183	108%	11,612	1%
Intangible assets	2,332	17%	1,985	14%	1,743	13%	1,541	4%	1,488	12%	1,332	-11%
Deferred tax assets	-	-	-	-	-	-	-	-	-	-100%	183	-89%
Other assets	71,369	59%	44,891	74%	25,731	9%	23,524	-14%	27,336	-3%	28,138	38%
	1,370,074	28%	1,074,353	24%	869,612	22%	709,959	13%	629,853	5%	599,915	21%
LIABILITIES												
Bills payable	16,550	-22%	21,310	51%	14,123	4%	13,543	62%	8,356	-65%	23,544	169%
Due to financial institutions	166,887	11%	150,134	35%	111,190	90%	58,447	-20%	72,747	-26%	98,352	80%
Deposits and other accounts	1,018,276	30%	781,571	21%	644,089	19%	540,636	18%	457,789	12%	409,384	10%
Sub-ordinated sukuk	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	4,907	607%	694	17%	592	-63%	1,592	-42%	2,764	100%	-	-
Other liabilities	73,255	45%	50,561	50%	33,794	-5%	35,634	8%	32,933	31%	25,136	23%
	1,279,875	27%	1,004,270	25%	803,788	24%	649,852	13%	574,589	3%	556,416	22%
	90,198	29%	70,083	6%	65,824	10%	60,107	9%	55,264	27%	43,499	11%
REPRESENTED BY												
Share capital	15,177	0%	15,177	0%	15,177	0%	15,177	0%	15,177	0%	15,177	15%
Reserves	15,616	34%	11,675	-7%	12,613	14%	11,033	12%	9,831	12%	8,779	11%
Surplus on revaluation of assets	15,151	42%	10,649	51%	7,062	-22%	9,027	-16%	10,748	111%	5,094	-9%
Unappropriated profit	44,254	36%	32,582	5%	30,972	25%	24,870	27%	19,508	35%	14,449	16%
	90,198	29%	70,083	6%	65,824	10%	60,107	9%	55,264	27%	43,499	11%

Horizontal Analysis

Profit and Loss Account

	2023	2023 vs	2022	2022 vs	2021	2021 vs	2020	2020 vs	2019	2019 vs	2018	2018 vs
	2022		2021		2020		2019		2018		2017	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Profit / return earned on Islamic financing and other related assets, investments and placements	189,448	81%	104,521	94%	53,869	-4%	55,922	-4%	58,398	66%	35,200	22%
Profit / return on deposits and other dues expensed	118,395	83%	64,533	130%	28,035	-11%	31,388	-16%	37,278	97%	18,925	28%
Net profit / return	71,053	78%	39,988	55%	25,834	5%	24,534	16%	21,120	30%	16,275	17%
OTHER INCOME												
Fee and commission income	8,518	29%	6,628	30%	5,094	32%	3,861	-6%	4,113	6%	3,871	25%
Dividend income	334	-42%	572	23%	464	23%	378	-11%	424	149%	170	6%
Foreign exchange income	4,758	67%	2,848	20%	2,379	14%	2,093	-26%	2,833	44%	1,971	42%
Income from derivatives	86	-55%	192	-868%	(25)	-152%	48	-73%	176	48%	119	-302%
Loss / Gain on securities	(1,913)	23%	(1,560)	-603%	310	-82%	1,697	-393%	(579)	1235%	51	-94%
Other income	307	10%	279	-3%	287	86%	154	-45%	282	-30%	402	55%
	12,090	35%	8,959	5%	8,509	3%	8,231	14%	7,249	10%	6,584	17%
Total income	83,143	70%	48,947	43%	34,343	5%	32,765	15%	28,369	24%	22,859	17%
OTHER EXPENSES												
Operating expenses	39,801	47%	26,996	31%	20,605	6%	19,401	14%	17,068	15%	14,816	18%
Workers Welfare Fund	887	92%	461	68%	274	22%	225	-3%	233	35%	173	12%
Other charges	119	222%	37	429%	7	-94%	114	245%	33	-63%	90	650%
Total other expenses	40,807	48%	27,494	32%	20,886	6%	19,740	14%	17,334	15%	15,079	18%
Profit before provisions	42,336	97%	21,453	59%	13,457	3%	13,025	18%	11,035	42%	7,780	14%
Provisions / reversal and write-offs - net	914	-197%	(940)	-2058%	48	-98%	2,254	167%	843	-300%	(422)	-14%
Extra ordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	41,422	85%	22,393	67%	13,409	24%	10,771	6%	10,192	24%	8,202	12%
Taxation	21,376	92%	11,160	112%	5,256	23%	4,260	3%	4,151	23%	3,365	22%
PROFIT AFTER TAXATION	20,046	78%	11,233	38%	8,153	25%	6,511	8%	6,041	25%	4,837	7%
Basic / diluted earnings per share	13.21	78%	7.40	38%	5.37	25%	4.29	8%	3.98	25%	3.19	7%

Vertical Analysis

Statement of Financial Position

	2023		2022		2021		2020		2019		2018	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
ASSETS												
Cash and balances with treasury banks	84,037	6.13%	56,131	5.2%	58,517	6.7%	59,881	8.4%	60,368	9.6%	43,174	7.2%
Balances with other banks	1,812	0.13%	2,785	0.3%	3,517	0.4%	2,879	0.4%	2,836	0.5%	1,848	0.3%
Due from financial institutions	-	-	9,815	0.9%	-	-	2,985	0.4%	-	-	2,997	0.5%
Investments	589,545	43.03%	469,451	43.7%	357,471	41.1%	276,930	39.0%	204,069	32.4%	214,186	35.7%
Islamic financing and related assets - net	580,711	42.39%	454,261	42.3%	396,295	45.6%	318,180	44.8%	309,573	49.2%	296,445	49.4%
Fixed assets	40,268	2.94%	35,034	3.3%	26,338	3.0%	24,039	3.4%	24,183	3.8%	11,612	1.9%
Intangible assets	2,332	0.17%	1,985	0.2%	1,743	0.2%	1,541	0.2%	1,488	0.2%	1,332	0.2%
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	183	0.03%
Other assets	71,369	5.21%	44,891	4.2%	25,731	3.0%	23,524	3.3%	27,336	4.3%	28,138	4.7%
	1,370,074	100.0%	1,074,353	100.0%	869,612	100.0%	709,959	100.0%	629,853	100.0%	599,915	100.0%
LIABILITIES												
Bills payable	16,550	1.2%	21,310	2.0%	14,123	1.6%	13,543	1.9%	8,356	1.3%	23,544	3.9%
Due to financial institutions	166,887	12.2%	150,134	14.0%	111,190	12.8%	58,447	8.2%	72,747	11.5%	98,352	16.4%
Deposits and other accounts	1,018,276	74.3%	781,571	72.7%	644,089	74.1%	540,636	76.2%	457,789	72.7%	409,384	68.2%
Sub-ordinated sukuk	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	4,907	0.4%	694	0.1%	592	0.1%	1,592	0.2%	2,764	0.4%	-	-
Other liabilities	73,256	5.3%	50,561	4.7%	33,794	3.9%	35,634	5.0%	32,933	5.2%	25,136	4.2%
	1,279,876	93.4%	1,004,270	93.5%	803,788	92.4%	649,852	91.5%	574,589	91.2%	556,416	92.7%
	90,198	6.6%	70,083	5.9%	65,824	7.6%	60,107	8.5%	55,264	8.8%	43,499	7.3%
REPRESENTED BY												
Share capital	15,177	1.1%	15,177	1.4%	15,177	1.7%	15,177	2.1%	15,177	2.4%	15,177	2.5%
Reserves	15,616	1.1%	11,675	1.1%	12,613	1.5%	11,033	1.6%	9,831	1.6%	8,779	1.5%
Surplus on revaluation of assets	15,151	1.1%	10,649	1.0%	7,062	0.8%	9,027	1.3%	10,748	1.7%	5,094	0.8%
Unappropriated profit	44,254	3.2%	32,582	3.0%	30,972	3.6%	24,870	3.5%	19,508	3.1%	14,449	2.4%
	90,198	6.6%	70,083	6.5%	65,824	7.6%	60,107	8.5%	55,264	8.8%	43,499	7.3%

Vertical Analysis

Profit and Loss Account

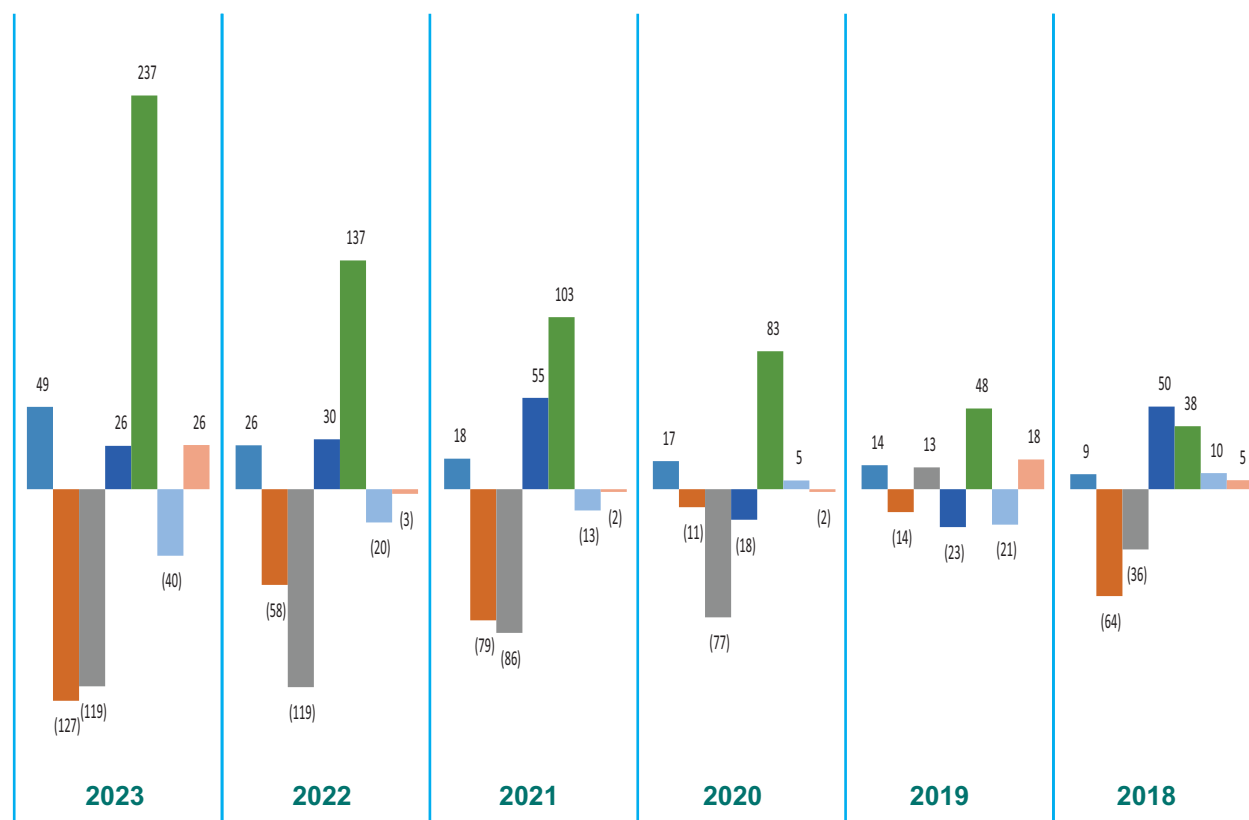
	2023		2022		2021		2020		2019		2018	
	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%	Rs. Mln	%
Profit / return earned on Islamic financing and other related assets, investments and placements	189,448	100.0%	104,521	100.0%	53,869	100.0%	55,922	100.0%	58,398	100.0%	35,200	100.0%
Profit / return on deposits and other dues expensed	118,395	62.5%	64,533	61.7%	28,035	52.0%	31,388	56.1%	37,278	63.8%	18,925	53.8%
Net profit / return	71,053	37.5%	39,988	38.3%	25,834	48.0%	24,534	43.9%	21,120	36.2%	16,275	46.2%
OTHER INCOME												
Fee and commission income	8,518	4.5%	6,628	6.3%	5,094	9.5%	3,861	6.9%	4,113	7.0%	3,871	11.0%
Dividend income	334	0.2%	572	0.5%	464	0.9%	378	0.7%	424	0.7%	170	0.5%
Foreign exchange income	4,758	2.5%	2,848	2.7%	2,379	4.4%	2,093	3.7%	2,833	4.9%	1,971	5.6%
Income from derivatives	86	-	192	0.2%	(25)	-	48	0.1%	176	0.3%	119	0.3%
(Loss) / Gain on securities	(1,913)	-1.0%	(1,560)	-1.5%	310	0.6%	1,697	3.0%	(579)	-1.0%	51	0.1%
Other income	307	0.2%	279	0.3%	287	0.5%	154	0.3%	282	0.5%	402	1.1%
	12,090	6.4%	8,959	8.6%	8,509	15.8%	8,231	14.7%	7,249	12.4%	6,584	18.7%
Total income	83,143	43.9%	48,947	46.8%	34,343	63.8%	32,765	58.6%	28,369	48.6%	22,859	64.9%
OTHER EXPENSES												
Operating expenses	39,801	21.0%	26,996	25.8%	20,605	38.3%	19,401	34.7%	17,068	29.2%	14,816	42.1%
Workers Welfare Fund	887	0.5%	461	0.4%	274	0.5%	225	0.4%	233	0.4%	173	0.5%
Other charges	119	0.1%	37	-	7	-	114	0.2%	33	0.1%	90	0.3%
Total other expenses	40,807	21.5%	27,494	26.3%	20,886	38.8%	19,740	35.3%	17,334	29.7%	15,079	42.8%
Profit before provisions	42,336	22.3%	21,453	20.5%	13,457	25.0%	13,025	23.3%	11,035	18.9%	7,780	22.1%
Provisions / (Reversal) - net	914	0.5%	(940)	-0.9%	48	0.1%	2,254	4.0%	843	1.4%	(422)	-1.2%
Extra ordinary / unusual items	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	41,422	21.9%	22,393	21.4%	13,409	24.9%	10,771	19.3%	10,192	17.5%	8,202	23.3%
Taxation	21,376	11.3%	11,160	10.7%	5,256	9.8%	4,260	7.6%	4,151	7.1%	3,365	9.6%
PROFIT AFTER TAXATION	20,046	10.6%	11,233	10.7%	8,153	15.1%	6,511	11.6%	6,041	10.3%	4,837	13.7%

Direct Method Cash Flow Statement

Rupees in billion

Years	2023	2022	2021	2020	2019	2018
Opening Cash flow	57	59	61	63	45	39
Profit after non cash adjustments	49	26	18	17	14	9
Islamic financing and related assets	(127)	(58)	(79)	(11)	(14)	(64)
Net Investments Securities	(119)	(119)	(86)	(77)	13	(36)
Due to financial institutions	26	30	55	(18)	(23)	50
Deposits	237	137	103	83	48	38
Cash used in others activities	(40)	(20)	(13)	5	(21)	10
Net cash received / (used)	26	(3)	(2)	(2)	18	5
Closing	84	57	59	61	63	45

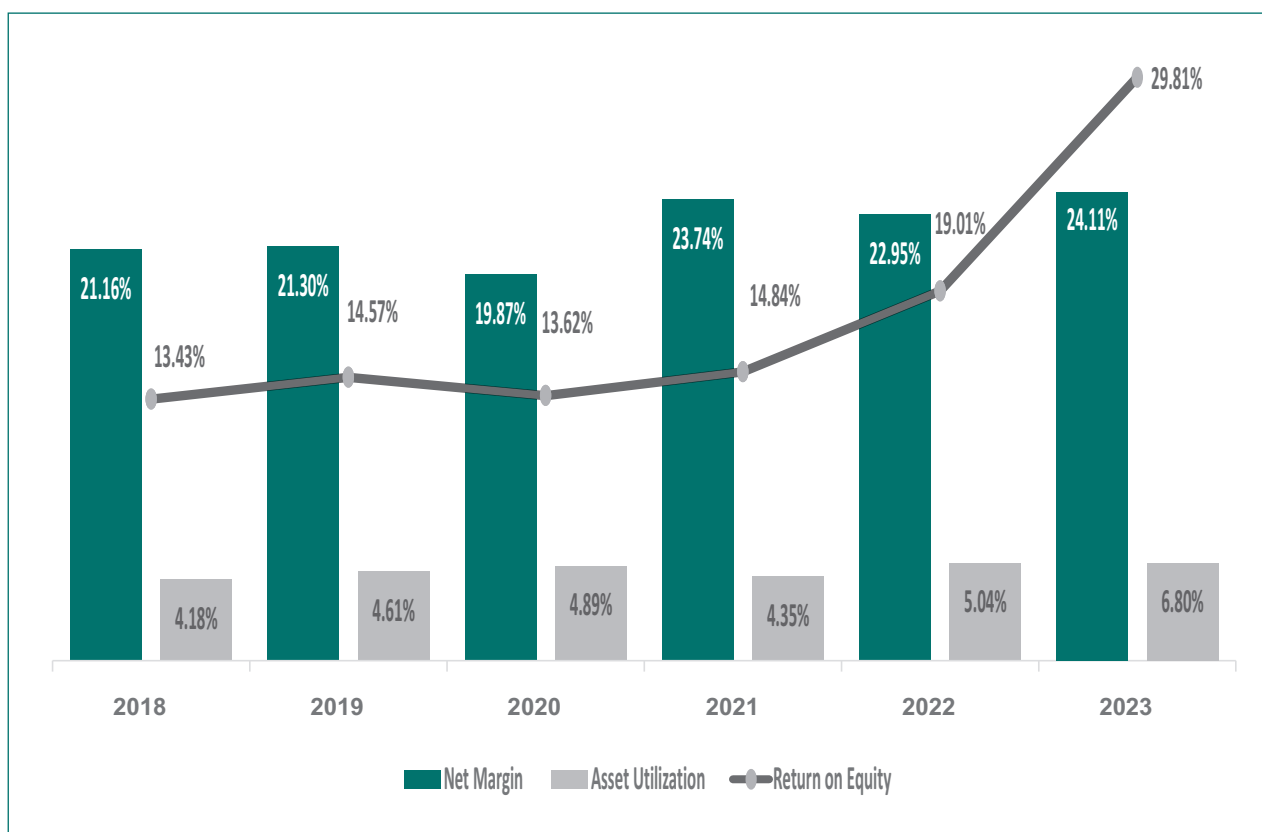
Rupees in billion



■ Profit after non cash adjustments
 ■ Islamic financing and related assets
 ■ Net Investments Securities
■ Due to financial institutions
 ■ Deposits
 ■ Cash used in others activities
 ■ Net cash used / (received)

DuPont Analysis

Description				2018	2019	2020	2021	2022	2023
1	Net Operating Margin	PAT / Net Revenue	A	21.16%	21.30%	19.87%	23.74%	22.95%	24.11%
2	Asset Utilization	Net Revenue / Avg Assets	B	4.18%	4.61%	4.89%	4.35%	5.04%	6.80%
	Return on Assets		C = A x B	0.88%	0.98%	0.97%	1.03%	1.16%	1.64%
3	Leverage Ratio / Equity Multiplier	Avg Assets / Avg Equity	D	15.20	14.83	14.02	14.38	16.45	18.18
	Return on Equity		C x D	13.43%	14.57%	13.62%	14.84%	19.01%	29.81%



Quarterly Performance Review

STATEMENT OF FINANCIAL POSITION

	2023				2022			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Rupees in Million								
ASSETS								
Cash and balances with treasury banks	84,037	78,908	89,444	64,333	56,131	57,299	69,848	56,044
Balances with other banks	1,812	760	4,030	3,150	2,785	11,964	7,192	7,657
Due from financial institutions	-	-	25,500	1,500	9,815	-	-	5,000
Investments	589,545	550,429	481,439	466,953	469,451	412,162	378,079	400,451
Islamic financing and related assets - net	580,711	490,829	521,300	488,697	454,261	467,704	474,332	403,493
Fixed assets	40,268	38,107	36,066	35,697	35,034	28,714	27,157	26,225
Intangible assets	2,332	2,233	2,078	1,956	1,985	1,802	1,759	1,671
Deferred tax assets	-	40	168	1,037	-	-	-	-
Other assets	71,369	88,965	68,838	69,792	44,891	58,337	39,316	31,725
	1,370,074	1,250,271	1,228,863	1,133,115	1,074,353	1,037,982	997,683	932,266
LIABILITIES								
Bills payable	16,550	15,169	20,703	13,757	21,310	11,676	14,465	14,444
Due to financial institutions	166,887	132,894	162,888	189,580	150,134	181,247	153,531	163,472
Deposits and other accounts	1,018,276	949,567	907,900	799,781	781,571	725,028	722,404	649,175
Sub-ordinated sukuk	-	-	-	-	-	-	-	-
Deferred tax liabilities	4,907	-	-	-	694	558	858	616
Other liabilities	73,255	73,961	62,011	59,645	50,560	49,650	38,798	38,018
	1,279,876	1,171,591	1,153,502	1,062,763	1,004,269	968,159	930,056	865,725
	90,198	78,680	75,361	70,352	70,084	69,823	67,627	66,541
REPRESENTED BY								
Share capital	15,177	15,177	15,177	15,177	15,177	15,177	15,177	15,177
Reserves	15,616	14,026	13,133	12,306	11,676	14,089	12,568	12,601
Surplus on revaluation of assets	15,151	10,186	9,894	9,196	10,649	5,655	5,994	7,150
Unappropriated profit	44,254	39,289	37,156	33,673	32,582	34,902	33,888	31,613
	90,198	78,680	75,361	70,352	70,084	69,823	67,627	66,541
PROFIT AND LOSS ACCOUNT								
Profit / return earned on Islamic financing and other related assets, investments and placements	56,094	51,251	47,267	34,837	33,941	29,766	23,512	17,302
Profit / return on deposits and other dues expensed	(34,184)	(32,839)	(29,575)	(21,797)	(20,892)	(19,064)	(14,457)	(10,120)
Net profit / return	21,910	18,412	17,692	13,040	13,049	10,702	9,055	7,182
(Reversal) / provision and write-off	(3,023)	1,612	960	1,365	(192)	(330)	(259)	(147)
Total other income	5,164	2,245	2,163	2,516	2,329	2,206	2,285	2,139
Total other expenses	12,789	9,988	10,076	7,954	8,201	6,890	6,424	5,968
Profit before taxation	17,309	9,057	8,819	6,237	7,369	6,348	5,175	3,500
Taxation	9,307	4,538	4,505	3,026	3,797	3,070	2,926	1,367
Profit after taxation	8,002	4,519	4,314	3,211	3,572	3,278	2,249	2,133

Significant / Material Assets and Immovable Property

The Bank has the following fixed assets as at 31 December 2023.

Items from the fixed & intangible assets	Dec '23 - WDV	% composition
Land - Freehold & Leasehold	11,682,376	28%
Building on Freehold & Leasehold land	6,172,813	15%
Office equipment	3,477,006	8%
Vehicles, Lease hold improvement, Furniture and fixture	4,107,401	10%
Property & equipment	25,439,596	60%
Right-of-use assets	10,713,046	25%
Intangible assets	1,296,297	3%
Capital work-in-progress	4,914,015	12%
Total fixed & intangible assets	42,362,954	100%

Significant immovable properties of the Bank are as follows:

Head Office

Faysal House, Sharah e Faysal Karachi, Pakistan

Regional Office

3555-16, Abdullah Haroon Road Karachi, Pakistan

3549-310 Upper Mall, Lahore, Pakistan

3709 - Building on Plot # P-20, Ward 10, Civil Lines, Faisalabad

3552- Plot # 15, Western Half, F-6/G-6, Jinnah Avenue, Islamabad.

Owned and leased premises of branch network and offices across the country.

Methods and Assumptions Used in Compiling the Indicators

The Bank uses Key Performance Indicators (KPIs) to measure success of initiatives as well as routine operational activities.

FBL identifies KPIs which effectively reflect the Bank's performance. The Bank analyses all traditional financial and profitability ratios together with an analysis of its market positioning, competitors and general market conditions. Financial ratios include growth in deposits and financing, non-performing loans ratio and provision coverage, while profitability ratios include net margin ratio, other income to total income, cost to income ratio, return on assets, return on equity and earnings per share.

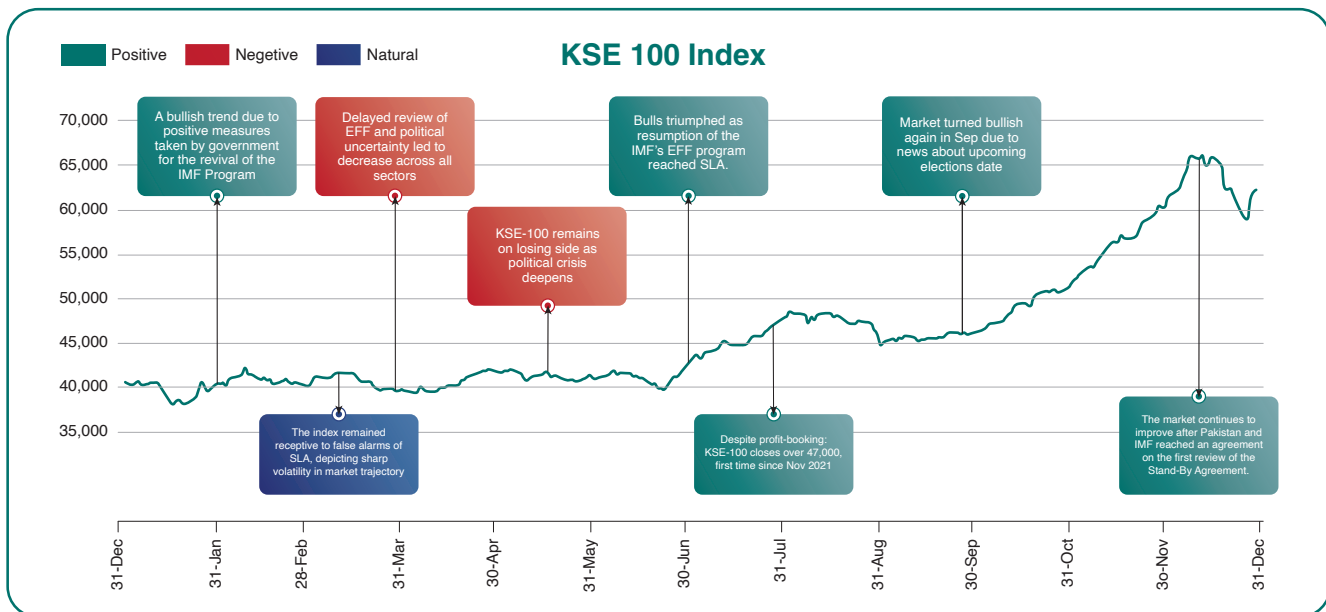
Share Price Sensitivity Analysis

Share Price Sensitivity Analysis

Below is a list of some key factors that can influence the share price of Faysal Bank Limited. The list is not exhaustive and intends to cover the major areas:

- **Regulatory / Policy Changes**
Any regulatory or policy changes that directly impact the overall banking landscape along with cost and / or revenue drivers are likely to exert a significant influence on the Bank's stock price. For example, any change in monetary policy rate has a direct impact on yields of government securities, spreads made on financing and funding costs; and in turn materially impact profitability and the share price as well. Similarly, any hike in the minimum rate of return on deposits will result in compression in net profit margins earned and can negatively impact the earning and correspondingly the share price of the scrip.
- **Investor and Market Sentiment**
Market sentiment is often subjective which makes it difficult to quantify but a change in sentiments due to the investment climate in general or the stock market in particular can have an impact on the Bank's share price as well. Such a sentiment driven impact on the share price can occur even in the absence of any fundamental development or change in the Bank's business case.
- **Change in Macro Environment**
Political stability and controlled law & order situation is a pre-requisite for any economic development. Any changes in the macro environment, including inflation and / or currency devaluation could see the stock price of the Bank move alongside as market preempts such developments and extrapolates their impact on policy / regulatory changes in the Bank's share price.

Share Price as of December 31, 2023	Rs. 32.58
High Price	Rs. 34.59
Low Price	Rs. 19.81
Average Volume	1,660,428
No. of Trading Days	246



Sensitivity Analysis due to Foreign Currency Fluctuations

Foreign exchange risk / currency risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movements in currency exchange rates on the value of open foreign currency positions. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect revenues from foreign exchange dealing.

The Bank undertakes currency risk mostly to support its trade services and maintains overall foreign exchange risk position to the extent of statutory Foreign Exchange Exposure Limit (FEEL) prescribed by the SBP.

Exposure limits such as counterparty, gap, net open position, dealer and bucket-wise currency delta limits are in place in accordance with the Bank's approved policies in order to manage associated risk and concentration at the acceptable tolerance levels.

For details about the Bank's foreign exchange risk refer note 44.2.2 to the accompanying unconsolidated financial statements for the year ended December 31, 2023.

Business Rationale for Major Capital Expenditure

Faysal Bank realizes the importance of capital expenditure and in view of this has adopted in-depth evaluation procedures to assess all types of capital expenditure requirements before obtaining final endorsements from the Board.

During the year, the bank's capital expenditure amounted to over **PKR 10 billion** and was primarily directed towards acquisition of land & building for business expansion, renovation, improvement of digital framework and strengthening of IT infrastructure. A detailed disclosure of fixed asset is given in the financial statements.

Capital expenditures planned for next year

The Bank has budgeted capital expenditure of over **PKR 15 billion** for calendar year 2024. This would primarily be invested in expanding our branch network, continuous improvement in our IT platforms, safeguarding our existing infrastructure / relationships from growing threats on cyber security front along with routine upgrades and replacements to ensure smooth operations.

فیصل اسلامی رحمت بزنس اکاؤنٹ

کاروبار میں برکت، رحمت کے ساتھ



Outlook



اِسْتَعَاذُ بِاِيْمَانِكُمْ

اور نیکی اور تقویٰ میں ایک دوسرے کے ساتھ تعاون کرو، اور گناہ
اور ظلم میں تعاون نہ کرو۔
(سورۃ المائدہ آیت نمبر ۲ - جزو آیت)

Forward Looking Statement

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as “anticipate,” “target,” “expect,” “estimate,” “intend,” “plan,” “goal,” “believe,” or other words of similar meaning. Forward-looking statements provide Faysal Bank’s current expectations or forecasts of future events, circumstances, results or aspirations. All forward-looking statements are, by their nature, subject to risks and uncertainties, many of which are beyond the Bank’s control. FBL’s actual future results may differ materially from those set forth in its forward-looking statements. While there is no assurance that any list of risks and uncertainties or risk factors is complete, among many others below are certain factors which could cause actual results to differ from those in the forward-looking statements:

- Local, regional and global business, economic and political conditions and geopolitical events;
- Changes in laws and regulatory requirements, including capital and liquidity requirements affecting the Bank’s business, and the ability of the Bank to address those requirements;
- Changes in investor sentiment or consumer spending or savings behavior; and
- Occurrence of natural or man-made disasters or calamities, including health emergencies, the spread of infectious diseases, pandemics or outbreaks of hostilities, or the effects of climate change, and the Bank’s ability to deal effectively with disruptions caused by the foregoing.

Any forward-looking statements made by or on behalf of the Bank speak only as of the date they are made, and Faysal Bank does not undertake to update any forward-looking statements. The reader should, however, consult any further disclosures of a forward-looking nature the Bank may make in any subsequent Quarterly Reports, or other Briefings.

Faysal Bank expects to see substantial growth in demand for Islamic banking, driven by its commitment to innovation and customer-centric services. The bank is focused on expanding its digital banking platform, launching new Shariah-compliant products, and entering new markets. It also remains vigilant about potential risks such as economic volatility and regulatory changes, which could impact its strategic direction. Faysal Bank anticipates growth in Islamic banking services, driven by digital innovation, market expansion, and customer-centric product development. It projects increased adoption of digital banking, expansion into underserved markets, and a stronger focus on SME and consumer financing. The bank remains cautious about global economic uncertainties and local regulatory changes, adjusting its strategies accordingly.

Sources of Information & Assumptions Used for Projections & Forecasts

The strategic outlook is informed by a thorough analysis of market trends, customer behavior studies, and financial projections. Faysal Bank relies on a mix of internal data analytics and external market research to forecast future trends. External consultants may be engaged for expertise in specific areas like digital transformation strategies and sustainability frameworks. Projections and forecasts are based on internal analyses, market research, and economic indicators. Assumptions about market growth, technological trends, and regulatory changes inform these projections. Faysal Bank may also consult external experts for insights into specific areas like digital banking trends and sustainability practices.

Status of the projects disclosed and how the performance of the Bank meets the forward-looking disclosures made in 2022

		2023	vs.	2022
Growth	Register double digit growth in terms of profitability in 2023 and focus on deposit growth.	PAT		79%
		Deposits		30%
	Open 55 new branches	Due to the economic slowdown persisting throughout the year, the Bank adopted a cautious approach and opened only 22 branches. The remaining 33 branches will be opened as part of annual branch expansion plan for 2024.		
Digital Banking	Digital solution and enhancement in eco system	<ul style="list-style-type: none"> WhatsApp Banking now caters to 355K+ service requests every month. WhatsApp Banking has crossed 300K users. Reduced physical account statements through subscription of electronic statement. Deployed 40 cash deposit machines. 		
	Full-fledged digital distribution channel	<ul style="list-style-type: none"> 220K+ users of DigiBank App 40K virtual cards created The Bank has also recorded 42% growth from last year on card spends. 		

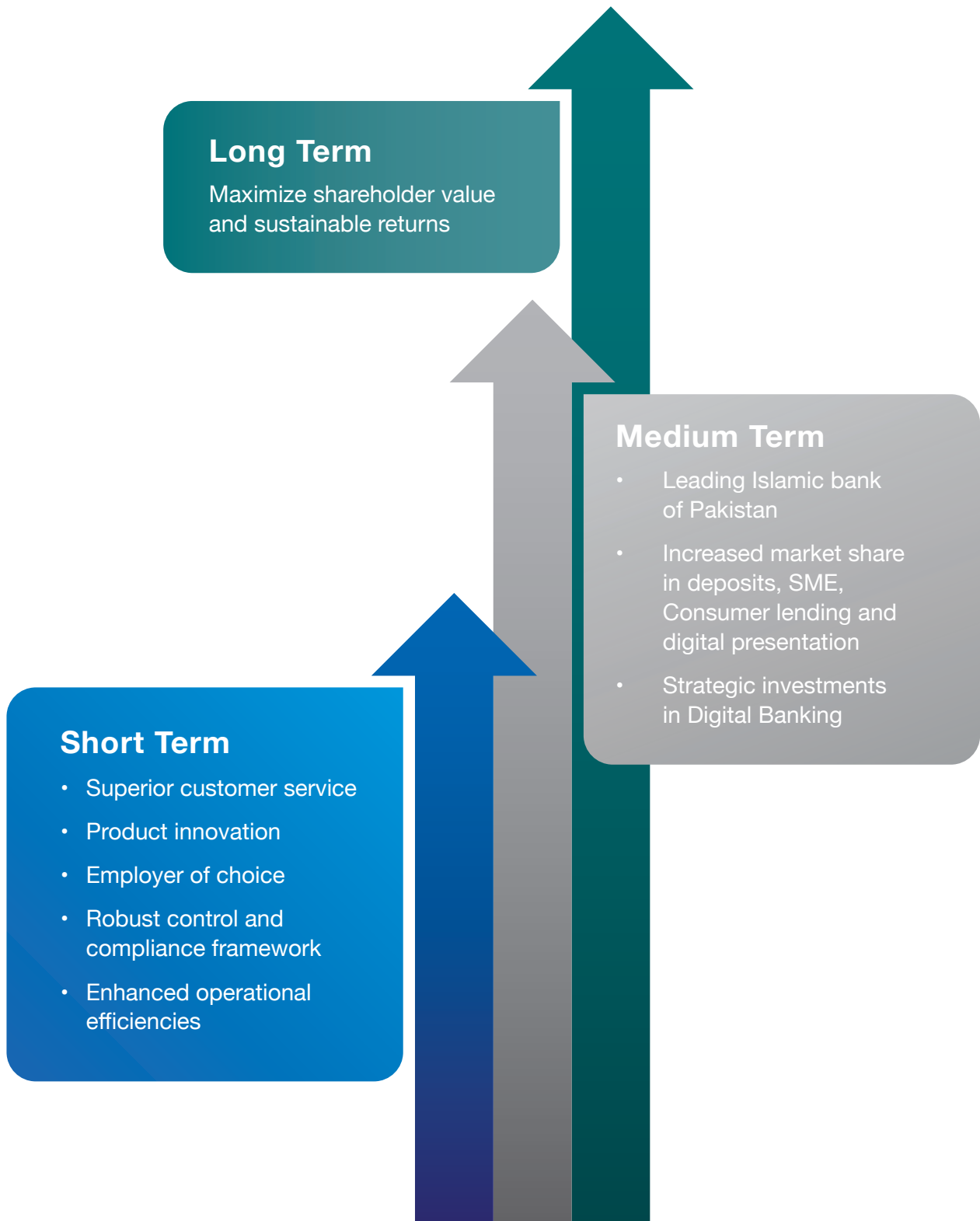
Strategy and Resource Allocation



أَسْأَلُكَ أَخْلَاقِي

حضرت امام مالک رحمۃ اللہ علیہ سے روایت ہے کہ ان تک یہ بات پہنچی کہ رسول اللہ ﷺ نے فرمایا میں اس واسطے بھیجا گیا ہوں کہ اخلاق کی اچھائیوں کو پورا کر دوں۔
(الموطا للامام مالک)

Strategic Objectives



Strategic Actions to Achieve Objectives

Strategic Objectives / Goals	Strategic Actions
<p>Be the Leading Islamic Bank in Pakistan</p>	<ul style="list-style-type: none"> • Inculcate Islamic culture and values throughout the organization • Enhance human capital development and through training and collaboration with leading educational institutions
<p>Strong Retail Franchise</p>	<ul style="list-style-type: none"> • Enhance franchise value and market share through network growth and high-quality sales and service • Grow low-cost CASA deposits by differentiating through market leading customer service • Offer complete and innovative Shariah compliant product suite
<p>High Quality Lender</p>	<ul style="list-style-type: none"> • Focus on growing high-quality / high-margin consumer financing through – full product suite and cross-sell propositions • Increase higher margin Commercial and SME financing, also target ancillary trade and deposit business
<p>Exceeding customers' expectations - best in class service delivery</p>	<ul style="list-style-type: none"> • Optimize customer experience across all touch points through revamped service framework and improve look & feel (user experience) across all channels • Re-align service standards, creating visibility on service levels, identify & remediate service gaps and drive accountability to improve service levels • Streamline service delivery through Business process re-engineering operational efficiencies and high-quality staff
<p>Digitization – technology & innovation driven Islamic Banking</p>	<ul style="list-style-type: none"> • Differentiate through innovative digital propositions & functionalities to divert traffic to digital channels • Use Business Intelligence to leverage data to support sales, cross sell products and optimize loyalty programs
<p>Increased Shareholder Value with Capital Stability</p>	<ul style="list-style-type: none"> • Improve top-line (core income) & NFI in all segments • Improve efficiencies in procurements, expenditure and optimize costs

Resource Allocation

Human & Intellectual Capital

- Engaged and motivated employees
- Culture of Empathy
- Whistleblowing forums
- A diverse and inclusive workforce
- Constant Product and Process innovation leveraging the best minds in the industry.
- Strong Management structure and experienced leadership team
- Learning & Development through key training initiatives

Manufactured Capital

- 711 ATMs across the country
- Solitaire lounges in all Flagship branches pan Pakistan
- State of the art Core banking and IT infrastructure
- Data Warehouse linked with advanced Business intelligence and reporting mechanisms.

Financial Capital

- Rs 20 billion profit after tax
- Rs 90 billion total equity
- Deposits Rs 1 trillion
- Financing Rs 581 billion

Natural Capital

- Renewable energy financing
- Reducing carbon footprint by carpooling facility to employees, solar empowerment of branch network
- On track to establish Faysal Islami Exchange Company

Social & Relationship Capital

- Robust complaint handling mechanism
- Brand image as Islamic banking
- Philanthropic activities to support society at large
- Complete transparency to win investor confidence

Sustainable Competitive Advantage

Faysal Bank leverages its extensive Islamic banking expertise, cutting-edge digital infrastructure, and nationwide branch network. Investing in technology and human capital enhances its service delivery, operational efficiency, and compliance with Shariah principles, ensuring long-term customer satisfaction and loyalty. FBL utilizes its robust Islamic banking product portfolio, and digital banking initiatives to provide a sustainable competitive advantage. Its emphasis on Shariah-compliant products, personalized customer service, and technological innovation creates significant value for stakeholders, enhancing market share and customer loyalty.

Effects of Technological Changes & ESG Reporting

The bank's strategy is significantly influenced by digitalization, which demands continuous investment in IT infrastructure and cybersecurity. ESG factors are integral, prompting Faysal Bank to adopt green banking practices and support sustainable financing.

Initiatives for Promoting Innovation and Address Resource Shortages

Innovation is encouraged through collaborations and constant development addressing resource constraints by optimizing processes and diversifying resource sourcing. Technological advancements, environmental, social, and governance (ESG) considerations, and innovation are pivotal to Faysal Bank's strategy. The bank actively invests in digital transformation, promotes eco-friendly banking practices like Green Banking/ e-banking/ e-statements, offers solar financing to customers and addresses resource shortages by optimizing operational efficiencies and fostering a culture of innovation.

Key Performance Indicators

Faysal Bank has successfully completed its transition into a full-fledged Islamic financial institution and at the conclusion of its first year as an Islamic Bank is focused on the realization of its vision of becoming the leading customer-centric Bank in the country.

In the preceding fiscal year, Faysal Bank not only achieved a commendable conversion milestone but also excelled in key performance indicators. Notably, the bank surpassed growth targets with a 100% rise in operating profit as compared to the previous year. Furthermore, objectives related to expanding the customer base, enhancing service quality, and advancing the digitization of products and services were all exceeded.

Looking ahead, Faysal Bank remains strategically focused on the high-quality implementation of its objectives to grow market share and profitability. The Bank will continue to enhance its network and focus on empowering and training of staff as well as optimization of digital channels and technology stack to serve customers even better. This strategic focus is complemented by a resolute adherence to regulatory and Shariah standards.

Sustainability Strategy and Objectives

Faysal Bank's sustainability strategy focuses on social responsibility, environmental protection, and economic growth. Objectives include increasing the portfolio of green financing, and enhancing digital financial services to promote financial inclusion, with specific targets set for each area over the next five years. Faysal Bank aims to integrate sustainability into its core operations, focusing on reducing its carbon footprint, promoting financial inclusion, and ensuring ethical banking practices. Measurable targets include increased financing for green projects, improved energy efficiency in operations, and enhanced community engagement through CSR initiatives.

Implementation and Monitoring of Strategic Objectives

A dedicated BoD sub-committee i.e. Board Strategy Committee (BSC) is in place, which oversees the strategy implementation in the Bank on a quarterly basis, in line with the strategic plan. The Strategy function works with key stakeholders to develop and update the strategic plan and works in collaboration with relevant stakeholders on implementation of action tracks to ensure desired outcomes are achieved.

Significant Changes in Objectives and Strategies

FBL's objectives & strategies are well-planned and are implemented through a proper project management approach ensuring high quality outcomes.

Summary of the Bank's Strategic Initiatives

	Strategic objectives	Strategic Initiatives	Plans/Strategies for meeting Objectives	Key Performance Indicators (KPI)
1.	Sustainable Competitive Advantage	Grow Market share, growth in deposits.	<ul style="list-style-type: none"> The company aims to increase market share across all business lines in particular; deposits, consumer lending, and SME financing. Continued branch network expansion Focus on mass affluent, affluent and high net worth clients, as well as agri financing. Implement a customer centric, segmented sales approaches. 	Market share growth
		New segment identification	<ul style="list-style-type: none"> Enhanced offers for new segments (Freelancers, Digital nomads, Women account holders, Minor accounts/Students etc.) Third party partnerships for identifying new customer segments based on behavioral insights as gathered via various digital media, and external partners including telcos etc. Marketing initiatives emphasizing Shariah-compliant products, personalized customer service, and technological innovation thereby, creating significant value for stakeholders, enhancing market share and customer loyalty. Increased market share in Home remittances, agri 	Market share growth
		Continue to build SME offering	<ul style="list-style-type: none"> Third party partnerships to enhance Agri portfolio sourcing as per SBP guidelines Leveraging branch-SME nexus to improve SME customer relationship management Joint customer visits between Retail branch and SME stakeholders for new sourcing 	Market share growth

	Strategic objectives	Strategic Initiatives	Plans/Strategies for meeting Objectives	Key Performance Indicators (KPI)
2.	Effects of Technological Changes	New initiatives leveraging existing Customer portfolio insights	<ul style="list-style-type: none"> • New initiatives focused technology to enhance customer experience across all channels i.e. Branch banking, digital platforms, WhatsApp banking etc. on • Technology and data will be used for efficient decision-making and improving customer portfolio quality. • Innovation will be promoted through 360-degree views of the customer portfolio to identify X-sell opportunities. • Third party partnerships to enrich the existing FBL customer portfolio insights that will enhance existing predictive analytics models for improved customer retention, churn prevention, campaign execution etc. • The Bank's strategy is significantly influenced by digitalization which translates into better, efficient customer service. 	Sales and new opportunities for X-sell
3.	Sustainability Strategy and Objectives, and ESG	Strategic investments in ESG, Green banking initiatives etc.	<ul style="list-style-type: none"> • ESG factors are integral, prompting Faysal Bank to adopt Green Banking practices and support sustainable financing. • Continuous encouragement through Strategic Fintech collaborations and internal Innovation labs, addressing resource constraints by optimizing processes and diversifying resource sourcing. 	Long term Strategy

Stakeholder Relationship and Engagement



اَسْلَابُ اِمَانَتِ

مسلمان! یقیناً اللہ تمہیں حکم دیتا ہے کہ تم امانتیں ان کے حقداروں تک پہنچاؤ،
اور جب لوگوں کے درمیان فیصلہ کرو تو انصاف کے ساتھ فیصلہ کرو۔
(سورۃ النساء آیت نمبر ۵۸ جزو آیت)

Identification of Key Stakeholders

We are committed to understanding each stakeholder's concerns and expectations and then applying the relevant inputs to our decision-making to ensure sustained value creation. We aggregate our material stakeholders in terms of their level of influence on us and our impact on them. Based on this broad-based assessment, we prioritize these relationships and while we engage with all our stakeholders, we have identified our key stakeholders as those with whom we need to collaborate with, consult and involve and as such have developed goals for each.

Stakeholder Engagement Process and Frequency

Stakeholder engagement is an integral part of developing an understanding of our stakeholders' needs, interests and expectations and assists the Bank with strategic and sustainable decision making.

Stakeholders	Customers	Employees	Institutional Investors/ Shareholders/Analysts
<p>Value Created</p>	<p>Customer satisfaction is integral to achieve strategic objectives.</p> <p>Promote financial inclusion, fair treatment of customers and high customer satisfaction and loyalty.</p>	<p>Our employees, ambassador to the customers, represent our biggest asset, implementing every strategic and operational decision.</p>	<p>The providers of capital allow FBL the means to achieve its vision; while the analysts endorse the trust the investors place in the bank.</p>
<p>Engagement Management</p>	<ul style="list-style-type: none"> Professional staff for customer assistance at 722 branches across Pakistan. Interaction through our relationship managers, call centers, social media, and various advertising activities 	<ul style="list-style-type: none"> Regular electronic newsletters Compliance letters Grievance reporting procedure 	<ul style="list-style-type: none"> Quarter semi-annual and annual financial statements Annual General Meeting Participation in local and international road shows Press releases Investors' Grievance Portal
<p>Frequency</p>	<p>As & when customer need arises.</p>	<ul style="list-style-type: none"> When the need arises. Internal training sessions: 655 External training sessions: 80 	<ul style="list-style-type: none"> Quarterly & annually. Cash Dividend: 40% Interim: 20% Annual: 20% Regular Analyst Briefings March 22, 2023 September 1, 2023

Service Providers	Regulatory Bodies	Local Community	Media
<p>Our growth is also attributable to engaging reputed and dependable suppliers as business partners.</p>	<p>We pride ourselves in being a responsible corporate citizen and abide by all laws and regulations.</p>	<p>To inculcate social and environmental consciousness and remain a conscientious member of the corporate community.</p>	<p>By availing this avenue of communication, effective awareness is created regarding the Bank and products and services it offers, along with mitigating reputational risks.</p>
<ul style="list-style-type: none"> As per the policies and procedures laid down in the Bank's General Services Procedures 	<ul style="list-style-type: none"> Submission of applicable statutory returns Responding / enquiring various queries / information 	<p>The Bank actively participates in various social work initiatives as part of its corporate social responsibility.</p>	<p>Advertisements through print, electronic, social media, website, and interviews.</p>
<ul style="list-style-type: none"> When the need arises. 	<ul style="list-style-type: none"> As per regulatory timelines. When the need arises. 	<ul style="list-style-type: none"> When the need arises. Environment protection through implementation of Green Banking policies Persons employed: 8,787 	<ul style="list-style-type: none"> When the need arises. Responding timely and relevantly to media queries.

Steps to Encourage Minority Shareholders Participation in AGM

The Bank organises shareholders' meetings in order to have a proper communication with its shareholders, specially the minority shareholders. Each shareholder, irrespective of holding and voting power is important to the Bank. We value them, their concerns, their suggestions and grievances, if any. At each Annual General Meeting (AGM) or Extraordinary General Meeting (EOGM), we ensure a two-way communication with the shareholders, particularly, the minority shareholders.

The notice of all general meetings is published in leading newspapers (in both Urdu and English languages) having circulation all over the Country, placed on the Bank's website and emailed to all shareholders well before the occurrence of the meeting.

All minority shareholders irrespective of their shareholding can appoint proxy, participate through video conference (VC) and vote through e-voting. They can suggest, propose, comment, record their reservations during the meeting, and enjoy full rights to propose and second any agenda item presented. Shareholders can also actively participate during general meetings in discussions on operations, objectives and future strategy of the Bank. They can always demand the draft minutes of meeting within stipulated time post the event and are privileged to object on any intended major investments, planned acquisitions, mergers and takeovers or any other corporate / capital restructuring.

The Bank always facilitates and ensures shareholders presence while entertaining their requests if feasible and viable. It values and honors their inputs, records their concerns, prepositions, suggestions in minutes and keeps them abreast on the progress and subsequent actions.

Issues raised in the last AGM and EOGM, decisions taken and their implementation status

The Twenty Eighth Annual General Meeting and Extra Ordinary General Meeting, scheduled for March 29, 2023 and May 11, 2023 respectively, through physically and virtually in compliance with Circular Letter No. SMD/SE/2(20)/2021 dated December 15, 2021 issued by Securities and Exchange Commission of Pakistan.

Synopsis of the decisions taken in 28th Annual General Meeting is given below:

Ordinary Business:

1. Confirmed the minutes of the Extra Ordinary General Meeting held on November 25, 2022
2. Approved the Unconsolidated & Consolidated Financial Statements and Statement of Compliance with Code of Corporate Governance of FBL for the year ended December 31, 2022 together with the Directors' and Auditors' Reports thereon.
3. Approved the 10% Final Cash Dividend as recommended by the Board of Directors for the year ended December 31, 2022, in addition to 5% Interim Cash Dividend for the Second Quarter (half year) ended June 30, 2022 and 55% Interim Cash Dividend for the third quarter ended September 30, 2022 as already been paid to the Shareholders.
4. Appointment of External Auditors for the ensuing financial year 2023.

Special Business:

1. Amendment in Articles of Association (AOA) as directed by the State Bank of Pakistan in its Islamic Banking License of Faysal Bank Limited
2. Approved the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2022.

Synopsis of the decisions taken in Extra Ordinary Annual General Meeting is given below:

Ordinary Business:

1. Confirmation of the minutes of the 28th Annual General Meeting held on March 29, 2023.
2. Election of Directors of Faysal Bank Ltd for a period of Three (03) Years commencing from May 14, 2023, in accordance with the provisions of Companies Act, 2017 and Memorandum and Article of Association

Investors' Grievances Policy

The Board of Directors, President & CEO and Company Secretary ensure that all the Material and price-sensitive information is disclosed in compliance with the regulatory requirements which includes Financial Results, entitlement of corporate information, significant change in financial conditions, current and expected business performance etc.

With respect to shareholder related matters the Bank has appointed a reputable and experienced share registrar services. In addition, contact details of the designated personnel of the Bank for assisting the shareholders and handling their requests and complaints are also prominently displayed in the relevant section of the Bank's website.

Summary of Analyst Briefing

Regular interactive sessions between the management of the Bank and the investor community are an excellent opportunity for the former to apprise the latter about the business environment of the country, discuss its financial performance, competitive landscape and future prospects.

The sessions are conducted with the objective of ensuring timely and equitable distribution of information to all concerned, and to give the right perspective of the business affairs of the Bank to the investors – existing and potential – to assist in investment decision-making.

The Bank's latest Corporate Briefing Session was held based on December 31, 2023 results. The CFO presented a detailed analysis of Bank's performance along with future outlook. The session was followed by a Q & A session.

The presentation of the CBS can be accessed in the Investor Relations section of the Bank's website.

Redressal of Investors' Complaints

The Bank maintains an Investor Relations page on its corporate website where contact details for the designated officer responsible for assisting and handling shareholders' grievances are provided. The representative is actively involved in addressing complaints received from any regulatory forum, with dedicated resources allocated to ensure effective and efficient resolution. Investors seeking to address their concerns and complaints can visit the Investor Relations page on our website. The Bank is steadfast in its commitment to resolving grievances within the prescribed statutory timelines.

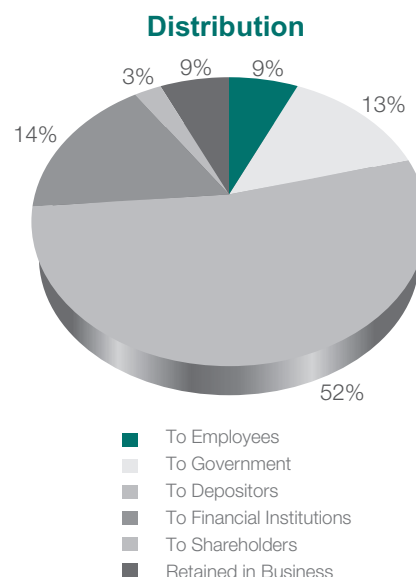
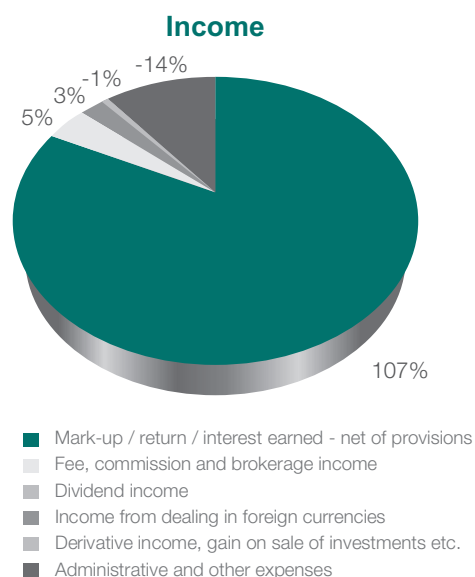
Investor Relation Section on Corporate Website

For more information please visit www.faysalbank.com



Statement of Value Added

	2023		2022	
	Rupees '000	%	Rupees '000	%
Profit / return earned on Islamic financing and other related assets, investments and placements - net of provision	188,534,484	107	105,461,035	108
Fee, commission and brokerage income	8,517,530	5	6,628,374	7
Dividend income	334,064	-	572,216	1
Income from dealing in foreign currencies	4,758,254	3	2,848,403	2
Derivative income, gain on sale of investments etc.	(1,521,063)	(1)	(1,089,612)	(1)
	200,623,269	114	114,420,416	117
Administrative and other expenses	24,680,596	(14)	16,622,247	(17)
Value Added	175,942,673	100	97,798,169	100
Distributed as follows:				
To Employees As remuneration	16,012,753	9	10,783,444	11
To Government As income tax	21,375,595	13	11,160,132	11
To Depositors As profit on investments	87,594,280	52	43,550,703	45
To Financial Institutions Profit on due to financial institutions	23,530,948	14	20,982,465	21
To Society As donations	113,215	-	88,257	-
To Shareholders As dividends / bonus	4,553,091	3	10,623,279	11
Retained in Business As reserves and retained profits	15,492,848	9	609,889	1
	168,672,730	100	97,798,169	100



فیصل اسلامی رحمت بزنس اکاؤنٹ

کاروبار میں برکت، رحمت کے ساتھ



Human Resources



اَسْمَاءُ بَنَاتِ الْكُرْهِ

اے آدم کے بیٹوں اور بیٹیوں! جب کبھی مسجد میں آؤ تو اپنی خوشنمائی کا سامان
یعنی لباس جسم پر لے کر آؤ، اور کھائو اور پیو، اور فضول خرچی مت کرو۔
یاد رکھو کہ اللہ فضول خرچ لوگوں کو پسند نہیں کرتا۔

(سورۃ الاعراف آیت نمبر ۳۱)

Human Resources

At Faysal Bank, we firmly believe that our employees are our most valuable asset. Our commitment to fostering employee development is unwavering, as we empower our team members to reach their full potential. This approach is pivotal in cultivating a high-performance organisation.

The Human Resources Function at Faysal Bank is segmented into specialized units, each contributing uniquely and collectively to our overarching goals.

DEI & Culture

In 2023, Faysal Bank embarked on a significant journey by introducing new core values aligning with our Islamic Bank identity. These values, formulated through strategic deliberation and endorsed by the Board of Directors, lay the groundwork for our evolving corporate identity. We conducted focus groups across different functions to deeply understand and integrate these values. The insights gained from these discussions led to the endorsement of our values by the management committee, thereby shaping our organisational culture and forming the cornerstone of our reward and recognition programme.

Alongside adopting these new values and enhancing our Learning & OD initiatives, our dedicated Diversity, Equity, Inclusion (DEI), and Employee Well-Being teams launched a considerable number of initiatives to provide platforms for employee growth and success.

A highlight of these efforts was our collaboration with Saaya Health and renowned speakers. Utilising their expertise and resources, we focused on nurturing the overall well-being of our employees, fostering a supportive, inclusive work environment.

In these collaborative efforts, Faysal Bank introduced diverse activities and programmes focused on enhancing physical and mental well-being, achieving work-life balance and fostering personal and professional growth among our employees. Our initiatives included mindfulness workshops and motivational speaking sessions that are well curated to provide a comprehensive well-being experience for our workforce.

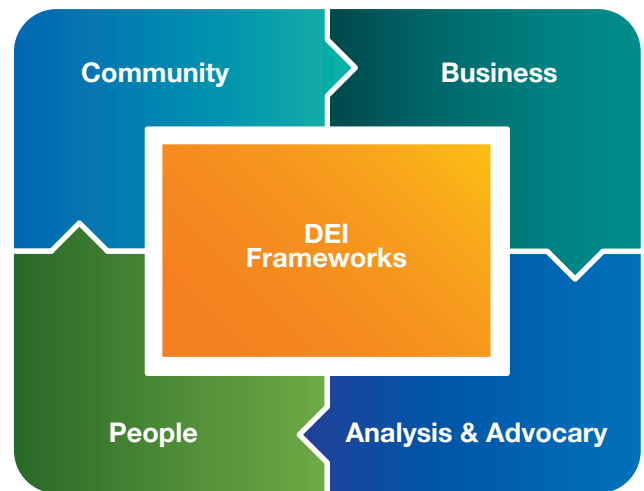
Beyond individual health, we have been successful in organising a number of employee engagement activities to build a strong sense of community and belongingness within the organisation. These activities ranged from team-building exercises to virtual social gatherings and volunteer opportunities, offering our employees chances to connect and engage in community service.

Our commitment to employee well-being extended beyond personal benefits, reflecting positively in the overall performance and productivity of the Baank. By prioritising the health and happiness of our staff, we are able to cultivate a vibrant work culture that encourages collaboration, innovation, and collective success.



Diversity, Equity & Inclusion

At Faysal Bank our strategy for Diversity, Equity, and Inclusion (DEI) centers on three key pillars: promoting workforce diversity, equity, and inclusion, implementing DEI initiatives in the markets and communities where we operate and engaging in advocacy. Our goal is to foster an inclusive culture underpinned by policies and programmes that attract, develop, engage and retain top talent. Across the Bank, DEI leaders are actively involved in strategically driving the implementation of inclusive practices and behaviors.



Tracking our progress in diversity, equity and inclusion, we compile and report key metrics in our annual Diversity, Equity & Inclusion Report. This information is also presented bi-annually to the Sub-Management Committee on DEI and regularly reviewed by the Human Resource Committee of the board. Furthermore, our DEI initiatives align directly with the UN Sustainable Development Goals, underscoring our commitment to making a positive impact in the communities we serve.



Vision of DEI at Faysal Bank

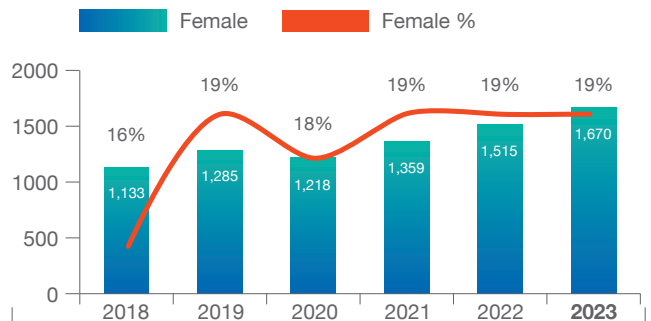
Rooted in the core Islamic values of equality, Faysal Bank has embraced diversity and inclusivity as fundamental tenets to establish itself as the employer of choice. Central to our Diversity, Equity and Inclusion (DEI) Strategy are the principles of gender diversity, equitable opportunities and the inclusion of differently-abled individuals.

In early 2021, the Board of Directors formally endorsed and ratified our DEI strategic objectives and vision, affirming our commitment to these principles. As an Islamic Bank, our approach to DEI is deeply integrated with our organisational values, reflecting our dedication to creating an equitable and inclusive workplace aligned with our ethical and religious principles.

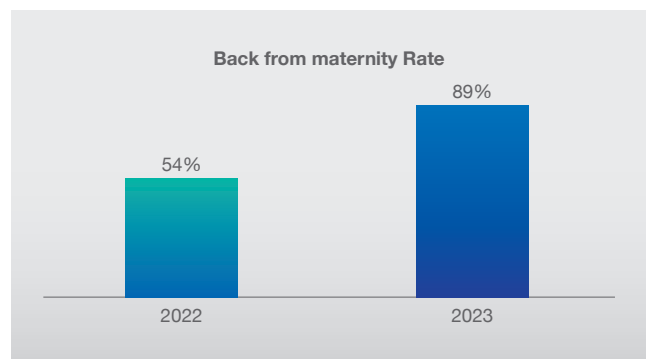
Faith & Belief, Care, Teamwork, Integrity & Innovation

At Faysal Bank, our leadership team advocates and implements diversity and inclusion initiatives. We recognise Diversity, Equity, and Inclusion (DEI) as a critical component of our board agenda, reflected in the composition of our Board, which boasts a 19% diversity rate, including two female Board Directors.

We understand that transparency is integral to achieving our DEI goals. Over recent years, Faysal Bank has made significant strides in enhancing gender diversity, over the past few years.



In the past two years, implementing innovative policies such as Child Care Allowance, Iddat Leave, Scooty Allowance, and Flexible Working Hours, has significantly contributed to fostering a more inclusive and engaging work environment for women at our organisation. These initiatives have been instrumental in enhancing our maternity return rate, which has seen a remarkable improvement of 35% in 2023.



Partnerships created in 2023 to meet our DEI Goals



Launch of Braille based hiring documents for Visually impaired candidates in the bank.



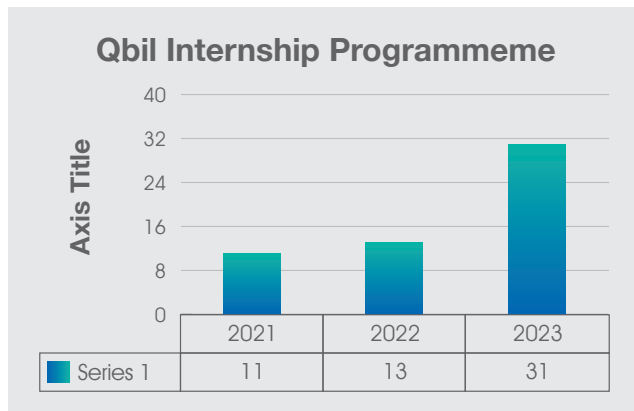
Amal Leadership Development Programme launched in collaboration with Kashf Foundation to develop hi-potential women in the bank



Collaboration signed with Circle to offer skills training and apprenticeship for women Women in underserved areas.

Disability Inclusion:

Faysal Bank is committed to fostering disability inclusion through targeted initiatives. Our flagship 'Qabil Programmeme' stands at the forefront of these efforts. Over the past three years, this programme has been instrumental in integrating differently abled individuals into our workforce, significantly enriching our talent pool and meeting our diverse hiring requirements.



Creating an Accessible Workspace and Providing Reasonable Accommodation:

In collaboration with ConnectHear, Faysal Bank is enhancing banking accessibility for Persons with Disabilities (PWDs) by using the ConnectHear mobile application. This application facilitates seamless communication with deaf individuals within and among our customers. The app's feature of a live sign- language interpreter is crucial in enabling effective communication with our staff and clients who are short of hearing.

Additionally, we are committed to supporting our visually impaired employees by integrating systems like JAWS (Job Access With Speech). In a progressive move, Faysal Bank has partnered with Boltay Haroof to introduce hiring documents in Braille for visually impaired candidates.

We are actively making our workspaces more inclusive and accessible, constantly reevaluating and enhancing our facilities to cater to the needs of differently-abled staff.



Employee Resource Networks:

Since its inception in 2020, the Faysal Bank Women Connect Forum has been dedicated to empowering women and promoting inclusivity within the organisation. The forum is bolstered by a network of Women Ambassadors, strategically positioned across the Bank. These ambassadors play a pivotal role in supporting and advocating for women within their respective areas of influence and regions.



Persons with **Disability Champions** are advocates who have been certified and trained by **NOWPDP** to play a role within their areas of influence to sensitize staff on importance of disability inclusion. These advocates commit to the cause of inclusion in the workplace to mainstream disability.

Creating a diversified and Inclusive culture through Sensitization, Communication and Training

Awareness and Communication Campaigns

Faysal Bank has strategically implemented a series of internal campaigns to enhance awareness about the significance of diversity, equity and inclusion and promote the use of inclusive language. These initiatives have included targeted efforts to address and reduce

unconscious biases on International Women's Day, the development of inclusive language guides on International Sign Language Day, and the acknowledgement of the contributions of underrepresented groups during World Disability Day. These campaigns are a part of our ongoing commitment to fostering an inclusive organisational culture.



Faysal Islami
NAYA SAFAR
Empowering Women to Restart their Career

A unique opportunity for women on a career break to resume their corporate journey by joining the fastest growing Islamic bank of Pakistan.

International Women's Day
#EmbraceEquity

1400 years back, Islam gave women the right to own and dispose property & earnings without any guardianship over her, the right to be educated, to go out for work, to inherit and much more.

With the belief in core Islamic values of equality, Faysal Bank values diversity & inclusivity as its primary driving force to become the employer of choice.

faysalbank

INTERNATIONAL DAY OF PERSONS WITH DISABILITIES
— 3rd DECEMBER —

Embrace diversity, celebrate abilities.

Let's come together to promote and uphold the rights, dignity, and wellbeing of persons with disabilities at every level of society. Together, we create a world where everyone is valued and included.

DIVERSITY EQUITY & INCLUSION | faysalbank

Awards on Diversity, Equity & Inclusion:

Faysal Bank has been honoured with seven accolade at the Global Diversity, Equity, and Inclusion Awards, a testament to our ongoing commitment and improvement in diversity initiatives. These awards recognise our achievements in industry prominent categories, underscoring our dedication to fostering an inclusive and equitable workplace environment.

1. Vision, Strategy, and Business Impact
2. Leadership and Accountability
3. DEI Structure and Implementation
4. Recruitment
5. Assessment, measurement, and research
6. Community, government relations & philanthropy
7. Services and products development

Recognition from President of Pakistan:

Faysal Bank has been commended by the President of the Islamic Republic of Pakistan for the significant contributions made in the realm of diversity, equity, and inclusion, in particular for supporting the rural women in Pakistan. This recognition underscores the Bank's commitment to promoting inclusivity and empowering women nationwide.

Faysal Bank Commended by President Arif Alvi for Empowering Women Entrepreneurs

President Arif Alvi praised Faysal Bank for its outstanding support of women entrepreneurs in the SME sector, highlighting the success of Women Agriculturists. Faysal Bank's Agri Financing enabled female farmer to overcome challenges. Their journey is a beacon of women's empowerment, and Faysal Bank is proud to be a part of her success.

DIVERSITY EQUITY & INCLUSION | faysalbank

HR Advisory & Employee Engagement

Our HR Advisory stands as a strategic partner in navigating the intricate landscape of talent management. Through attrition control, Succession planning, strategic business alignment and robust career development initiatives, we are fostering a workplace culture that not only retains top talent but also propels our organisation towards greater heights of achievement.

Business Strategy Design Setup:

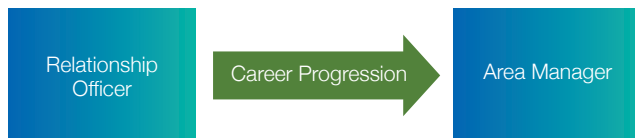
Collaborating closely with business, our HR advisory have translated organisational objectives into actionable HR initiatives. This strategic alignment ensured that our workforce is not only equipped with the necessary skills but is also strategically positioned to drive the bank's success.

Career Development Programmes:

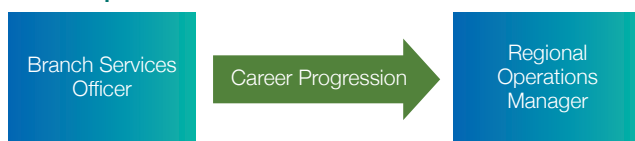
To empower our employees in mapping their career paths, we have implemented comprehensive career development programmes. These initiatives encompass skill-building workshops, mentorship programmes and educational opportunities. In the year 2023, the Bank has internally elevated 1135 number of staff as part of their career progression. By investing in the professional growth of our employees, we not only enhance their individual career trajectories but also fortify the skill sets required for the bank's sustained success.

Few of our career progression plans are as follows:

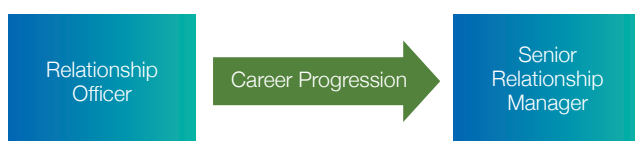
Branch Distribution:



Branch Operations:



Consumer Finance:



Attrition Control Strategies:

Our HR Advisory has been instrumental in implementing effective attrition control strategies. Through in-depth analysis and engagement activities we have identified key attrition attributes and implemented targeted interventions to address these concerns. The result has been a notable reduction in voluntary attrition rates by 8.5% in current year as compared to 2022.

Employee Engagement:

At Faysal Bank, fostering a conducive and transparent work environment is a key strategic focus within our Human Resources Agenda. Recognizing our employees as essential stakeholders, we are committed to nurturing a work environment where they can openly express themselves and contribute progressively. To continuously improve and gauge our organisational culture, we regularly assess employee engagement, ensuring there is ample opportunity for our staff to voice their opinions and perspectives.

Following are few initiatives conducted during 2023

Art Therapy Session for Female Workforce:

In a special initiative on May 2023, spread over two days, we collaborated with Mudpie Studio to organize an art therapy session for our female workforce. This innovative event featured a blend of arts and crafts, including pottery making and art smashing, along with a therapy programme designed to address stress, in varied forms. These sessions not only provided a creative outlet but also reinforced our commitment to supporting the mental well-being of our employees.



Blood Donation Drive: A Commitment to Community Wellness

Faysal Bank proudly partnered with Indus Hospital to conduct a blood donation drive, demonstrating our dedication to societal welfare and employee wellness. The noble initiative convened in August at two prime locations, the Faysal House and the Abdullah Haroon Road office. Embodying the spirit of giving and community support, the drive saw enthusiastic participation from our team, with 76 employees stepping forward to contribute to this commendable cause. The drive not only underlines our commitment to social responsibility but also reflects our core values of solidarity and compassion within and beyond the organisation.



Cricket Tournament: Embodying Core Values through Sportsmanship

In the spirit of fostering teamwork and camaraderie among our staff, Faysal Bank organised the 'Faysal Bank Cricket Champions League' for Islamabad and Multan regions in September and October respectively. The participating teams, formed on a cross-functional basis, were uniquely named after the core values of our Bank. This innovative approach served as a platform for competitive sport and an effective means to instill and rekindle our organisation's Values in existing and new staff.. The tournament highlighted the importance of collaboration, integrity and excellence, mirroring these principles in a dynamic, engaging sporting environment.



Go Karting: Embodying Team Building and Stress Management

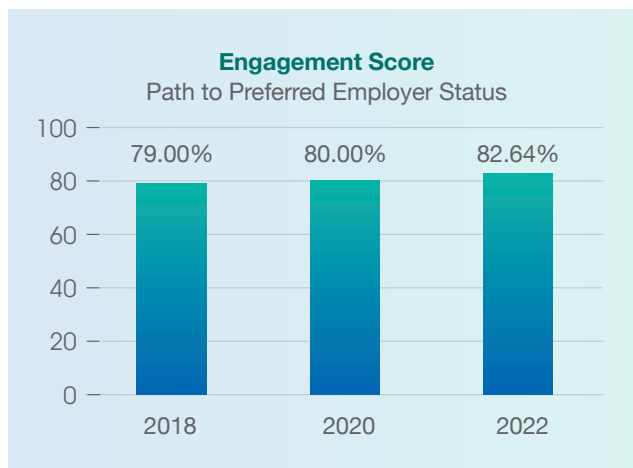
In order to embrace a healthier and more harmonious work environment, on December 22, 2023, 'Go-Karting' event was organized for inter departmental staff. This team-building exercise has been thoughtfully curated to address the importance of stress management in our professional lives as we believe that a stress-resilient team is not only more productive but also happier and more supportive of one another.



Paint Ball: Embodying Team Work

The Human Resources Function organized a 'paint ball' activity for its staff located at Head Office in December 2023. The primary objective of activity was to strengthen the bonds among team members, improve communication and cultivate a sense of unity and shared purpose. Recognizing the importance of a cohesive team, the activity aimed to create a platform for personal connections and professional growth.

We are proud to acknowledge that our employee engagement scores have consistently improved over recent years. This positive trend clearly indicates our successful efforts in cultivating an inclusive and collaborative workplace. By attentively listening to our employees and providing avenues for their professional growth and development, we have effectively boosted their job satisfaction and loyalty to the bank.



Performance Management: Aligning Compensation with Excellence

At Faysal Bank, our reward strategy is anchored in the 'pay for performance' principle. In line with this approach, we have instituted a comprehensive Remuneration Policy, meticulously crafted to align with the directives of the State Bank of Pakistan.

Spot Rewards:

To foster a culture of immediate recognition and appreciation, the Bank has a 'Spot Rewards' policy in place. This initiative empowers us to acknowledge and reward our employees' for their outstanding achievements, promptly. It offers a dynamic platform to celebrate exceptional performance on a 'one-off' basis, ensuring that noteworthy contributions are recognized without delaying the annual performance review cycle.

CEO's Club:

The 'CEO's Club' is a prestigious recognition programme at Faysal Bank, exclusively designed to honor employees who achieve a '5' (highest) rating in their annual appraisals. Membership in this elite club is a testament to the recognition of highest performance levels and is valid for one year up until the next performance appraisal cycle. This programme recognizes exceptional achievements and inspires continual excellence among our staff.



Talent Management: Acquisition to Development

Talent Acquisition:

Faysal Bank's Talent Acquisition segment focuses on attracting high-caliber individuals with the skills, qualifications and cultural fit necessary for success within the organisation. The main responsibility of the TA is to create an unremitting talent pipeline by identifying diverse workforces from various channels, including but not limited to Social Media, Job Boards, Professional Networking Forums/ Events and Industry-Academia partnerships.

In 2023, the TA function has maintained its successful approach to on board multiple Batch Hiring programmes for fresh graduates & undergraduates by creating knowledge & competency based assessment programmes to identify top talent matching the strategic and business needs of the organisation. Also in order to become the employer of choice, the TA team has contributed towards strong focus on building a positive Employer Brand by partnering with leading Universities, placing regular adverts and casting a wide net to reach talent from diverse backgrounds.

The TA function also boasts itself for its smooth on-boarding experience which includes processes that help new hires integrate seamlessly into the organisation, understand its culture, and become productive at a much earlier stage.

Learning & Organizational Development:

Following the successful completion of an extensive re-skilling initiative during our transition to Islamic banking, the Learning and Development (L&D) department at Faysal Bank continues its dedication to the professional development of our staff. Our primary focus is to align the learning strategy with the bank's business objectives. To achieve this, we have established five key pillars that serve as the cornerstone of our learning approach.

Islamic Skill Development

Developing the skills and knowledge required to effectively operate and manage Islamic banking services.

Enhancing understanding of Shariah principles and ethical considerations in Islamic finance.

Role Based & Regulatory Training

Providing comprehensive training programmes tailored to different roles and regulatory requirements.

Ensuring compliance with regulatory frameworks.

Sales & Service Transformation

Facilitating the digital transformation of sales and service processes.

Empowering employees to provide exceptional customer service and cater to the needs of our diverse customers.

Leadership & Managerial Development

Offering leadership development programmes to enhance managerial skills and foster a culture of Care, Collaboration and innovation.

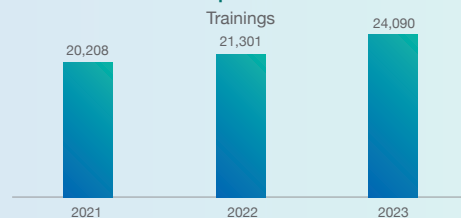
DEI & Culture

Creating a diverse and inclusive learning environment where individuals from different backgrounds can thrive.

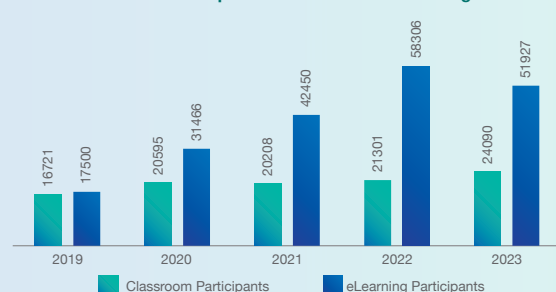
Promoting a culture of respect, acceptance, and equal opportunities for all employees.

Centered on these five fundamental pillars, our Learning and Development (L&D) function is dedicated to empowering our employees with the skills and knowledge required for their professional growth, contributing to business expansion, and nurturing an environment of innovation, teamwork and inclusivity. In 2023, we successfully trained 24,000 participants through classroom sessions, marking a 25% increase in such trainings. This significant uptick clearly indicates our commitment to staff development within our expanding network. Additionally, our signature onboarding training programme has been crucial in efficiently acquainting new staff with our range of products and services.

Total Participants - Classroom



Total Participants Classroom and eLearning



Islamic Skill Development:

As a leading full-fledged Islamic bank, we at Faysal Bank are dedicated to ensuring our staff possess comprehensive knowledge to deliver top-tier Shariah-compliant services to our customers. In alignment with this goal, we have deployed an extensive learning strategy to bolster the expertise of our employees. Faysal Bank has joined forces with the Institute of Business Administration-Center in Islamic Finance (IBA-CIEF). This collaboration offers the Islamic Finance Practitioner Certification programme, meticulously crafted to immerse our staff in the principles and practices of Islamic finance. To progress in this programme, employees must complete each level, ensuring a comprehensive grasp of the necessary knowledge to advance their expertise in Islamic finance.

Role-Based & Regulatory Training:

Faysal Bank is firmly committed to adhering to all regulatory requirements, a priority that ensures our staff are comprehensively trained in areas pertinent to regulatory compliance. To address the unique needs of our staff effectively, we have established a competency-based framework that seamlessly integrates with our role-based model for learning and development. This approach allows us to provide precise, role-specific training programmes tailored to the individual requirements of our employees.

Sales & Service Transformation:

At Faysal Bank, a fundamental aspect of our learning and development strategy is a focus on sales and service, ensuring our staff possesses comprehensive knowledge of our products and processes to serve our customers effectively. Beyond the training, we also conducted several team-building sessions to break down silos and foster bonding amongst our teams. These sessions were designed to cultivate a unified and collaborative work environment, enabling front and back-office staff to work in tandem, providing seamless service to our customers. By encouraging teamwork and dismantling barriers, we have succeeded in streamlining our operations and elevating the overall customer experience.

Managerial & Leadership Development:

At Faysal Bank, a key strategic focus for the year has been on Leadership Development. To address the evolving needs of our leaders, the Learning and Organisational Development (OD) Department has crafted a comprehensive Leadership Development Framework. This framework is integral to our approach to nurturing talent and has been implemented across various organisational leadership levels.

A significant milestone was the graduation of our first cohort from the 'Leadership Stalwarts - Competency-Based Leadership Development Programme (CBLDP)' in June 2023. A notable element of the CBLDP is the inclusion of Leadership Coaching, wherein senior-level staff participate in a 6-month personalised coaching programme, designed to enhance performance.

In 2023, approximately 100 members of our Middle and Senior Middle Management completed their leadership development journey through the 'Faysal Bank - LUMS Leading Through Change Programme'.

This programme acts as a driving force for cultural transformation within our organisation. It is aligned with our Values and Leadership Competency Framework, significantly influencing our organisational culture, engagement levels and customer service.

Moreover, 1400+ supervisors have participated in the 'Manager Development Boot Camp'. This training programme ensures our leaders can effectively engage, communicate, retain and develop talent across the bank.

Workplace Integration & Benefits

We at Faysal bank believe in contributing to our staffs' better lifestyle. For this reason, HR has formulated following policies to provide monitory benefits to staff:

Policy Development and Implementation:

The unit is instrumental in the development and implementation of comprehensive HR policies that serve as a guiding framework for all employees. We at Faysal Bank ensures that these policies are in-line with the industry's best practices by constantly keeping in touch with regulatory requirements as well as the evolving employee needs. Some of our policies are detailed as under:

Education Assistance Programme:

Faysal Bank is dedicated to the continuous professional development of our employees. We encourage our full-time, confirmed staff to pursue further education while working with us. To this end, we offer a reimbursement programme for course and examination fees for part-time evening courses undertaken at approved local universities, business schools, and institutes. This initiative underscores our commitment to lifelong learning and career advancement.

Education Subsidy for Children:

Understanding the importance of education, Faysal Bank supports our employees in managing their children's educational expenses. We have established a policy for the quarterly payment of educational fees for children of our staff. In the current year, approximately 1,000 employees have benefited from this facility, reaffirming our dedication to the welfare of our employees and their families.

Childcare Allowance:

Faysal Bank offers a monthly childcare allowance in our ongoing efforts to support our female workforce, particularly working mothers. The allowance contributes towards their children's daycare expenses. In 2023, this initiative has assisted 131 of our female staff members, demonstrating our commitment to creating an inclusive and supportive work environment especially for women in the Bank.

Staff House Finance - Step-up facility:

In our commitment to providing unparalleled financial solutions to our staff, we have designed a House Finance Policy that not only meets but exceeds industry standards with its unique features of **One-Year Repayment Holiday**. Providing homeowners with the flexibility to defer house finance allows individuals and families to settle into their new homes without the immediate burden of mortgage payments. Moreover, our commitment to provide long-term financial well-being extends beyond the first year. From the second year onward, our employees benefit from **subsidized repayments** that are tailored to make homeownership more affordable and sustainable.

Hajj Offering:

Faysal Bank annually awards Hajj packages to its employees, continuing our tradition of spiritual support. This year, as in previous years, we are honoured to have sponsored 10 fortunate employees including 2 PWDs to undertake this blessed journey, reflecting our commitment to the holistic well-being of our team. In recognition of the unique needs and considerations of our employees with disabilities, we have extended this offer also to their caregivers.

Health Benefits:

Faysal Bank is concerned about the welfare of its employees as well as their family members. For this, the Bank has following health care policies that cover our employees and well as their family members:

- Group Life Takaful
- Pay continuation to deceased staff's family for 2 years
- Group Hospitalization Takaful
- Mammography for female staff
- Executive Check-ups

Leave Policies:

FBL is committed to providing work-life balance in all aspects. The principal intent of the Leave policy is to provide employees time off facility for recovery, relaxation, and recreation purposes. The Bank is providing leaves to its employees in the following categories:

- Annual Leaves: To provide a reasonable break from work for a healthy work-life balance.
- Casual Leaves: To meet any emergency need.
- Sick Leaves: To support in case of any medical exigencies.
- Hospitalisation Leaves: Staff is entitled over and above of their sick leave to avail hospitalisation leave, in case of any medical emergency/hospitalisation.
- Maternity Leaves: Maternity Leave are granted to a female employee for a period of 90 (Ninety) calendar days, with full pay.
- Iddat Leaves: To facilitate employees w.r.t an unforeseen incident, "Iddat Leave" is available.
- Pilgrimage Leaves: On account of performing Hajj for Muslims and respective "holy places" for staff practicing other religions.



HR Operational Excellence

Digital HR:

Constantly, integrating technology with HR, FBL endeavors to provide agile on-the-go platform to its employees for their HR needs.

HR Connect:

Faysal Bank remains dedicated to innovation and efficiency by taking a significant step towards elevating our service levels by implementing state-of-the-art HR software – HR Connect. This has not only streamlined internal processes but has also played a crucial role in enhancing the overall service experience of our employees.

HR Connect has empowered our employees to take charge of their HR-related matters. Whether it's accessing their salary details, taxation, updating personal information, submitting leave requests, resignations, transfers or submitting financing requests, the software provides a convenient and centralized platform. This has not only improved the overall employee experience by reducing the turnaround time but also provided a transparent workflow accessible to employee to view status.

E- Academy:

In the pursuit of expanding our operations and delivering an enhanced employee experience, Faysal Bank recognized the need to adopt a more advanced and sophisticated approach to learning. To meet this objective, we launched the E-Learning Academy in 2023, a pivotal step in aligning with our broader vision of scaling and modernizing our learning and development initiatives.

Moreover, the E-Learning Academy is a crucial tool in supporting the continuous development of our staff. It allows us to disseminate new information and updates efficiently, ensuring our team stays abreast of the latest industry trends and best practices. It also plays a significant role in facilitating our employees' personal and professional development, equipping them with the knowledge and skills necessary to excel in their roles and contribute effectively to the Bank's growth.



HR Operations & Employee Relations

The HR Function at Faysal Bank has a dedicated operational risk unit, which is responsible for day-to-day risk mitigation activities in light of regulatory linkage and the Bank's internal SOPs. The unit is also responsible for suggesting the staff policies in light of the market's best practices in order to keep up with the changing industry dynamics and making Faysal Bank the best place to work.

Operational Risk:

Our HR Operational Risk and Policies Unit has a robust risk management framework meticulously designed to identify, assess, and mitigate potential risks associated with human resources operations. This proactive approach ensures that our HR processes align with industry best practices, regulatory requirements, and the Bank's internal policies, fostering a culture of compliance and accountability.

HR Service Desk:

The 'HR Service Desk' serves as a centralized point of contact, offering a range of services to address queries, concerns and facilitate seamless communication between employees and the HR department. Our HR Service Desk stands as a testament to our commitment to providing exceptional support and fostering a positive employee experience.



Employee Relations:

In our firm commitment to cultivating workplace excellence, our robust Employee Relations strategy, anchored in principles of fairness, transparency and continuous improvement, has been instrumental over the past year. Aligned with the ethos of our CODE & Values, we ensure that every employee experiences fairness, engages in ethical development, embraces continuous learning and actively contributes to our collective success. Beyond punitive measures, our approach serves as a catalyst for professional growth, reflecting our dedication to the well-being of our team. Simultaneously, our diverse employee enrichment sessions, including professional development workshops, underscore our commitment to fostering a positive culture. By prioritizing open communication, learning, and holistic well-being, we aim to create an environment where each employee thrives, propelling our institution toward sustained excellence guided by unwavering ethics.

Risk and Opportunity



اَسْمَاءُ رَأْفَتِهِ

حضرت عبد اللہ بن عمر رضی اللہ عنہما سے مروی ہے فرماتے ہیں کہ رسول اللہ صلی اللہ علیہ وسلم نے فرمایا: مرحم کرنے والوں پر مرحمن مرحم کرتا ہے تم لوگ نرمین والوں پر مرحم کرو تم پر آسمان والا مرحم کرے گا۔

(جامع الترمذی)

Risk and Opportunity

Risk and opportunity management is one of the key activities managed by the Bank through a Board approved Integrated Risk Management framework. All major risks are monitored regularly by various management committees such as Country Credit Committee (CCC), Enterprise Risk Management Committee (ERMC), Assets and Liabilities Committee (ALCO), Investment Committee (IC), IT Steering Committee (ITSC) and Compliance & Fraud Risk Committee (C&FRC) within their respective areas.

Key Risks

Banks are generally exposed to various risks emanating from both internal and external factors, including credit risk, liquidity risk, market risk, capital adequacy risk, operational risk, cybersecurity risk, legal & regulatory risk, compliance risk, country risk, reputational risk, strategic risk, and environmental & social risk. With Faysal Bank's transformation into a full-fledged Islamic Bank, the risk of Shariah non-compliance has become a significant concern in its day-to-day operations.

The year 2023 has been a challenging year in terms of challenges posed by global and local developments. Intensification of international political conflicts added fuel to the ongoing economic stress, primarily caused by tight monetary stance adopted by major global economies. As a result, volatility in international prices was witnessed in major commodities. On the domestic front; heightened political uncertainty, Balance of payment situation, and elevated profit rates weighed on the overall economic performance of the Country.

Despite these formidable challenges, Faysal Bank adopted a prudent growth strategy, successfully expanding its deposit and financing base, as well as increasing its branch network nationwide. This growth is also significant given the fact that 2023 was the first year when the Bank operated as a full-fledged Islamic bank.

In the pursuit of growth over the past year, our emphasis stayed on actively monitoring assets through regular rapid portfolio reviews. The Bank effectively implemented capital and liquidity management tools, addressed Shariah non-compliance risks, introduced new products, and enhanced service quality.

Going forward, prudent management of Balance of Payment situation and maintaining fiscal discipline will be pivotal for improvement in economic situation. However, with limited fiscal & monetary space available with the government, it is forecasted that growth in GDP and Large Scale Manufacturing will remain subdued. This situation may lead to elevated default risk and weaker demand for fresh private sector financing.

Faysal Islami Current Account

Your go-to partner for everyday transactions.

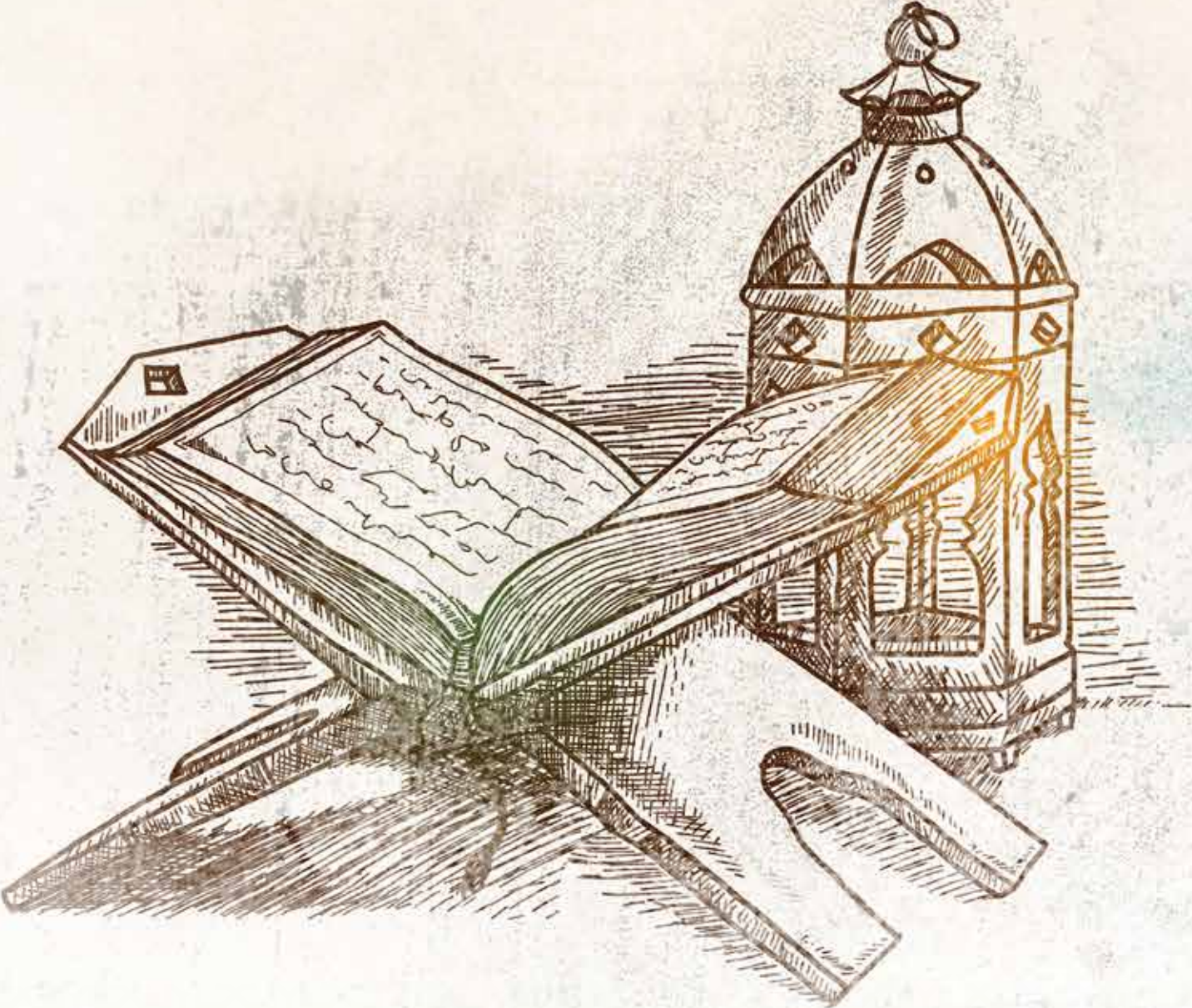


Sources of Opportunities

Source	Opportunity	Strategy to Materialize
External	<p>Capitalizing on the market potential and high growth in the Islamic Banking segment.</p> <p>Islamic Banking is growing faster than conventional banking.</p>	<ul style="list-style-type: none"> Continued focus on developing innovative Shariah compliant products to cater all customer segments (corporate, commercial & retail). Continued network expansion, coupled with digitization - 'brick & click' strategy - to maintain position as one of the largest Islamic banks in the country. Leadership and people development. Up-skilling through trainings, internal elevations and job posts etc. Collaboration with leading educational institutions to nurture Islamic bankers Aggressive branding and marketing to further entrench and strengthen our Islamic brand Customer engagement through seminars, webinars etc. to propagate Islamic Banking and products & services offered by the Bank.
External	<p>Opportunity to increase penetration and reach. Grow with the expanding market.</p> <p>Pakistan is behind in terms of bank branches to population coverage ratio. Further, there is an ever-expanding market due to annual increase in population</p>	<ul style="list-style-type: none"> Expand branch network into new geographies, emerging markets, etc. Grow low-cost CASA deposits by focusing on mass-affluent customer segment - differentiate through efficient processes, comprehensive product suite & improved customer service Complement growth through volume deposits from HNWI & affluent segments - maintain relationships and reduced value attrition
External	<p>Digitization and technology-driven banking</p>	<ul style="list-style-type: none"> Unique Digital propositions and functionalities to differentiate from competitors. Directing branch traffic towards Digital channels to better manage customer flow. Cultivating partnerships and alliances to provide innovative product offerings and payment solutions. Focus on digital onboarding and branch digitization to improve customer experience. Leveraging advanced analytics and artificial intelligence to support sales, cross-selling and loyalty programs. Continued focus on Business process re-engineering (BPR) for cost efficiencies, process optimization and customer experience.

Source	Opportunity	Strategy to Materialize
External	<p>Capitalize on the significant home remittances by ever-growing Pakistani population living abroad</p>	<ul style="list-style-type: none"> • Exploring new avenues and tie-ups with leading global remittance partners • Focus on increasing home remittances through Roshan Digital Account (RDA)
Internal	<p>Enhancing penetration in the commercial, SME, agriculture and consumer finance segments</p>	<ul style="list-style-type: none"> • Driving new business growth from smaller corporates - differentiate relationships and offer tailor-made transaction banking solutions. • Covering all major market areas throughout the country, through network expansion, to onboard high quality SME and agriculture clientele. • Branch-focus on pushing higher margin Commercial and SME financing, also capturing CA deposits • Branch-focus on generating high quality/ high margin consumer financing - full product suite and cross-sell propositions
Internal	<p>Exceeding customers' expectations - provide best in class service delivery</p>	<ul style="list-style-type: none"> • Employee engagement through internal communication for continuous reinforcement of Islamic 'values' & customer-centric mindset. • Continued refinement of branch sales and service model • Decentralization and increase empowerment at regional & hub levels - support quick decision making and service delivery across larger network • Re-aligned service standards, creating visibility on service levels, identify & remediate service gaps and drive accountability to improve service levels • Further integrate and improve our service reward frameworks to enhance customer experience • Further improve customer complaints resolution and continue to expand outreach through alternate channels Social Media, WhatsApp etc.

Corporate Governance



اِسْمِ اللّٰهِ حِكْمَتِ

اور تمہارے گھروں میں اللہ کی جو آیتیں اور حکمت کی جو باتیں سنائی جاتی ہیں،
اُن کو یاد رکھو۔ یقین جانو اللہ بہت باریک بین اور ہر بات سے باخبر ہے۔

(سورۃ الاحزاب آیت نمبر ۳۴)

Report of the Board Audit and Corporate Governance Committee

The Board Audit and Corporate Governance Committee (“BACGC or Committee”) of Faysal Bank Ltd (“FBL or Bank”) comprises four directors having experience and knowledge of Banking, Corporate Governance, Corporate Social Responsibility, Finance, Asset Management, Audit & Accounting. Out of the four members, two are Independent Directors and two are Non-Executive Directors. The Chairman of BACGC is an independent director. The Terms of Reference of BACGC (“TORs”) have continuously been revised and updated as and when required by regulatory guidelines and/or best international practice with the approval of the Board of Directors (“BOD or Board”) of FBL. Accordingly, in 2023 the TORs were reviewed and approved by the BOD.

The Committee focused on FBL’s financial statements, related party transactions, effectiveness of FBL’s Internal Control Environment, Compliance Risk Management, Operational Risk Management Framework and application of Regulatory & International Accounting and Auditing Standards as well as compliance requirements of Corporate Governance best practices, controls over risk areas of provisions and risk of fraud in revenue recognition. The Committee also supervised and monitored the status and implementation of IFRS No. 9, by the management of FBL and showed its satisfaction to the progress during the year as per SBP’s guidelines. The Committee reviewed and approved the Annual Internal Audit plan, Internal Audit Manual, Audit Charter, and the Annual Compliance Plan, as per requirements of SECP’s Code of Corporate Governance (“COCG”), SBP’s Guidelines on Internal Audit Function and Compliance Risk Management Framework. The Committee ensured proper allocation of sufficient resources to both the Internal Audit and the Compliance functions, to enable both functions to successfully, implement their annual plans and other activities. The Chief Audit Executive was given unrestricted access to approach BACGC to ensure proper and timely reporting in all concerned audit & compliance matters. The Committee convened four mandatory meetings and two additional meetings on need basis, during the year 2023.

Major activities undertaken by the BACGC to improve the overall performance of FBL during 2023 were as follows:

- BACGC reviewed and examined the unconsolidated and consolidated quarterly, semi-annual and the yearly Financial Statements for 2023, along with Director’s review report of FBL, which were approved by the Board on its recommendation. BACGC reviewed all categories of related party transactions with assurance from management that all transactions were undertaken at arm’s length basis and reviewed them and reported the same for Board’s consideration, which were approved by the BOD.
- BACGC also held detailed discussions with the external auditors on audit scope for the year 2023 as well as on major observations made in their management letters and reviewed management’s response thereto. The Committee ensured independence of the external auditors and their unrestricted access to FBL. The appointment of external auditors for the year 2023 and their fees were recommended to the Board and approved by the shareholders during its AGM held in March 2023 on its recommendation. BACGC also reviewed the Long Form Report on Shariah Compliance Environment as of December 31, 2022, issued by the external auditors.
- BACGC ensured that the management establishes and maintains adequate and effective Internal Control systems and processes and reviewed and monitored the implementation of the Annual Internal Audit Plan for the year 2023 and the Internal Audit Department’s (“IAD”) high risk observations along with the management’s corrective action plan in accordance with targeted dates. The Committee also reviewed and approved the changes in the IAD Strategy for the period 2019-23 and aligned it with the overall strategy of FBL. The BACGC also reviewed the adequacy and quality of IAD resources.
- BACGC reviewed and monitored the implementation of the Annual Compliance Plan for the year 2023 on a quarterly basis. The Committee also updated itself on AML/CFT procedures as per SBP regulations and Financial Action Task Force (“FATF”), recommendations along with quarterly review of the Foreign Account Tax Compliance Act (“FATCA”), Whistle Blowing Committee (“WBC) cases, and internal investigation findings and timely actions taken by the management. BACGC ensured that a proper and effective system for compliance with the laws, regulations of the State Bank of Pakistan and other regulatory authorities, exists at FBL.

- Comparisons of Fraud and Forgery cases were reviewed quarterly during the year, and updated comparison for the last three years was also reviewed and presented to the BOD. Major findings of internal investigations in this area were deliberated upon and noted with satisfaction that appropriate measures were taken by the management in a timely manner.
- BACGC reviewed the implementation of effective Internal Controls over Financial Reporting (“ICFR”) program across the Bank. An assurance was also given to BACGC that Policies adopted by the Bank were sufficient and appropriate, while information provided by the management is reliable. The Conduct Assessment Framework of the Bank as of December 31, 2022, was also reviewed. The Committee also reviewed statement on internal control system which was endorsed by the Board.
- BACGC reviewed the quarterly Compliance of the SBP’s inspection report and thematic review reports along with monitoring the compliance status of these reports.
- BACGC reviewed updates on the Bank’s framework on Environmental, Social and Governance (“ESG”) compliance and Corporate Social Responsibility (CSR).
- BACGC conducted self-assessment of its performance for the year to comply with its TORs as per SECP Code of Corporate Governance, SBP guidelines and presented it to the Board. The Board appreciated the performance of the BACGC in their evaluation for that year.

Mr. Ali Munir
Chairman - BACGC



Independent Auditor's Review Report

To the members of Faysal Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance Regulations, 2019 (the Regulations) prepared by the Board of Directors of Faysal Bank Limited ('the Bank') for the year ended 31 December 2023, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2023.

Date: 13 February 2024

Karachi

UDIN: CR202310188qVPWvLCTG

**KPMG Taseer Hadi & Co.
Chartered Accountants**

Statement of Compliance with the Listed Companies (Code Of Corporate Governance) Regulations, 2019

Faysal Bank Limited
Year ended: December 31, 2022

The Bank has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eleven as per the following:

Gender	Number
Male	09
Female	02

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Ali Munir
	Ms. Fatima Asad Khan (Female Director)
	Ms. Sadia Khan (Female Director)
	Mr. Mohsin Tariq
Non-Executive Directors	Mian Muhammad Younis
	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
	Mr. Juma Hasan Ali Abul
	Mr. Imtiaz Ahmad Pervez
	Mr. Abdulelah Ebrahim Mohamed AlQasimi
Executive Director	Mr. Abdulla Abdulaziz Ali Taleb
	Mr. Yousaf Hussain, President & CEO

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Bank;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Presently out of Eleven (11) Board of Directors, the following Ten (10) Directors are Certified and have Completed the Directors' Training Program:

1. Mian Muhammad Younis
2. Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery
3. Mr. Yousaf Hussain
4. Mr. Ali Munir
5. Mr. Juma Hasan Ali Abul
6. Mr. Abdulelah Ebrahim Mohamed AlQasimi
7. Mr. Abdulla Abdulaziz Ali Taleb
8. Ms. Fatima Asad Khan
9. Mr. Mohsin Tariq
10. Ms. Sadia Khan

Mr. Imtiaz Ahmad Pervez has attended and complete the Directors' Training Program, however the concluding test is pending.

The Bank had also arranged the following training for the Board of Directors in the year 2023:

- Compliance Structure for the Board of Directors by Pakistan Institute of Corporate Governance on April 28, 2023
- Directors' Orientation Workshop by Pakistan Institute of Corporate Governance on September 27, 2023
- Islamic Financial Contracts by Chairman Shariah Board of Faysal Bank Limited on October 26, 2023

10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Board Audit and Corporate Governance Committee

Mr. Ali Munir	Chairman / Independent Director
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member / Non-Executive Director
Mr. Juma Hasan Ali Abul	Member / Non-Executive Director
Mr. Mohsin Tariq	Member / Independent Director

b) Board Risk Management Committee

Mr. Imtiaz Ahmad Pervez	Chairman / Non-Executive Director
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member / Non-Executive Director
Mr. Abdulla Abdulaziz Ali Taleb	Member / Non-Executive Director
Mr. Ali Munir	Member / Independent Director
Mr. Yousaf Hussain	Member / President and CEO

c) Recruitment Nomination and Remuneration Committee

Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Chairman / Non-Executive Director
Mr. Juma Hasan Ali Abul	Member / Non-Executive Director
Mr. Mohsin Tariq	Member / Independent Director
Ms. Fatima Asad Khan	Member / Independent Director
Ms. Sadia Khan	Member / Independent Director

The Code requires that the chairman of the human resource and remuneration committee is to be an independent director. The composition of the Bank's Recruitment Nomination and Remuneration Committee (RNRC) is in line with the Corporate Governance Regulatory Framework issued by the State Bank of Pakistan which allows a non-executive director to be the Chairman in case the majority members of the committee are independent directors. Following the guidelines majority members of RNRC are independent directors, however, the Chairman of the RNRC is not an independent director.

d) Board Strategy Committee

Mian Muhammad Younis	Chairman / Non-Executive Director
Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member / Non-Executive Director
Mr. Juma Hasan Ali Abul	Member / Non-Executive Director
Ms. Fatima Asad Khan	Member / Independent Director
Mr. Imtiaz Ahmad Pervez	Member / Non-Executive Director
Mr. Yousaf Hussain	Member / President and CEO

e) Board IT Committee

Ms. Sadia Khan	Chairperson / Independent Director
Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member / Non-Executive Director
Mr. Abdulla Abdulaziz Ali Taleb	Member / Non-Executive Director
Mr. Yousaf Hussain	Member / President and CEO

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:
 - a) Board Audit & Corporate Governance Committee Quarterly meetings
 - b) Board Risk Management Committee Quarterly meetings
 - c) Recruitment Nomination and Remuneration Committee Quarterly meetings
 - d) Board Strategy Committee Quarterly meetings
 - e) Board IT Committee Quarterly meetings
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with.

Karachi

Dated: February 7, 2024



Mian Muhammad Younis
Chairman

Report of Shariah Board

For the year ending December 31, 2023

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين، والصلاة والسلام على خاتم الأنبياء والمرسلين محمد المصطفى الصادق الأمين وعلى آله وصحبه أجمعين

Faysal Bank Limited ("the Bank") has completed First year of successful operations of being a full-fledged Islamic Bank.

During the year, the Shariah Board held four meetings to consider, deliberate, decide and supervise various Shariah related affairs of the Bank including review of various existing and new products, transactions, processes, policies, standard operating procedures and agreements. In compliance with Shariah Governance Framework, the Shariah Board ("SB") also met with Board of Directors ("BoD") twice this year to have a detailed briefing on Shariah compliance environment.

Following are the key developments for the year 2023:

Product, Shariah Structuring & Organizational Transformation

Under the guidance of SB, Product, Shariah structuring & Organizational Transformation (PD) has worked for the enrichment of its product menu. One of the noteworthy approval is for the concept of "Transaction-based Musharakah". Moreover, in order to enhance the customer experience and to minimize Shariah non-compliance Risk, a product optimization drive for Diminishing Musharakah was conducted. Furthermore, during this period, various structures were approved.

On liability side, Shariah Board approved the product named 'Mubarak Safar' (Pilgrimage) savings account, Faysal Islami Youth Account and digital variants of 'Amal' Accounts (for Women) based on 'Qardh' and 'Mudarabah'.

Shariah Structuring of Investment Banking Transactions

Shariah Board reviewed and approved 10 Investment Banking transactions whereby the Bank's Shariah Board served as the Shariah Advisor of 05 transactions. These transactions were structured on Shirkat-ul-Milk (Diminishing Musharakah), Shirkat-ul-Aqd (Running Musharakah) and Istisna basis.

Shariah Compliance

To ensure the compliance of regulatory and SB's guidelines, under the guidance of SB, SCD reviewed Trade Finance and Business Services, Corporate and Investment Banking, Commercial & SME, Marketing, Treasury, Human Resource, Agri Financing, Charity Accumulation and Disbursement. Further, SCD reviews Tawarruq based products including Noor Card and Islamic Personal Finance on quarterly basis. SCD reviewed more than 200 branches excluding branches reviewed by Shariah audit across different regions of the bank. Moreover, SCD also reviewed the Pool management & Profit distribution mechanism on monthly basis.

During this period, all Bank-wide policies and procedures (new and renewal) presented, were reviewed by SCD and approved by Shariah Board.

During the year, in addition to standard general approved products, SCD obtained SB approvals on more than 1000 customized process flows of various Islamic financing structures including Murabaha, Istisna, Tijarah, Running Musharakah, Diminishing Musharakah, Salam, etc. including that of SBP schemes like Islamic Export Re-Finance (IERF), Islamic long Term Financing Facility (ILTFF) and Islamic Finance for Renewable Energy (IFRE) etc.

Shariah Audits

Internal & external Shariah Audits were undertaken as per the requirement of Shariah Governance Framework. Internal Shariah Audit Unit carried out Shariah audits during the period for following functions i.e. SME and Commercial Banking, Branch Banking, Corporate and Investment Banking Group, Consumer financing -Noor Card, Trade Business and Services,

Treasury products, Agri Financing, Human Resource, Special Assets Management and on quarterly basis Profit distribution and Pool Management calculations. Further, external Shariah audit was also carried out covering all relevant functions of the Bank.

Charity

In accordance with SBP guidelines and Shariah Non-Compliance Risk Management Framework following is the treatment the charity amount:

The cumulative opening balance of the charity fund was PKR 199.68 Mn and during the year an additional amount of PKR 337.6 Mn is added to the charity fund:

Charity Detail as follows	Amount in Million
a. Delayed payment	PKR 174.39
b. Shariah non-Compliant income	PKR 5.41
c. Ring fenced Charity	PKR 91.9 (Including dividend purification income)

During this period, an amount of PKR 207.00 Mn was distributed to various charitable organizations. Details are available on Note 19.2.

Treatment of Ring-fenced portfolio

After conversion some residual conventional portfolio was carried forward and as per the transformation plan this conventional portfolio was ring fenced to avoid any comingling with Islamic portfolio. This portfolio is monitored by the Shariah Board also in accordance with the regulatory requirement. Accordingly, Shariah Board has issued guidelines for the portfolio management and is updated about the status on regular basis.

Capacity building and Awareness Sessions

For the growth in capacity building and awareness of human resource of the bank, various Islamic banking training programs were conducted by Learning and Development (“L&D”).

Members of Shariah Board, PD, SCD facilitated in improvement of training material besides conducting various training and awareness sessions for Bank’s staff. During the year, L&D organized more than 190 training sessions across the country to enhance the Shariah knowledge of Islamic products and services, wherein more than 6300 employees were trained under various online and classroom training programs. Further, specialized training program for Risk Management was also developed and organized. In addition to in-house training programs, L&D also nominated staff for training programs including Certified Professional Trainer CPT by IAPPD, Islamic Finance Certified Practitioners (IFCP) by IBA and Revolutionize Banking with Artificial Intelligence and sponsored Certified Shariah Adviser and Auditor (CSAA) certifications from Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”) Bahrain.

Additionally, in order to strengthen the overall Shariah compliance environment of the Bank, Shariah support officers (mainly Shariah Scholars) have been on-boarded in business (CIBG, CBSME, Agri etc.) and support functions (CAD, Trade, etc.) besides dedicated staff to support the Retail liability side.

Promotion and Marketing of Islamic banking products & services

During this period, various marketing promotional materials including printed and electronic brochures, TVCs were reviewed and approved by the SB.

Opinion of Shariah Board

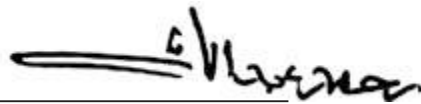
While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Faysal Bank Limited are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of Faysal Bank Limited.

To form our opinion as expressed in this report, the Shariah Board has reviewed the Shariah Compliance review reports, internal and external Shariah audit reports.

Based on above, we are of the view that:

1. The Bank by and large complied with the Shariah rules and principles in the light of resolutions / Fatawa, rulings and guidelines issued by the SB.
2. During review, matters requiring corrective measure have been noted and were resolved by the Management or ensured to be rectified in future. Subject to the foregoing, in our opinion, the affairs of the Bank have been carried out in accordance with the directives, regulations, instructions and guidelines related to Shariah compliance issued by the SBP.
3. The Bank has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations.
4. Bank has a well-defined system in place in the form of Shariah Compliance Review and Internal Shariah Audit to ensure that the earnings realized from sources or means prohibited by Shariah are credited to charity account and properly utilized for charitable purposes.
5. The allocation of funds, profit and loss distribution and pool management is generally in accordance with Shariah Rules & Principles and Pool Management guidelines of SBP.
6. Learning and development unit of the Bank is actively pursuing the training and development of human capital on Islamic Banking & Finance through various training programs to enhance the awareness of staff, Management and BOD for the products and processes of the Bank and importance of Shariah compliance.
7. Shariah Board was provided unhindered access of all required information along with adequate resources, enabling it to discharge its duties effectively.

And Allah Subhanahu wa ta'ala knows the Best.



Mufti Muhammad Abdullah
Resident Shariah Board Member



Mufti Abdul Basit
Shariah Board Member



Dr. Mufti Khalil Ahmad Aazami
Member Shariah Board



Mufti Muhammad Mohib ul Haq
Chairman Shariah Board

Dated: February 07, 2024 | 26 Rajab ul Murajjab, 1445 A.H.

شریعی بورڈ رپورٹ

برائے اختتام پذیر سال 31 دسمبر 2022

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الحمد لله رب العالمین والصلوة والسلام علی خاتم النبیین والمرسلین محمد المصطفیٰ الصادق الامین وعلیٰ آلہ واصحابہ اجمعین۔

فیصل بینک لمیٹڈ ("بینک") نے بطور ایک مکمل اسلامی بینک، کامیاب آپریشنز کا پہلا سال مکمل کر لیا ہے۔ سال کے دوران شریعی بورڈ نے بینک کے مختلف شرعی امور پر غور و فکر اور ان کی نگرانی کے لیے چار اجلاس منعقد کئے جن میں متعدد موجودہ اور نئی مصنوعات، معاملات، اعمال، پالیسیوں، آپریشنز کے معیاری طریقہ کار اور معاہدات کا جائزہ لیا گیا۔ اس سال شریعی بورڈ نے شریعی گورننس فریم ورک کے تحت، بورڈ آف ڈائریکٹرز ("BoD") سے دو بار ملاقات کی۔ جس میں شریعی کمپلائنس کے ماحول کے بارے میں تفصیل سے آگاہ کیا۔

سال 2023 کی اہم پیش رفت درج ذیل ہیں

پروڈکٹ، شریعی اسٹریکچرنگ اور تنظیماتی تبدیلی

شریعی بورڈ کی رہنمائی میں پروڈکٹ، شریعی اسٹریکچرنگ اور تنظیماتی تبدیلی (PD) نے اپنے پروڈکٹس کی فہرست میں اضافہ کے لئے پیش رفت کی ہے جس میں مشارکہ پر مبنی عقد (Transaction based Musharakah) کے تصور کی منظوری بالخصوص قابل ذکر ہے۔ علاوہ ازیں، کسٹمر کی سہولت اور شرعی عدم تعمیل کے خطرے میں کمی کے پیش نظر، شرکت متناقصہ کے طریقہ کار میں مزید بہتری لائی گئی ہے۔ مزید برآں، مذکورہ بالا مدت کے دوران متعدد اسٹریکچرز کی منظوری دی گئی۔

لائسنس سائڈ پر، شریعی بورڈ نے مبارک سفر (حجاج) سیونگ اکاؤنٹ، فیصل اسلامی یوتھ اکاؤنٹ اور قرض و مضاربہ پر مبنی "اسلامک ایل خواتین اکاؤنٹ" کے (Digital Variants) کے پروڈکٹ کی منظوری دی۔

انویسٹمنٹ بینکنگ کے عقود (ٹرانزیکشنز) کا شریعی اسٹریکچر

شریعی بورڈ نے 10 اسلامی IBG عقود (ٹرانزیکشنز) کا جائزہ لیا اور ان کی منظوری دی جس میں بینک کے شریعی بورڈ نے 05 عقود کے شریعی ایڈوائزر کی خدمات انجام دی۔ یہ عقود، شرکت الملک (شرکت متناقصہ)، شرکت العقد (رنگ مشارکہ) اور استصناع کی بنیاد پر تشکیل دئے گئے تھے۔

شعبہ شریعی کمپلائنس

ریگولیٹری اور شریعی بورڈ کی ہدایات پر عمل درآمد کو یقینی بنانے کے لیے، شریعی بورڈ کی رہنمائی میں، SCD نے ٹریڈ فنانس اور کاروباری خدمات، کارپوریٹ اور انویسٹمنٹ بینکنگ، کمرشل اور SME مارکیٹنگ، ٹریڈری، ہیومن ریسورس، ایگری فنانسنگ، چیریٹی کی وصولی اور تقسیم کا جائزہ لیا۔ مزید، SCD نے سہ ماہی بنیادوں پر نور کارڈ اور اسلامک پرسنل فنانس سمیت توریق پر مبنی مصنوعات کا بھی جائزہ لیا۔ ساتھ ہی ساتھ SCD نے مختلف علاقوں میں شریعی آڈٹ کے ذریعے جائزہ لی گئی بینک کی برانچوں کے علاوہ 200 سے زائد برانچوں کا جائزہ لیا۔ مزید یہ کہ SCD نے ماہانہ بنیادوں پر پول پیئمنٹ اور منافع کی تقسیم کے طریقہ کار کا بھی جائزہ لیا۔ اس دوران، SCD نے بینک کی تمام پالیسیوں اور طریقہ کار (نئی اور تجدید شدہ) کا بھی جائزہ لیا اور شریعی بورڈ نے ان کی منظوری دی۔

دوران سال SCD نے شریعہ بورڈ سے 1000 سے زائد "صارفین کے لحاظ سے مخصوص پراسس فلوز" کی منظوری حاصل کی جو کہ اسٹینڈرڈ جرنل منظور شدہ مصنوعات کے علاوہ، متعدد اسلامی طریقہ ہائے تمویل جیسے مراہجہ، استصناع، تجارہ، رنگ مشارکہ، شرکت متناقضہ، سلم وغیرہ پر مشتمل ہونے کے ساتھ SBP کی اسکیمز جیسے کہ اسلامک ایکسپورٹ ری-فنانس (IERF) اسلامک لانگ ٹرم فنانسنگ فیسیلٹی (ILTF) اور ریٹرو ایبل انرجی کے لیے اسلامی فنانس (IFRE) وغیرہ پر مشتمل ہیں۔

شریعیہ آڈٹ

شریعیہ گورننس فریم ورک کے تقاضوں کے مطابق اندرونی اور بیرونی شریعیہ آڈٹ کو انجام دیا گیا۔ انٹرنل شریعیہ آڈٹ یونٹ نے اس مدت کے دوران درج ذیل شعبوں کے لیے شریعیہ آڈٹ کو انجام دیا یعنی کہ SME اور کمرشل بینکنگ، برانچ بینکنگ، کارپوریٹ اور انویسٹمنٹ بینکنگ گروپ، کنزیومر فنانسنگ - نو کارڈ، ٹریڈ بزنس اینڈ سروسز، ٹریڈری پروڈکٹس، ایگری فنانسنگ، ہیومن ریسورس، اسپیشل ایسڈ بینجمنٹ اور سہ ماہی بنیادوں پر منافع کی تقسیم اور پول بینجمنٹ کے حسابات۔ مزید برآں، بینک کے تمام متعلقہ امور پر مشتمل ایکسٹرنل شریعیہ آڈٹ بھی کیا گیا۔

چیریٹی

SBP اور شریعیہ نان کمپلائنس رسک بینجمنٹ فریم ورک کی رہنما ہدایات پر عمل درآمد کے مطابق چیریٹی کی رقم درج ذیل ہے:

چیریٹی فنڈ کی مجموعی ابتدائی رقم 199.68 ملین روپے تھی اور سال کے دوران 337.6 ملین روپے کی اضافی رقم چیریٹی فنڈ میں شامل کی گئی ہے۔

رقم کے اعداد و شمار (ملین میں)	صدقہ کی تفصیل	
روپے 174.39	ادائیگی میں تاخیر کی وجہ سے	1
روپے 5.41	شرعی اصولوں سے عدم مطابقت کی وجہ سے	2
روپے 91.9 (بشمول ڈیویڈنڈ پیوریفیکیشن آمدنی)	رنگ فینڈ چیریٹی	3

اس عرصے کے دوران، 207.00 ملین کی رقم مختلف خیراتی اداروں میں تقسیم کی گئی۔ جس کی تفصیلات نوٹ 19.2 پر دستیاب ہیں۔

رنگ فینڈ پورٹ فولیو کا انتظام

اسلامی بینکاری کی طرف منتقلی کے بعد کچھ باقی ماندہ روایتی پورٹ فولیو پر کام کو بڑھا یا گیا اور کنورژن کی منصوبہ بندی کی پالیسی کے مطابق اس روایتی پورٹ فولیو کو اسلامی پورٹ فولیو کے ساتھ خلط ہو جانے سے بچانے کے لیے (رنگ فینس) کر کے الگ کر دیا گیا ہے۔ شریعیہ بورڈ اس پورٹ فولیو کی نگرانی بھی ریگولیٹری تقاضوں کے مطابق انجام دیتا ہے۔ اسی مناسبت سے شریعیہ بورڈ اس مقصد کے لئے اپنی رہنما ہدایات دے چکا ہے اور اس کی صورت حال کے بارے میں اسے مستقل بنیادوں پر مطلع کیا جاتا ہے۔

استعداد کار میں اضافہ اور آگاہی کے اجلاس

بینک کے انسانی وسائل کی استعداد کار میں اضافے اور آگاہی کے لیے، لرننگ اینڈ یو لپنٹ ("L&D") نے متعدد اسلامی بینکاری تربیتی پروگرام منعقد کیے۔ شریعہ بورڈ، PD اور SCD کے اراکین بینک کے عملے کے لئے متعدد تربیتی اور آگاہی سیشنز کے انعقاد میں سرگرم عمل رہی اور ساتھ ساتھ تربیتی مواد کو بہتر بنانے میں بھی معاونت فراہم کی۔ دوران سال L&D نے عملے کی اسلامی مصنوعات و خدمات سے متعلق شرعی آگاہی میں اضافے کے لیے ملک بھر میں 190 سے زائد تربیتی سیشنز کا انعقاد کیا جس میں 6300 سے زائد ملازمین کو متعدد آن لائن اور کلاس روم تربیتی پروگرامز کے ذریعہ تربیت دی گئی۔ مزید یہ کہ رسک مینجمنٹ کے لئے خصوصی تربیتی پروگرام تیار اور منظم کیا گیا۔ داخلی تربیتی پروگرامز کے علاوہ L&D نے IAPPD سے سرٹیفائیڈ پروفیشنل ٹریڈر (IBA)، (CPT) سے اسلامک فنانس سرٹیفائیڈ پریکٹیشنرز (IFCP) اور اکاؤنٹنگ و آڈٹنگ آرگنائزیشن فار اسلامک فنانشل انسٹی ٹیوشنز ("AAOIFI") بحریں کی طرف سے "سرٹیفائیڈ شریعہ ایڈوائزر و آڈیٹر (CSAA) سرٹیفیکیشنز" اور TerraBiz کی طرف سے (Revolutionizing Banking with Artificial intelligence) کے لیے بھی عملے کو نامزد کیا۔

مزید برآں، بینک کے شریعت سے ہم آہنگ ماحول کے استحکام اور ریٹیل لائسنسنگ شعبہ کی تقویت کے لیے، مقرر کردہ عملہ کے علاوہ، شریعہ سپورٹ افسران (بنیادی طور پر شریعہ اسکالرز) کو کاروبار (Agri، CBSME، CIBG وغیرہ) اور ٹرانسڈیفرنٹیشنز (CAD، Trade وغیرہ) میں شامل کیا گیا ہے۔

اسلامی بینکنگ پروڈکٹس و خدمات کا فروغ اور تشہیر

اس دوران بیس، مختلف مارکیٹنگ پروموشنل مواد بشمول پرنٹ شدہ اور الیکٹرانک بروشرز، TVCs کا جائزہ لیا گیا اور شریعہ بورڈ کی طرف سے منظوری دی گئی۔

شریعت بورڈ کی رائے

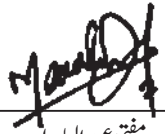
چونکہ بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ مکمل طور سے اس امر کو یقینی بنانے کے ذمہ دار ہیں کہ فیصل بینک لمیٹڈ کے امور کی انجام دہی ہمہ وقت شریعت کے اصولوں سے ہم آہنگ ہو، اس لئے ہم سے فیصل بینک لمیٹڈ کے مجموعی ماحول کے شریعت سے ہم آہنگ ہونے پر ایک رپورٹ پیش کرنے کا تقاضہ کیا جاتا ہے۔ جیسا کہ اس رپورٹ سے واضح ہے، ہماری رائے یہ ہے کہ شریعت بورڈ نے شریعت کمپلائنس ریویو رپورٹس، انٹرنل اور ایکسٹرنل شریعت آڈٹ رپورٹس کا تجزیہ کر لیا ہے۔

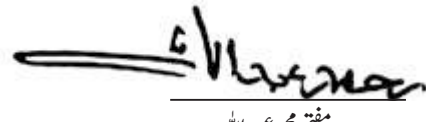
مندرجہ بالا بنیاد پر ہمارا نقطہ نظر یہ ہے کہ:

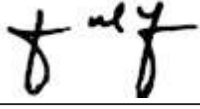
1. بینک کے جملہ امور کو شریعت بورڈ کی طرف سے جاری کردہ قراردادوں، فتاویٰ جات، ہدایات و احکامات کی روشنی میں شریعت کے اصول و ضوابط کے مطابق انجام دیا گیا ہے۔
2. جائزہ کے دوران کسی بھی قابل تصحیح مسئلہ کو نوٹ کیا گیا اور بذریعہ مینجمنٹ اس کو حل کیا گیا یا مستقبل میں اس کی تصحیح کو یقینی بنایا گیا ہے۔ ماقبل سے مربوط ہماری رائے میں بینک کے امور کو شریعت کمپلائنس سے متعلق اسٹیٹ بینک پاکستان کی طرف سے جاری کردہ قراردادوں، اصولوں، احکامات و ہدایات کے مطابق انجام دیا گیا ہے۔
3. بینک، تمام ترامور میں شریعت کمپلائنس کو یقینی بنانے کے وسیع نظام کا حامل ہے۔

4. بینک، شریعہ کمپلائنس تجزیہ اور انٹرنل شریعہ آڈٹ کی صورت میں اس بات کو یقینی بنانے کا ایک مربوط اور جامع نظام رکھتا ہے کہ غیر شرعی ذرائع اور طریقوں سے حاصل شدہ آمدنی کو چیریٹی اکاؤنٹ میں منتقل اور صحیح طور سے خیراتی مقاصد میں خرچ کیا گیا ہے۔
5. فنڈز کی تعیین، نفع و نقصان کی تقسیم اور پول مینجمنٹ، شریعت کے اصول و ضوابط اور SBP کی پول مینجمنٹ سے متعلق ہدایات کے مطابق ہوئی ہے۔
6. بینک کارلنگ اینڈ یوٹیلٹی یونٹ متعدد تربیتی پروگرامز کے ذریعہ اسلامی بینکاری و مالیات پر انسانی سرمایہ کی تربیت اور ترقی کے لئے سرگرم عمل ہے تاکہ بینک کی پروڈکٹس و طریقہ کار اور شریعہ کمپلائنس کی اہمیت پر عملے، مینجمنٹ اور BoD کی آگاہی میں اضافہ کیا جاسکے۔
7. شریعہ بورڈ کو اپنی ذمہ داریوں سے بخوبی عہدہ برآں ہونے کے قابل بنانے کے لئے تمام مطلوبہ معلومات تک بلا رکاوٹ رسائی اور مناسب وسائل مہیا کئے گئے ہیں۔

واللہ اعلم بالصواب


مفتی عبدالباسط
شریعیہ بورڈ ممبر


مفتی محمد عبداللہ
ریزیڈنٹ شریعیہ بورڈ ممبر


مفتی محمد محب الحق
سربراہ شریعیہ بورڈ


ڈاکٹر مفتی خلیل احمد اعظمی
شریعیہ بورڈ ممبر

7 فروری 2024/26 رجب المرجب 1445

Statement On Internal Controls

This statement is presented to comply with the instructions of the State Bank of Pakistan (SBP) issued vide BSD Circular No. 07 dated May 27, 2004 “Guidelines on Internal Controls” and OSED Circular No. 01 dated February 07, 2014 “Instructions on Internal Controls over Financial Reporting (ICFR)”.

The Management of Faysal Bank Limited is responsible for establishing and maintaining adequate and effective internal control system in the Bank. In this context, the Management has designed the Bank’s Internal Control Program to provide reasonable assurance on the reliability of financial reporting, effectiveness of the operations and compliance with applicable laws and regulations. Although, the Internal Control Program is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure, circumvention and overriding of controls. Even an effective internal control system can provide reasonable but not absolute assurance that the system’s objective will be achieved.

Policies and procedures encompassing various business and operational areas are in place, updated and communicated across all pertinent levels of the organization. The policies are approved by the Bank’s Board of Directors (BoD) and the procedures are approved by the Senior Management. The Bank’s internal audit function carries out monitoring of compliance with these policies and procedures and regularly apprises the Management as well as the BoD through Board’s Audit and Corporate Governance Committee, accordingly.

The Management of the Bank has instituted an Internal Control Department (ICD) – Compliance Function for the conduct of on-site and off-site reviews of the processes related to Support Functions as well as the branches. Accordingly, ICD monitors and identifies gaps in the day-to-day operations and ensures prompt corrective actions. Further, ICD ensures compliance and implementation of policies and procedures duly approved by the BoD and Senior Management, respectively, to maintain a suitable control environment. Moreover, the Management takes remedial measures to address the gaps identified by the Regulator, ICD, internal and external auditors. These remedial measures include improvements in internal controls to ensure non recurrence of highlighted exceptions and are monitored by the Compliance Committee.

The Bank has completed all stages of the ICFR roadmap, issued vide SBP’s BSD Circular No. 05 dated February 24, 2009. The Bank has adopted the “COSO Internal Control Integrated Framework” in relation to its Internal Control program in order to ensure consistency in the process of compliance with SBP’s Internal Control Guidelines involving documentation, risk assessment, gap analysis, controls testing, controls implementation and quality assurance/validation. Further, in the year 2017, SBP granted exemption for submission of Long Form Report (LFR) through external auditors. Moreover, as per SBP’s BSD Circular No. 01 dated July 06, 2021, the banks were allowed to discontinue annual submission of LFR or Annual Assessment Report (AAR) on efficacy of ICFR, to SBP. However, banks shall continue the preparation of AAR on efficacy of the ICFR under ICFR instructions/ framework and Internal Audit Function will review and submit it to Audit Committee for BoD approval, for the year ended December 31, 2023.

The Management is confident that through adoption of these measures, the Bank’s internal control environment is maintained at a satisfactory level.

The BoD endorses the above stated management evaluation of internal controls and ICFR program.

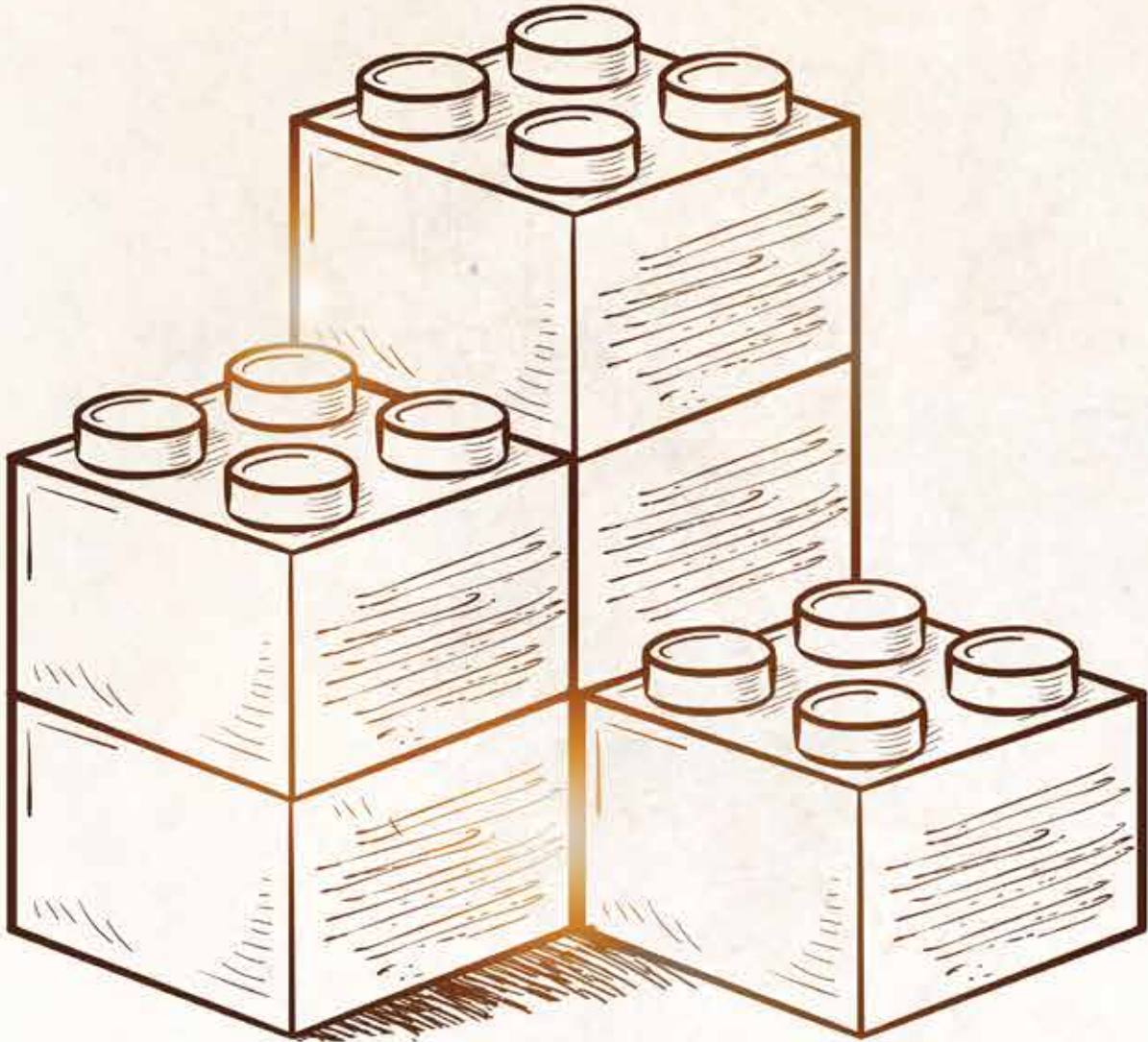


Yousaf Hussain
President & CEO

Authorisation of Financial Statements by the Board of Directors

The financial statements for the year ended December 31, 2023 were authorised for issuance by the Board of Directors of the Bank on February 07, 2024.

Unconsolidated Financial Statement



ایسے ہی
پڑھو



Directors' Report

Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited ("FBL" or "the Bank") along with Audited Financial Statements and the Auditors' Report thereon for the year ended December 31, 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 280 cities across the country with 722 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 current global economic environment reflects promising signs of progress, fostering increased business confidence and positive market sentiment. Nevertheless, this forward momentum encounters challenges arising from a slowed economic rebound in China, heightened global inflation, tight monetary conditions, and ongoing geopolitical uncertainties.

Within the real sector, performance varied across economic segments. The agriculture sector exhibits optimism regarding meeting production targets, particularly evident in the Rabi season's nearly achieved wheat cultivation goals with increased farm inputs. However, the Large-Scale Manufacturing (LSM) sector experienced a marginal decline of 0.4% from July to October '23, in contrast to a 1.7 % contraction in the same period last year.

During the 2nd half of 2023, the Consumer Price Index (CPI) averaged approximately 28.8%, showing a decrease from 33.05% in the first half of 2023 but still higher than 25% when compared to the same period of 2022. Frequent energy price hikes to align with IMF directives on circular debt significantly contributed to this outcome. Achieving the State Bank of Pakistan's inflation target of 5-7% requires cohesive fiscal and monetary policies.

The government's fiscal performance remained in line with targets, witnessing a substantial increase in revenue receipts that outpaced expenditure growth. Consequently, from July to October '23, the fiscal deficit remained under 0.8% of GDP, while the primary surplus improved to PKR 1.42 trillion.

The Monetary Policy Committee (MPC) has maintained the policy rate at 22% in its last four meetings as the members anticipated that inflation has peaked and should start easing off in the near term. The inflation however has remained sticky for longer than it was anticipated. In the latest MPC meeting, officials expressed optimism that a steady exchange rate, controlled overall demand, decrease in global commodity prices, and a favorable base effect will contribute to a reduction in inflation, hence the real interest rate remains positive on a 12-month forward looking basis.

The stock market has shown an exceptional performance, with a sustained rise in the Index over the past few months. The KSE100 Index gained 51% in PKR terms during the second half of CY23 (54% in USD terms), earning Bloomberg's recognition as the best-performing market during this period.

The Current Account posted a deficit of USD 1.16 billion for Jul-Nov CY2023 against a deficit of USD 3.3 billion same period last year, reflecting an improvement in trade balance. Exports increased by 5.0% and reached USD 12.5 billion compared to

USD 11.9 billion during the same period last year. Imports declined by 16.0% reaching USD 21.3 billion compared to USD 25.3 billion during the same period last year. Resultantly, the trade deficit recorded at USD 8.8 billion as against USD 13.4 billion last year. Despite improvement in the current account the PKR USD parity remained under pressure and PKR depreciated by approx. 24% during CY '23.

Looking ahead, continuity of the current IMF program, timely negotiation of a new program and the occurrence of general elections in the country remain critical factors for sustaining economic recovery.

Bank's Performance

A New Era Dawns: Debut year as an Islamic Bank

Alhamdulillah, 2023 signifies a momentous milestone for the Bank, as FBL successfully completed the first year as an Islamic bank. The bank worked tirelessly to integrate Islamic principles into financial products and services, ensuring they align with Shariah standards. This shift has not only enhanced our commitment to ethical banking but has also allowed us to forge stronger connections with our community. FBL conversion has put the first block to convert Pakistan's financial structure to Islamic as per the decision of the Federal Shariah Court.

During the year, the Board has approved the establishment of an exchange company with an initial paid-up capital of PKR 1 billion subject to the completion of regulatory requirements. This exchange company, namely Faysal Islami Currency Exchange Company (Private) Limited shall be a wholly owned subsidiary of FBL. The bank has received the "No Objection Certificate" from SBP and the "Certificate of Incorporation" was issued by SECP on January 16, 2024.

A detailed review of the Bank's performance is given in the following paragraphs:

Financial Performance

Key Balance Sheet Numbers

	Rs. in million		
	2023	2022	Growth %
Investment	589,545	469,451	25.6
Financing – net	580,711	454,261	27.8
Total Assets	1,370,074	1,074,353	27.5
Deposits	1,018,276	781,571	30.3

Profit & Loss Account

Total Revenue	83,142	48,947	69.9
Total Expenses	40,806	27,494	-48.4
Profit before tax and provisions	42,336	21,453	97.3
Net Provisions	914	(940)	-197.2
Profit before tax	41,422	22,393	85.0
Tax	21,376	11,160	-91.5
Profit after tax	20,046	11,233	78.5
Earnings per share (Rupees)	13.21	7.40	78.5

Financial Excellence in 2023: A Testament to Resilience

With unwavering commitment to excellence, the Bank has achieved remarkable financial performance and experienced 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 of Deposits crossing PKR One

Trillion mark. The bank is now positioned as a key player in Pakistan's Islamic banking sector. On a standalone basis, FBL has achieved a record-breaking Profit Before Tax (PBT) of PKR 41.4 billion, 85% higher than PKR 22.4 billion in the last year. The increase in Profit After Tax (PAT) was however, restricted to 78.5% at PKR 20 billion due to excessive and retrospective wind-fall tax. Furthermore, Earnings Per Share exhibited a commendable rise, surging from PKR 7.40 to PKR 13.21.

During the year 2023, the Bank continued its growth trajectory and has substantially increased total revenue by 70% over 2022. Robust growth in balance sheet coupled with an increase in spreads led to a year-on-year growth of 78% in net spread earned, taking it to PKR 71.1 billion. Healthy growth in current deposits of PKR 49 billion (18%) and increase in the average benchmark rate helped improving overall spreads. Non-Fund income grew by 35% over last year and was at PKR 12.1 billion in 2023.

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 48.4% over 2022. However, the cost to income ratio has improved from 56.2% in 2022 to 49.1% in 2023. Net provision for 2023 was PKR 0.9 billion, compared to a reversal of PKR 0.9 billion in 2022. The infection ratio continued to reduce and was at 3.8% with total coverage at 87%.

As a result of strong deposit mobilization, FBL total assets continued to grow and are at PKR 1.4 trillion. The upward trend in Current Accounts seen over the past few years continued, taking them to PKR 326 billion i.e., 18% growth over Dec'22. Total deposits crossed PKR 1 trillion mark and increased by 30.3% over Dec'22, improving market share from 3.5% to 3.7% in 2023. The CASA mix, however, due to growth in Term Deposits, decreased from 80.0% to 75.0%.

FBL's net financing increased by 27.8% to PKR 581 billion and ADR slightly reduced from 58% at Dec'22 to 57.0% at Dec'23. The liquidity generated from deposits was deployed in investments and financing. Investments increased by 25.6% and reached PKR 590 billion.

The Bank remains steadfast in its dedication to delivering exceptional results and creating sustainable value for stakeholders. With a strong foundation and a strategic focus on growth, we are confident in our ability to In Sha Allah, achieve new heights in future.

Business Overview

Islamic Banking Product Development Function

Islamic Banking Product Development Function played a crucial role and not only aided all departments in carrying out Shariah Compliant activities, but also assisted in conducting training programs all over Pakistan to upscale Islamic knowledge and comprehension. While FBL staff was also the audience, numerous awareness sessions were held for customers at branches, non-customers at mosques, universities etc. and group sessions with traders, trade associations and corporate employees were held.

During the year various customers belonging to diverse segments were catered through Shariah Compliant Structures. In addition to that, FBL participated in various Investment Banking transactions and served as Shariah Advisor. The Pool Management Department remained committed to automating Pool Management system, ensuring that it is aligned with the evolving needs of the business and complies with Shariah principles and SBP Guidelines. In continuation to the successful automation of the Pool Management System for General Pools, the Bank achieved a milestone by introducing the Islamic Banking industry's first automated real time Treasury Module for pool management.

Retail Banking

Retail Banking at FBL has achieved new heights by shouldering the overall deposit number to cross PKR 1 trillion milestone, showcasing a resilient trajectory that is worth celebrating. The market share has grown from 3.5% in December 2022 to 3.7% in December 2023. Leveraging the extensive branch network, the bank expanded its footprint by adding 22 new branches, reaching a total of 722 branches by year-end. FBL is committed and actively engaged with State Bank of Pakistan in its efforts to support the country's economy under the Financial Inclusion ambit. As per SBP's directives, FBL successfully

introduced policies related to Banking on Equality (BoE) and Persons with Disabilities (PWD). The bank is proudly serving over 1.46 million customers including 0.27 million female customers.

During 2023, while several new products were added to the suite to cater diverse market segments, each designed to meet the evolving needs of our customers. Notably, "Amal", a branded account for women with one-stop financial solution was bundled with Health Benefits, Shopping Discounts, Locker Fee Discounts and Saving/Transactional Convenience. By offering this one-of-a-kind product, the bank was able to successfully onboard many new female customers, totaling PKR 5.9 billion in deposits. Further, FBL launched 16 dedicated branches across all provinces to facilitate differently abled persons for seamless banking experience with convenience.

Commercial Banking and Small Medium Enterprises (CBSME)

Throughout the year, the Commercial Banking and Small Medium Enterprises (CBSME) focused on strategically expanding the loan book while maintaining exceptional credit quality, despite the challenges posed by economic fluctuations. In this ever-changing landscape, the "Branch Led SME model" has proved to be a driving force behind our success, delivering concrete outcomes and surpassing the PKR 63 billion milestone with a remarkable 36% increase.

At CBSME we are deeply committed to nurturing small and medium enterprises. Our approach is specifically designed to cater to the individual requirements of SME clients, with our branches playing a crucial role in actively engaging with and providing support to them. Beyond the initial objective of portfolio growth, the "Branch Led SME model" has provided a channel for enhanced customer relationships, offering more personalized and responsive banking experience.

Furthermore, Commercial Banking and SME have successfully implemented strong risk management practices to ensure the credit quality of loan book. Our commitment to thorough credit assessments, proactive monitoring, and timely interventions has played a crucial role in ensuring the strength and stability of our credit portfolio and ultimately strengthening the bank's overall financial health.

Corporate and Investment Banking Group (CIBG)

The Corporate and Investment Banking Group remained active throughout the year and successfully closed several landmark investment banking deals across a full spectrum of segments. FBL solely led arrangement and advisory mandates for a significant number of projects and syndications. The Bank successfully negotiated and led transactions worth more than Rs. 35 billion, comprising deals in infrastructure, power, telecommunications, etc.

CIBG had another stellar year as the group grew the corporate financing book by 28% during 2023. CIBG continued to focus on responsible lending, thereby managing to maintain overall portfolio health and diversification. The bank onboarded several "New to Bank" (NTB) relationships including various reputable MNCs, FMCGs, and top local conglomerates. CIBG continued to provide the bank's ever growing corporate customers with tailor-made solutions for corporate and investment banking needs, transaction banking products and specialized products to help manage foreign exchange and market risks. Despite trade restrictions, CIBG successfully expanded its export business by 56%.

The remittances to Pakistan in 2023 declined by 12% from the preceding year. Despite this market contraction, FBL showcased remarkable resilience in the market and witnessed a surge in market share from around 3% to 4.5%. Notably, transaction volumes experienced an upswing, registering a 30% increase. This result highlights the Bank's commitment to contribute to this national cause while aligning with the bank's mission and values. The bank pledges continuous investment in cutting-edge technology and human capital to ensure that overseas Pakistanis and beneficiaries consistently benefit from the best-in-class remittance solutions which will result in continuous growth of overall remittances into Pakistan through legal channels.

Consumer Banking

Consumer banking demonstrated resilience in navigating a challenging business environment, maintaining a steady course despite external pressures. The overall consumer portfolio, while experiencing a marginal decrease of 3%, stood robust at Rs. 44 billion, showcasing bank's adept management in adverse conditions.

A noteworthy success within the Consumer Banking domain is the Noor Card, a Shariah-compliant alternative to conventional credit instruments. This product has proven to be a significant triumph, attracting over 54,000 new customers in 2023 alone. The card's popularity is underscored by a substantial 38% growth in spending, reaching Rs. 81 billion. The Noor Card's success reflects the bank's commitment to offering financial solutions aligned with ethical principles.

The Roshan Digital Account (RDA) was introduced as a collaborative effort by the Government of Pakistan and the State Bank of Pakistan to facilitate Non-Resident Pakistanis interested in banking, payment, and investment activities in Pakistan. The program has received tremendous support, and as a result, has developed into a comprehensive product suite that offers cutting-edge and user-friendly digital banking solutions. In 2023, the Roshan Digital initiatives portfolio maintained a positive trajectory, with a 7% increase in deposits and 1% growth in financing.

Treasury

Treasury demonstrated a strong performance across segments during 2023. In the foreign exchange business we successfully enhanced volumes and profitability by expanding our clientele, strengthening client relationships and providing competitive pricing. In response to a challenging macroeconomic environment and subsequent volatility in interest rates, Treasury prudently positioned its GOP Ijarah Sukuk portfolio to maximize accrual income. The bank strategically brought its equity portfolio to a suitable level. The equity trading desk leveraged their market expertise to align the portfolio against a rapidly changing economic & political scenario.

Digital Banking Group

A strong shift in customer transaction behavior towards digital modes persuaded the bank to invest extensively in technology to churn a constant stream of innovative digital solutions, products and platforms with an aim to establish itself as the #MostInnovativeIslamicBank. One of the key driving elements has been the 'go-green' philosophy, encouraging customers to adopt digital channels and reduce reliance on traditional paper-based instruments and modes of transactions. FBL's digital spread now goes on to include not just retail banking customers but also the consumer finance customers, merchants and SME's.

In 2023, the Bank's digital footprint increased by 3x, where the digital subscriptions increased from 0.4M to over 1.25M, this was driven by the tremendous transaction uptake via Faysal Digital mobile-app and Faysal Islami WhatsApp Banking.

Digital transactions through the MobileApp registered a YoY increase of over 300 percent, which makes it one of the fastest growing mobile platforms in the industry. Special focus was on increasing the touchpoints and use-cases for making payments.

Faysal Bank's Digital Positioning

As part of 2023 positioning strategy, FBL has adopted a transformative outlook with a clear-cut focus on innovation and digitization of customer experiences. This stance has led to Faysal Bank taking a digital leadership stance not only amongst Islamic Bank but also challenging the industry at large.

New initiatives included:

- **"Faysal Tap and Pay"**, FBL customers can make payments at any local or international Point-of-Sale (POS) terminal merely by tapping their smart phones.

- **“Faysal Islami WhatsApp Banking”**, inarguably the best-in-class WhatsApp Banking solution with an unmatched user-interface and seamless user-journey.
- **“WhatsApp Payments”**, allowing FBL Digital customers to transfer funds internally and externally through their WhatsApp, making it one of the most innovative and versatile banking platforms in the industry. Qurbani Booking through WhatsApp Banking,
- **“Internet Payment Gateway”**, with a view to help businesses grow in the eComm space, Faysal Bank launched its payment gateway services, enabling retail businesses to accept debit and credit card payments, hence opening up a whole new growth frontier for businesses.
- **“Point-of-Sale (POS) Merchant Acquiring”**, offered point of sale terminals for Retail and SME businesses enabling the acceptance of cash less payments, promoting the regulatory agenda of payment digitization.
- **“Digital Kiosks”**, promoting the self-serve digital concept, allowing customers to walk-in to the Branch and deposit their cash without having to wait at the counter. The service was immensely successful and in the first 6 months of its launch, over PKR 10 Billion was deposited through these Digital Kiosks.
- **“ATMs”**, with a footprint of over 700 ATMs, the bank initiated its fleet replacement and modernization program thereby upgrading to state-of-the-art machines with biometric capability and being socially responsible, all these machines offer a braille keypad, along with the ‘talking-assistant’ feature for the visually impaired.

Human Resource

FBL believes that committed employees are the linchpin for success in crafting a sustainable, progressive, and productive organization. This commitment extends to creating a workplace environment that not only values and respects every employee but actively encourages ideas, welcomes differences, instills corporate values, and promotes diversity and inclusion. The Bank is constantly working to increase employee engagement through open communication, receptive feedback mechanisms, the cultivation and development of talent, and the strategic utilization of reward and recognition programs. It is with pride that FBL notes a consistent improvement in its employee engagement scores, currently standing at 83%.

Throughout the year 2023, FBL demonstrated a robust commitment of employee learning and development by conducting training sessions for over 75,000 participants through classroom and eLearning sessions. These learning sessions ranged from induction training programs to technical trainings pertaining to specific roles, dedicated Islamic banking skill development, sales & service transformation and Managerial & leadership development. In a strategic move to continually expand learning and development opportunities for our employees, the Bank entered partnership with the Institute of Business Administration-Center in Islamic Finance (IBA-CIEF). This collaboration offers the Islamic Finance Practitioner Certification program, crafted to immerse the staff in the principles and practices of Islamic finance.

In line with its commitment to diversity and gender inclusivity, FBL introduced the 'Amal Women Leadership Development Program' in 2023. This initiative specifically targets the professional growth of 96 women within the bank. The Amal Leadership Program not only provides structured training but also leverages the expertise of senior leaders who actively mentor female employees, guiding and preparing them for advancement into senior leadership roles. As part of the bank's strategic goals, FBL aspires to be an employer of choice with an inclusive workplace culture, serving as an equal opportunity employer at all levels. The bank takes pride in its achievement of 19% gender diversity, the highest in the Islamic banking industry. FBL has set an ambitious goal of achieving 25% gender diversity by 2025, underscoring its commitment to fostering an inclusive and diverse workforce.

As a national goal, the Bank created employment opportunities through branch network expansion, increasing the work force from 8,011 in Dec'22 to 8,787 in Dec'23.

Risk Management Framework

Risk Management Group (RMG) is organized under the Chief Risk Officer (“CRO”). CRO has been authorized by the Board of Directors (BoD) to implement a Risk Management Framework across the Bank. Note 44 of the financial statements provide details about the risk management framework and discusses the major risks and uncertainties that the Bank is exposed to as well as the ways in which these are managed. Considering the current precarious state of the economy, the Bank has taken the initiative to bolster its credit management practices by holding regular committee meetings and conducting rapid reviews of its portfolio to ascertain the effect that stress variables will have on the Bank's credit portfolio.

Environmental Stewardship

The Bank has developed and implemented a comprehensive ‘Green Banking Policy’. The objective of this policy is to inculcate environmental & social consciousness in the employees of the Bank and its client base. The Policy includes:

- **Extending financing facilities** to the customers based on Environmental & Social Risk Management framework
- Guidelines on adopting environment friendly **policies and practices** in the Bank
- **Raising awareness** among the customers about importance of environment friendly practices

Environmental and Social Risk Management

FBL has developed an Environmental & Social Risk Management framework, which includes implementation of an Environmental & Social Risk Rating (ESRR) model to conduct risk categorization of borrowing customers and gauge the environmental & social impact of financing operations. Additionally, the Bank also developed this framework in order to assess the impact that financing relationships have on the environment and society.

Environmental and Social Consciousness

A training module that explains the concepts of green banking, key pillars of Faysal Bank's green banking policy, and imparts awareness on the environmental & social issues has been included in the orientation pack for new employees to help instill environmental & social consciousness. Regular virtual training is conducted for the new employees joining Faysal Bank. In addition to that, screensavers are deployed on a periodic basis to reinforce the message of energy conservation and efficiency. During the year, the Bank introduced educational programs to raise awareness among its customers on the key concepts of Environmental and Social Risks.

Paperless Operations

FBL is aggressively promoting Green Banking initiatives such as digital banking services and subscription to e-statements. Branch employees, customer service representatives and other team members are being trained in persuading customers to adopt paperless options.

Energy Conservation – in Operations & Maintenance

Energy efficiency has remained a primary metric for the Bank's evaluation of suppliers and equipment. Faysal House, along with other key buildings, and the entire branch network, have all been outfitted with energy-saving measures by the Bank. To reduce energy costs, conventional lighting has been replaced with LED lighting in key FBL facilities. The bank is currently looking into various renewable energy solutions for certain buildings and branches.

Corporate Social Responsibility (“CSR”) – Impacting Lives Positively

FBL's corporate social responsibility program prioritizes health, diversity, and social inclusion as its top three areas of focus. Waqf Faisal is a recognized non-profit organization (NPO) and FBL provides consistent donations to it to support CSR objectives. Waqf Faisal extends out to reputable non-profit organizations that work in the fields of education, social welfare,

environment, and health care. The Bank contributed an amount of Rs 113 million to the Waqf Faisal in the year 2023. The bank is committed to make a positive impact on society, while maintaining sustainable and responsible business practices.

Awards for Excellence – Recognitions that inspire

FBL was named "Best Emerging Bank" by Pakistan Banks' Association, and "Best emerging Islamic Bank" by Global Islamic Finance Awards. All these recognitions and awards are a testament to the strategic brilliance of our Board of Directors, Senior Management and the hard work and perseverance of our employees. This demonstrates that FBL is headed in the right direction toward realizing the goal of becoming Pakistan's premium Islamic bank.

Dividend

The Board has recommended a final cash dividend of Rs. 2 per share (20%) for the year ended December 31, 2023. This is in addition to Rs. 2 already paid during the year bringing the total dividend for the year to Rs. 4 per share (2022: Rs. 7).

Positioned for a Resilient future: Navigating Challenges with Confidence

Looking forward, FBL is well-positioned with good momentum as we enter the year 2024. We are confident and are cognizant of the potential impact that prevailing economic conditions and continued inflation might have on us and on our customers. The Bank maintains unwavering commitment to strategically investing in branch network, thereby propelling the growth of deposits. We are actively implementing strategies to optimize our 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.

Corporate Governance

The Bank is fully compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (hereinafter called 'the Code'). As per the requirement of Regulation 36 of the Code, a Statement of Compliance with the Code, along with the auditor's review report thereon, forms part of this Annual Report.

The Board of Directors

The Bank's Board comprises of a mix of individuals representing shareholding institutions, independent directors and President & CEO of the Bank. All the directors of the Board meet the eligibility criteria laid down under the Companies Act, 2017, the Code, and the Corporate Governance Regulatory Framework, 2021, issued by the State Bank of Pakistan. Directors are elected for a period of three years, upon expiry of which elections are held to appoint a new Board in accordance with the law. Any causal vacancy is filled in as per a well-defined procedure approved by the Board in accordance with the applicable Law.

The total number of the Directors are eleven as per the following details:

Gender	Number
Male	09
Female	02

The Board of Directors comprises of the following Members:

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

Committees of the Board:

The details of the Board Committee and the names of their members are given below:

Audit and Corporate Governance Committee

Board Audit and Corporate Governance Committee comprises of four members having extensive financial management experience. The Chairman of the committee is an independent director. The Committee comprises of the following Board members:

S. No.	Name	Status	Category
1	Mr. Ali Munir	Chairman	Independent Director
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member	Non-Executive Director
3	Mr. Juma Hasan Ali Abul	Member	Non-Executive Director
4	Mr. Mohsin Tariq	Member	Independent Director

Risk Management Committee

Board Risk Management Committee is responsible to ensure that all the risks and uncertainties are adequately managed by the Bank. The Committee comprises of five members having rich experience in banking and risk management. The Chairman of the committee is a non-executive director. The Committee comprises of the following Board members:

S. No.	Name	Status	Category
1	Mr. Imtiaz Ahmad Pervez	Chairman	Non-Executive Director
2	Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member	Non-Executive Director
3	Mr. Abdulla Abdulaziz Ali Taleb	Member	Non-Executive Director
4	Mr. Ali Munir	Member	Independent Director
5	Mr. Yousaf Hussain	Member	Executive Director

Recruitment, Nomination and Remuneration Committee

Board's Recruitment, Nomination and Remuneration Committee reviews the human resource structure of the Bank and ensures that the human resource strategy is aligned with overall strategy of the Bank. The committee comprises of five members having diversified experience. The Chairman of the Committee is a Non-Executive Director. The Committee comprises of the following Board members:

S. No.	Name	Status	Category
1	Mr. Ahmed Abulrahim Mohamed Abdulla Bucheery	Chairman	Non-Executive Director
2	Mr. Juma Hasan Ali Abul	Member	Non-Executive Director
3	Mr. Mohsin Tariq	Member	Independent Director
4	Ms. Fatima Asad Khan	Member	Independent Director
5	Ms. Sadia Khan	Member	Independent Director

Strategy Committee

The Board's Strategy Committee helps the Board and the management in setting up the strategic direction of the Bank and monitors the implementation of the Board's approved strategies. The Committee comprises of six members and is chaired by a Non-Executive Director who is also the Chairman of the Board. The Committee comprises of the following Board members:

S. No.	Name	Status	Category
1	Mian Muhammad Younis	Chairman	Non-Executive Director
2	Mr. Ahmed Abulrahim Mohamed Abdulla Bucheery	Member	Non-Executive Director
3	Mr. Juma Hasan Ali Abul	Member	Non-Executive Director
4	Ms. Fatima Asad Khan	Member	Independent Director
5	Mr. Imtiaz Ahmad Pervez	Member	Non-Executive Director
6	Mr. Yousaf Hussain	Member	Executive Director

IT Committee

The Board's IT Committee is responsible to ensure that the Bank has a reliable, efficient, and secure IT infrastructure to service its customers and efficiently carry out its operations. The Committee has five members, and its chairman is an independent director. The Committee comprises of the following Board members:

S. No.	Name	Status	Category
1	Ms. Sadia Khan	Chairperson	Independent Director
2	Mr. Abdulelah Ebrahim Mohamed AlQasimi	Member	Non-Executive Director
3	Mr. Abdulla Abdulaziz Ali Taleb	Member	Non-Executive Director
4	Mr. Yousaf Hussain	Member	Executive Director

Meetings of the Board

The record of the Board meetings held during the year and attended by the Directors is included separately in this Annual Report.

Shariah Board

The details relating to Shariah Board held during the year and attended by its members is included separately in this Annual Report.

Performance Evaluation of Board of Directors

In line with the best practices of the corporate governance, FBL's Board, since 2012 has conducted self-evaluation exercise on an annual basis by engaging Pakistan Institute of Corporate Governance (PICG), as an external facilitator. PICG is the lead on Corporate Governance and has a team of consultants to conduct board evaluations for companies and banks. SBP's Guidelines on Performance Evaluation of Board of Directors were implemented in August 2016 and subsequently, FBL's Board in compliance thereof conducts its self-evaluation every year by engaging PICG. The evaluation covers various aspects of the performance of the Board including but not limited to: Board's role, Committees' performance, Training, Strategy, Risk Management, and Board Meetings. The evaluation covered:

- The Board as a whole
- Individual Directors (Independent, Non-Executive and CEO)
- Board Committees

The evaluation was carried out using quantitative method, based on subjective assessment, and was conducted via questionnaires developed by the consultants in conformance with the State Bank of Pakistan's Guidelines on Performance Evaluation of Board of Directors. The quantitative technique has the advantage of being specific and measurable. Measurement scale used in FBL's Board evaluation is the summated rating on a scale of 1-10 depending on how strongly they agree or disagree with a given statement. The use of this method ensures specific and measurable data that can be benchmarked over time.

Remuneration Policy

Disclosures relating to Remuneration Policy as required under BPRD Circular 1 of 2017 dated January 25, 2017, are included separately in this Annual Report.

Statement of Internal Control

The Board of Directors fully recognize its responsibility to ensure that a system of sound internal controls is established, fully implemented and maintained at all levels within the Bank. The Board is pleased to endorse the statement made by the management relating to internal controls. The system of internal controls is sound in design and has been effectively implemented and monitored. The management's statement on internal controls is included in this Annual Report.

Pattern of Shareholding

The pattern of shareholding and categories of shareholders of the Bank as of December 31, 2023 is separately presented in this Annual Report.

Related Party Transactions

The related party transactions are shown in note 42 of the financial statements.

Credit Rating:

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

Long-Term AA
Short-Term A1+

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

The assigned ratings reflect the Bank's diversified operations, healthy financial risk profile, and existing market presence. These ratings denote a very low expectation of credit risk, a strong capacity for timely repayment of financial commitments in the long-term, and the highest capacity for timely repayment in the short-term, respectively.

Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants, will retire on the date of the Annual General Meeting and are eligible for re-appointment. The Board's Audit and Corporate Governance Committee in its meeting held on February 5, 2024 has recommended re-appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as the auditor of the Bank for the year 2024. Accordingly, the Board of Directors, on the recommendation of the Board Audit Committee, recommends the re-appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as the auditors of the Bank for the financial year 2024.

Subsequent Events

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

Heartfelt Thanks: Acknowledging Our Pillars of Strength

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

As always, we would also like to express sincere appreciation for the Shariah Board. We would also like to take this opportunity to recognize and commend the unwavering commitment and exceptional efforts exhibited by our employees in driving the growth of 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 February 7, 2024 and signed by the Chief Executive Officer and a director.



President & CEO



Chairman / Director

Karachi:

Dated: February 7, 2024

لئے 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 گورننس کمیٹی کی سفارش کے ساتھ ڈائریکٹرز کی اس رپورٹ کو ڈائریکٹرز نے 7 فروری 2024 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور چیئر مین / ڈائریکٹرز نے دستخط کیے ہیں۔



چیئر مین / ڈائریکٹر



صدر اور سی ای او

کراچی

تاریخ: 7 فروری 2024

شیر ہولڈنگ کا طریقہ کار

31 دسمبر 2023 تک بینک کے شیر ہولڈرز کے شیر ہولڈنگ کا طریقہ کار اور اقسام کو اس سالانہ رپورٹ میں الگ سے پیش کیا گیا ہے۔

متعلقہ پارٹی ٹرانزیکشنز

متعلقہ پارٹی ٹرانزیکشنز کو مالیاتی گوشواروں کے نوٹ 42 میں درج کیا گیا ہے۔

کریڈٹ ریٹنگ:

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

طویل المدتی AA

قلیل المدتی A1+

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

تفویض کردہ درجہ بندی بینک کے متنوع آپریشنز، صحت مند مالیاتی رسک پروفائل، اور موجودہ مارکیٹ میں موجودہ مارکیٹ کی عکاسی کرتی ہے۔ یہ درجہ بندی کریڈٹ رسک کی انتہائی کم توقع کی نشاندہی کرتی ہے، اور طویل المدتی مالی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت، اور قلیل مدتی ادائیگیوں کی اعلیٰ ترین صلاحیت کی بالترتیب نشاندہی کرتی ہے۔

آڈیٹرز

موجودہ آڈیٹرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سالانہ اجلاس کے موقع پر ریٹائر ہو جائیں گے، وہ دوبارہ تقرری کے اہل ہیں۔ بورڈ کی آؤٹ اور کارپوریٹ گورننس کمیٹی نے 5 فروری 2024 کو منعقدہ اپنے اجلاس میں KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو سال 2024 کے لیے بینک کا آڈیٹر مقرر کرنے کی سفارش کی ہے۔ بورڈ آف ڈائریکٹرز آؤٹ کمیٹی کی تائید کرتا ہے اور مالی سال 2024 کے لیے بطور بینک کے آڈیٹرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کرتا ہے۔

بعد ازاں رپورٹنگ کے واقعات

مالیاتی بیانات کے گوشواروں کی وضاحتوں کے علاوہ بینک کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان، بینک کی مالی حالت پر اثر انداز ہونے والی کوئی بڑی تبدیلی یا معاہدہ نہیں ہوا ہے۔

ہماری طاقت کے ستونوں کا تہہ دل سے شکریہ

بورڈ اور انتظامیہ کی جانب سے، ہم اس موقع پر شیر ہولڈرز کا شکریہ ادا کرتے ہیں کہ انہوں نے ہم پر غیر متزلزل اعتماد کیا ہے۔ ہم اپنے صارفین کے تہہ دل سے مشکور ہیں، جنہوں نے اپنے کاروبار اور پختہ یقین کے ساتھ ہم پر اعتماد کو مسلسل جاری رکھا۔ ہم ریگولیٹری و گورننس فریم ورک میں مسلسل بہتری کے ذریعے بینکنگ اور فنانشل سروسز سیکٹر کے فروغ کے

بورڈ کے اجلاس

سال کے دوران منعقد ہونے والی بورڈ اجلاسوں کی تعداد اور ڈائریکٹرز کی شرکت کی تفصیلات کو اس سالانہ رپورٹ میں الگ سے شامل کیا گیا ہے۔

شریعیہ بورڈ

سال کے دوران شریعیہ بورڈ کے منعقد ہونے والے اجلاس اور اس کے ممبران کی شرکت سے متعلق تفصیلات اس سالانہ رپورٹ میں الگ سے شامل ہیں۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ

کارپوریٹ گورننس کے بہترین طریقوں کے مطابق، FBL کے بورڈ نے 2012 سے سالانہ بنیادوں پر خود تشخیصی جائزے کا آغاز کیا ہے۔ بینک اس عمل میں پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کو ایک بیرونی معاون کے طور پر شامل کرتا ہے۔ PICG کے پاس مشیروں کی ایک ایسی ٹیم ہے جو کمپنیوں اور بینکوں کے بورڈ کے جائزے کے عمل کو سرانجام دیتی ہے۔ بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزے سے متعلق اسٹیٹ بینک کی رہنما ہدایات کا اگست 2016 میں نفاذ ہوا تھا اور اس کی تعمیل میں FBL بورڈ نے ہر سال PICG کے ذریعے خود تشخیصی جائزے کے عمل کو سرانجام دیا ہے۔ تشخیصی عمل میں بورڈ کی کارکردگی کا مختلف پہلوؤں سے احاطہ کیا گیا جس میں بورڈ کا کردار، کمیٹی کی کارکردگی، تربیت، حکمت عملی، رسک مینجمنٹ، اور بورڈ کے اجلاس شامل ہیں لیکن ان تک محدود نہیں۔ تشخیصی عمل میں درج ذیل کا احاطہ کیا گیا:

• مکمل بورڈ

• انفرادی ڈائریکٹرز (آزاد، نان ایگزیکٹو اور سی ای او)

• بورڈ کمیٹیاں

تشخیص کے عمل کو موضوعاتی تجزیہ کی بنیاد پر شمار یاتی طریقہ کار کو استعمال کرتے ہوئے انجام دیا گیا۔ یہ بورڈ آف ڈائریکٹرز کی کارکردگی کی تشخیص سے متعلق اسٹیٹ بینک آف پاکستان کی رہنما ہدایات کے مطابق کنسلٹنٹس کے تیار کردہ سوالناموں کے ذریعے کیا گیا۔ شماریاتی تکنیک، مخصوص اور قابل پیمائش ہونے کی وجہ سے مفید ہے۔ FBL کے بورڈ کی تشخیص میں استعمال ہونے والا پیمائشی پیمانہ 1 سے 10 کے اسکیل پر مبنی ہے جس کا انحصار اس پر ہے کہ وہ دیئے گئے بیان سے کس حد تک متفق یا غیر متفق ہیں۔ اس طریقہ کار کا استعمال مخصوص اور قابل پیمائش ڈیٹا کو یقینی بناتا ہے جسے وقت کے ساتھ ٹریج مارک کیا جاسکتا ہے۔

معاوضے کی پالیسی

25 جنوری 2017 کے BPRD سرکلر 1 کے تحت درکار ”معاوضے کی پالیسی“ سے متعلق وضاحتیں اس سالانہ رپورٹ میں الگ سے شامل کی گئی ہیں۔

انٹرنل کنٹرول کا بیان

بورڈ آف ڈائریکٹرز مکمل طور پر تسلیم کرتا ہے کہ اس بات کو یقینی بنانا اسکی ذمہ داری ہے کہ ایک مضبوط انٹرنل کنٹرول فریم ورک کا قیام عمل میں لایا جائے، جو بینک کے اندر تمام سطحوں پر مکمل طور پر نافذ اور برقرار ہے۔ بورڈ انٹرنل کنٹرول سے متعلق انتظامیہ کے بیان کی توثیق کرتے ہوئے خوشی کا اظہار کرتا ہے۔ انٹرنل کنٹرول کا سسٹم اپنے ڈیزائن میں درست ہے اور اسے موثر طریقے سے نافذ کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔ انٹرنل کنٹرول پر انتظامیہ کا بیان اس سالانہ رپورٹ میں شامل ہے۔

شمار نمبر	اسمائے گرامی	عہدہ	کیٹیگری
1	جناب احمد ابوالرحیم محمد عبداللہ پھیری	چیئر مین	نان ایگزیکٹو ڈائریکٹر
2	جناب جمعہ حسن علی ابول	رکن	نان ایگزیکٹو ڈائریکٹر
3	جناب محسن طارق	رکن	آزاد ڈائریکٹر
4	محترمہ فاطمہ اسد خان	رکن	آزاد ڈائریکٹر
5	محترمہ سعدیہ خان	رکن	آزاد ڈائریکٹر

حکمت عملی کمیٹی

بورڈ کی حکمت عملی کمیٹی، بینک کی حکمت عملی کی سمت کو ترتیب دینے میں بورڈ اور انتظامیہ کی مدد کرتی ہے اور بورڈ کی منظور شدہ حکمت عملیوں کے نفاذ کی نگرانی کرتی ہے۔ کمیٹی ایک نان ایگزیکٹو ڈائریکٹر، جو بورڈ کا چیئر مین بھی ہے، کی سربراہی میں چھ ارکان پر مشتمل ہے۔ کمیٹی درج ذیل ارکان پر مشتمل ہے:

شمار نمبر	اسمائے گرامی	عہدہ	کیٹیگری
1	میاں محمد یونس	چیئر مین	نان ایگزیکٹو ڈائریکٹر
2	جناب احمد ابوالرحیم محمد عبداللہ پھیری	رکن	نان ایگزیکٹو ڈائریکٹر
3	جناب جمعہ حسن علی ابول	رکن	نان ایگزیکٹو ڈائریکٹر
4	محترمہ فاطمہ اسد خان	رکن	آزاد ڈائریکٹر
5	جناب امتیاز احمد پرویز	رکن	نان ایگزیکٹو ڈائریکٹر
6	جناب یوسف حسین	رکن	ایگزیکٹو ڈائریکٹر

آئی ٹی کمیٹی

بورڈ کی آئی ٹی کمیٹی اس بات کو یقینی بنانے کی ذمہ دار ہے کہ بینک کے پاس اپنے صارفین کی خدمت اور موثر طریقے سے اپنے امور کو سرانجام دینے کے لیے ایک قابل اعتماد، موثر اور محفوظ آئی ٹی انفراسٹرکچر موجود ہے۔ کمیٹی کے چار اراکین ہیں، اور اس کا چیئر مین ایک آزاد ڈائریکٹر ہے۔ کمیٹی درج ذیل بورڈ ارکان پر مشتمل ہے:

شمار نمبر	اسمائے گرامی	عہدہ	کیٹیگری
1	محترمہ سعدیہ خان	چیئر پرسن	آزاد ڈائریکٹر
2	جناب عبداللہ ابراہیم محمد القاسمی	رکن	نان ایگزیکٹو ڈائریکٹر
3	جناب عبداللہ عبدالعزیز علی طالب	رکن	نان ایگزیکٹو ڈائریکٹر
4	جناب یوسف حسین	رکن	ایگزیکٹو ڈائریکٹر

بورڈ کی کمیٹیاں:

بورڈ کمیٹیوں کی تفصیلات اور ان کے اراکین کے نام درج ذیل ہیں:

آڈٹ اور کارپوریٹ گورننس کمیٹی

بورڈ کی آڈٹ اور کارپوریٹ گورننس کمیٹی چار اراکان پر مشتمل ہے جن کے پاس مالیاتی انتظام کا وسیع تجربہ ہے۔ کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہے۔ کمیٹی درج ذیل بورڈ اراکان پر مشتمل ہے:

شمار نمبر	اسمائے گرامی	عہدہ	سیٹنگری
1	جناب علی منیر	چیئرمین	آزاد ڈائریکٹر
2	جناب احمد ابوالرحیم محمد عبداللہ پجیری	رکن	نان ایگزیکٹو ڈائریکٹر
3	جناب جمعہ حسن علی ابول	رکن	نان ایگزیکٹو ڈائریکٹر
4	جناب محسن طارق	رکن	آزاد ڈائریکٹر

رسک مینجمنٹ کمیٹی

بورڈ کی رسک مینجمنٹ کمیٹی اس بات کو یقینی بنانے کی ذمہ دار ہے کہ بینک تمام خطرات اور غیر یقینی صورتحال کے لیے مناسب انتظام کرے۔ کمیٹی پانچ اراکان پر مشتمل ہے جو بینکنگ اور رسک مینجمنٹ کا بھرپور تجربہ رکھتے ہیں۔ کمیٹی کا چیئرمین ایک نان ایگزیکٹو ڈائریکٹر ہے۔ کمیٹی درج ذیل بورڈ اراکان پر مشتمل ہے:

شمار نمبر	اسمائے گرامی	عہدہ	سیٹنگری
1	جناب امتیاز احمد پرویز	چیئرمین	نان ایگزیکٹو ڈائریکٹر
2	جناب عبداللہ ابراہیم محمد القاسمی	رکن	نان ایگزیکٹو ڈائریکٹر
3	جناب عبداللہ عبدالعزیز علی طالب	رکن	نان ایگزیکٹو ڈائریکٹر
4	جناب علی منیر	رکن	آزاد ڈائریکٹر
5	جناب یوسف حسین	رکن	ایگزیکٹو ڈائریکٹر

بھرتی، نامزدگی اور معاوضہ کمیٹی

بورڈ کی بھرتی، نامزدگی اور معاوضہ کمیٹی، بینک کے انسانی وسائل کے اسٹریکچر کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ انسانی وسائل کی حکمت عملی، بینک کی مجموعی حکمت عملی سے ہم آہنگ ہے۔ کمیٹی وسیع تجربہ رکھنے والے پانچ اراکان پر مشتمل ہے۔ کمیٹی کا چیئرمین ایک نان ایگزیکٹو ڈائریکٹر ہے۔ کمیٹی درج ذیل اراکان پر مشتمل ہے:

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، دیانتداری، ٹیم ورک، جدت اور نگہداشت کی حوصلہ افزائی کرتی ہے۔

کارپوریٹ گورننس

بینک لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 ("کوڈ") کے تقاضوں کی پوری طرح تعمیل کرتا ہے۔ کوڈ کے ضابطہ 36 کی ضرورت کے مطابق، کوڈ پر عمل دہا مد کی تفصیل اور اس پر آڈیٹرز کی جائزہ رپورٹ اس سالانہ رپورٹ کا حصہ ہے۔

بورڈ آف ڈائریکٹرز

بینک کا بورڈ آف ڈائریکٹرز، شیئر ہولڈنگ اداروں کے نمائندے، آزاد ڈائریکٹرز اور بینک کے صدر اور سی ای او پر مشتمل ہے۔ بورڈ کے تمام ڈائریکٹرز کوڈ، کمپنیز ایکٹ، 2017 اور اسٹیٹ بینک آف پاکستان کے جاری کردہ کارپوریٹ گورننس ریگولیشنز فریم ورک، 2021 کے طے شدہ اہلیت کے معیار پر پورا اترتے ہیں۔ ڈائریکٹرز کا انتخاب تین سال کی مدت کے لیے کیا جاتا ہے، جس کی میعاد ختم ہونے پر قانون کے مطابق نئے بورڈ کی تقرری کے لیے انتخابات ہوتے ہیں۔ کسی بھی عارضی آسامی کو قانون کے مطابق بورڈ کی طرف سے منظور شدہ اور واضح طریقہ کار کے مطابق پُر کیا جاتا ہے۔

ڈائریکٹرز کی کل تعداد گیارہ ہے جیسا کہ درج ذیل ہے:

صنف	تعداد
مرد	09
خاتون	02

بورڈ آف ڈائریکٹرز مندرجہ ذیل ارکان پر مشتمل ہے:

کیٹیگری	اسمائے گرامی
آزاد ڈائریکٹرز	جناب علی منیر محترمہ فاطمہ اسد خان جناب محسن طارق محترمہ سعدیہ خان
نان ایگزیکٹو ڈائریکٹرز	میال محمد یونس (چیئرمین) جناب احمد ابوالرحیم محمد عبداللہ پٹیری (وائس چیئرمین) جناب جمعہ حسن علی ابول جناب امتیاز احمد پرویز جناب عبداللہ ابراہیم محمد القاسمی جناب عبداللہ عبدالعزیز علی طالب
ایگزیکٹو ڈائریکٹر	جناب یوسف حسین (صدر سی ای او)

کاغذی کارروائی کے بغیر آپریشنز

FBL فعال طور پر گرین بینکنگ سرگرمیوں کے بارے میں آگاہی پیدا کر رہا ہے جس میں ڈیجیٹل بینکنگ سروسز اور ای اسٹیٹمنٹس کی رکنیت شامل ہے۔ صارفین کو پیپر لیس طریقوں کے انتخاب سے متعلق قائل کرنے کے لیے برانچ ملازمین، کسٹمر سروس نمائندوں اور دیگر ٹیم ارکان کو باقاعدہ تربیت دی جاتی ہے۔

آپریشنز اور مینسٹری میں توانائی کی بچت

توانائی کی افادیت بینک کے سپلائرز اور آلات کی تشخیص کے لیے ایک بنیادی پیمانہ معیار بنا ہوا ہے۔ بینک کی جانب سے فیصل ہاؤس، بیج تمام شاخوں کے نیٹ ورک کو توانائی بچانے والے آلات سے لیس کرنے کے اقدامات کیے گئے ہیں۔ FBL کے اہم مراکز میں توانائی کے اخراجات کو کم کرنے کے لیے روایتی لائٹنگ کو ای ڈی لائٹنگ سے بدل دیا ہے۔ بینک حتی طور پر اپنی عمارتوں اور شاخوں کے لیے قابل تجدید توانائی کے حل کا بھی متلاشی ہے۔

ادارے کی سماجی ذمہ داری، (CSR) معاشرے میں بہتری لانے کا عزم

صحت، تنوع اور سماجی شمولیت جیسے تینوں اہم جز فیصل بینک کے کارپوریٹ سماجی ذمہ داری پروگرام کے اولین اہداف ہیں۔ وقف فیصل ایک نان پرافٹ آرگنائزیشن (NPO) ہے اور CSR، FBL کے مقصد کی حمایت میں اسے باقاعدہ عطیات دیتا ہے۔ وقف فیصل تعلیم، سماجی بہبود، ماحولیات اور ہیلتھ کیئر کے شعبوں میں مصروف عمل معروف (NPO) کی معاونت کے لیے ان تک رسائی حاصل کرتا ہے۔ بینک نے مالی سال 2023 میں وقف فیصل کو 113 ملین روپے کی رقم دی بینک مستحکم اور ذمہ دار کاروباری طریقوں کو برقرار رکھتے ہوئے معاشرے پر مثبت اثرات ڈالنے والے اقدامات کے لیے پر عزم ہے۔

ہماری بہترین کارکردگی کے لیے ایوارڈز

FBL کو پاکستان کی بینکنگ ایسوسی ایشن نے ”بیسٹ ایمریکن بینک“ اور گلوبل اسلامک فنانس ایوارڈز کی جانب سے ”بیسٹ ایمریکن اسلامک بینک“ قرار دیا گیا۔ یہ تمام اعزازات اور ایوارڈز ہمارے بورڈ آف ڈائریکٹرز، سینئر مینجمنٹ کی کاروباری اہلیت اور ہمارے ملازمین کی سخت محنت اور ثابت قدمی کا منہ بولتا ثبوت ہیں۔ یہ ظاہر کرتا ہے کہ FBL پاکستان کا ممتاز اسلامی بینک بننے کے مقصد کو حاصل کرنے کی درست سمت کی طرف گامزن ہے۔

ڈیویڈنڈ

بورڈ نے 31 دسمبر 2023 کو اختتام شدہ سال کے لیے فی حصص 2 روپے کے فائنل ڈیویڈنڈ کی سفارش کی ہے، اس سال کے لیے کل ڈیویڈنڈ فی حصص 4 روپے تک پہنچ گیا ہے۔ بورڈ اس سے قبل عبوری نقد منافع فی حصص 2 روپے دے چکا ہے۔

پائیدار مستقبل کے لیے تیار

مستقبل کے مسائل پر قابو پانے کے پیش نظر، FBL اچھی رفتار کے ساتھ بہترین پوزیشن سے 2024 میں نمایاں ہو گا۔ ہم جانتے ہیں کہ مزید سیاسی اور اقتصادی غیر یقینی صورتحال اور مہنگائی کی جاری صورتحال کے ممکنہ اثرات ہم پر اور ہمارے صارفین پر پڑیں گے 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

رسک مینجمنٹ فریم ورک

رسک مینجمنٹ گروپ (RMG) کو چیف رسک آفیسر (CRO) کے تحت منظم کیا گیا ہے۔ CRO کو بورڈ آف ڈائریکٹرز (BoD) نے پورے بینک میں رسک مینجمنٹ فریم ورک کو نافذ کرنے کا اختیار دیا ہے۔ مالیاتی بیانات کا نوٹ 44 رسک مینجمنٹ فریم ورک کے بارے میں تفصیل فراہم کرتا ہے اور بینک کو درپیش بڑے خطرات اور غیر یقینی صورتحال کے ساتھ ساتھ ان کے حل کے طریقوں پر بھی تبادلہ خیال کرتا ہے۔ معیشت کی موجودہ نازک حالت کو مد نظر رکھتے ہوئے، بینک نے باقاعدگی سے کمیٹی کے اجلاس منعقد کر کے اپنے کریڈٹ مینجمنٹ کے طریقوں کو تقویت دینے اور اپنے پورٹ فولیو کا تیزی سے جائزہ لینا شروع کیا تاکہ یہ معلوم کیا جاسکے کہ تناؤ کے متغیرات کا بینک کے کریڈٹ پورٹ فولیو پر کیا اثر پڑے گا۔

ماحولیاتی ذمہ داری

بینک نے ایک جامع گرین بینکنگ پالیسی تیار کی اور اس کو نافذ کیا ہے۔ اس پالیسی کا مقصد بینک کے ملازمین اور صارفین میں ماحولیاتی شعور کو بڑھانا ہے۔ یہ پالیسی درج ذیل امور پر مشتمل ہے:

- ماحولیاتی رسک مینجمنٹ فریم ورک کی بنیاد پر صارفین کے لیے مالیاتی سہولیات کی توسیع
- بینک میں ماحول دوست پالیسیوں اور طریقوں کو اپنانے سے متعلق ہدایات
- صارفین میں ماحول دوست طریقوں کی اہمیت سے متعلق بیداری پیدا کرنا

ماحولیاتی اور سماجی رسک مینجمنٹ

FBL نے قرضہ لینے والے صارفین کے رسک کی درجہ بندی کرنے اور قرضہ کی فراہمی کے ماحولیاتی اور سماجی اثرات کا اندازہ لگانے کے لیے، ماحولیاتی اور سماجی رسک مینجمنٹ فریم ورک تیار کیا ہے۔ اس فریم ورک میں ماحولیاتی اور سماجی رسک ریٹنگ (ESRR) کا نفاذ شامل ہے تاکہ ماحول پر حصول قرض کے اثرات کا اندازہ لگایا جاسکے۔ مزید برآں، بینک نے یہ فریم ورک مالیاتی تعلقات کے ماحول اور سماج پر پڑنے والے اثرات کا جائزہ لینے کے لیے بھی تیار کیا ہے۔

ماحولیاتی اور سماجی شعور

ماحولیاتی اور سماجی شعور کو بیدار کرنے کے لیے، نئے ملازمین کے اور مینٹیشن بیکنگ میں ایک تربیتی نقشہ شامل کیا گیا ہے جو فیصل بینک کی گرین بینکنگ پالیسی کے تصور اور کلیدی ستونوں کی وضاحت کرتا ہے۔ فیصل بینک میں شامل ہونے والے نئے ملازمین کے لیے باقاعدہ ورچوئل ٹریننگز کا انعقاد کیا جاتا ہے۔ مزید یہ کہ، توانائی کے تحفظ اور اہمیت کے پیغام کی یاد دہانی کے لیے وقتاً فوقتاً اسکرین سیور نصب کیے جاتے ہیں۔ دوران سال، بینک نے سماجی اور ماحولیاتی خطرات کے اہم تصوات سے متعلق صارفین میں شعور بیدار کرنے کے لیے تعلیمی پروگرام متعارف کرائے۔

- ”انٹرنیٹ پیمنٹ گیٹ وے“، بزنسز کو ای کام اسپیس میں ترقی کرنے میں مدد دینے کے پیش نظر، فیصل بینک نے پیمنٹ گیٹ وے سروسز کا آغاز کیا، جس سے ریٹیل بزنسز کو ڈیجیٹل اور کریڈٹ کارڈ کی ادائیگیوں کو قبول کرنے کے قابل بنایا گیا، اس طرح کاروبار کی ترقی کا ایک نیا باب کھل گیا ہے۔
- ”پوائنٹ آف سیل (POS) مرچنٹ ایکوائزنگ“، ریٹیل اور ایس ایم ای بزنسز کے لیے قائم کردہ پوائنٹ آف سیل ٹرمینلز ہیں جو کیش لیس ادائیگیوں کو قبول کرنے کے قابل بناتے ہیں اور ادائیگی کے ڈیجیٹائزیشن کے ریگولیٹری ایجنڈے کو فروغ دیتے ہیں۔
- ”ڈیجیٹل کیوسک“، اس سہولت سے سیلف سروس ڈیجیٹل تصور کو فروغ دینے، صارفین کو برانچ میں جانے اور کاؤنٹر پر انتظار کے بغیر اپنی نقد رقم جمع کرانے کی اجازت حاصل ہے۔ یہ سروس بے حد کامیاب رہی ہے اور اس کے آغاز کے پہلے 6 مہینوں میں ان ڈیجیٹل کیوسک کے ذریعے 10 بلین روپے سے زیادہ رقم جمع کرائی گئی۔
- ”ATM's" 700 سے زیادہ ATMs کے ساتھ، بینک نے اپنے فلیٹ کی تبدیلی اور جدت کا پروگرام شروع کیا جس کے ذریعے بائیومیٹرک صلاحیت والی جدید ترین مشینوں کو اپ گریڈ کیا گیا اور سماجی ذمہ داری کے پیش نظر یہ تمام مشینیں بریل کی پیڈ کے ساتھ ساتھ ناپنا افراد کے لیے ”بات کرنے میں معاون“ خصوصیت کے ساتھ پیش کی گئیں۔

انسانی وسائل

FBL اس بات میں یقین رکھتا ہے کہ ایک پائیدار، ترقی پسند اور پیداواری ادارہ بنانے میں پُر عزم ملازمین ہی کامیابی کی کنجی ہیں۔ FBL کام کی جگہ ایسا ماحول بنانے کے لیے پُر عزم ہے، جہاں تمام ملازمین کی قدر اور تعظیم ہو، جہاں آئیڈیاز کی حوصلہ افزائی کی جاتی ہو، اختلافات کا خیر مقدم کیا جاتا ہو، کارپوریٹ اقدار قائم رہیں، اور تنوع اور شمولیت کو سامنے لایا جائے۔ بینک کھلے روابط اور آراء کے ذریعے ملازمین کی مصروفیت کی سطح کو بڑھانے، ٹیلنٹ کی افزائش، پرورش اور فروغ دینے، اور انعام و اکرام اور اعزاز کے بہترین استعمال کے لیے مسلسل کام کر رہا ہے۔ FBL اپنے ملازمین کی مصروفیت کے اسکور میں مسلسل بہتری کو فخریہ طور پر پیش کرتا ہے، جو 83% کی زبردست شرح تک پہنچ چکی ہے۔

سال 2023 کے دوران، FBL نے کلاس روم اور ای لرننگ سیشنز کے ذریعے 75,000 سے زائد شرکاء کے لیے تربیتی سیشن منعقد کر کے ملازمین کے سیکھنے اور ترقی کے لیے ایک مضبوط عزم کا مظاہرہ کیا۔ تربیت کے ایسے سیشنز میں انڈکشن ٹریننگ پروگرام سے لے کر مخصوص کرداروں سے متعلق تکنیکی تربیت، اسلامی بینکاری کی اہلیت کو بڑھانے، سیلز اور سروس کی تبدیلی اور انتظامی اور قیادت کی ترقی کے سیشن بھی شامل تھے۔ اپنے ملازمین کے لیے سیکھنے اور ترقی کے مواقع کو مسلسل بڑھانے کے لیے ایک شاندار اقدام کے طور پر، بینک نے انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن کے سینٹر ان اسلامک فنانس (CIEF-IBA) کے ساتھ پارٹنرشپ کی۔ یہ اشتراک عمل اسلامک فنانس پریکٹیشنرز پروگرام پیش کرتا ہے، جو عملے کو اسلامی فنانس کے اصولوں اور طریقوں سے روشناس کرانے کے لیے تیار کیا گیا ہے۔

تنوع اور صنفی شمولیت کی ذمہ داری کے مطابق، FBL نے 2023 میں ”اے او بی این لیڈرشپ ڈویلپمنٹ پروگرام“ متعارف کرایا۔ یہ اقدام خاص طور پر بینک کے اندر 96 خواتین کی پیشہ ورانہ ترقی کے لیے اٹھایا گیا ہے۔ اے او بی این لیڈرشپ پروگرام نہ صرف اسٹریٹجی ڈیولپمنٹ فراہم کرتا ہے بلکہ سینئر قیادت کی مہارت سے فائدہ بھی اٹھاتا ہے جو خواتین ملازمین کی موثر رہنمائی کرتے ہیں اور سینئر لیڈرشپ امور میں آگے بڑھنے کے لیے تیار کرتے ہیں۔ بینک کے کاروباری اہداف کے ایک حصے کے طور پر، FBL کام کی جگہ کے ایک بہترین ماحول کے ساتھ پسندیدہ آج رہنے کی خواہش رکھتا ہے، جو ہر سطح پر یکساں مواقع دینے والے کے طور پر خدمات انجام دیتا ہے۔ بینک کو 19% صنفی تنوع کے حصول پر فخر ہے، جو اسلامی بینکاری کی انڈسٹری میں سب سے زیادہ ہے۔ FBL نے 2025 تک 25% صنفی تنوع حاصل کرنے کا ایک پُر عزم ہدف مقرر کیا ہے، جس میں ایک جامع اور متنوع افرادی قوت کو فروغ دینے کے اپنے عزم پر زور دیا گیا ہے۔

ایک قومی مقصد کے طور پر، بینک نے برانچ نیٹ ورک کی توسیع کے ذریعے روزگار کے مواقع پیدا کیے، افرادی قوت کو دسمبر 22 میں 8,011 سے بڑھا کر دسمبر 23 میں 8,787 کر دیا گیا ہے۔

پاکستان میں بینکنگ، ادائیگی، اور سرمایہ کاری کی سرگرمیوں میں دلچسپی رکھنے والے غیر مقیم پاکستانیوں کی سہولت کے لیے، حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کی مشترکہ کوشش کے طور پر روشن ڈیجیٹل اکاؤنٹ (RDA) متعارف کرایا گیا۔ اس پروگرام کو شاندار پذیرائی ملی، نتیجتاً سوئٹس میں ایک جامع پروڈکٹ تیار ہوا جو جدید صارف دوست ڈیجیٹل بینکنگ حل پیش کرتا ہے۔ 2023 کے دوران، روشن ڈیجیٹل اقدامات کے پورٹ فولیو نے ڈپازٹس میں 7% اور فنانسنگ میں 1% اضافے کی نمایاں کارکردگی دکھائی۔

ٹریڈری

سال 2023 کے دوران ٹریڈری نے FX کے کاروبار میں مضبوط کارکردگی کا مظاہرہ کیا اور اپنے گاہکوں کو مسابقتی قیمتوں کی پیشکش سے FX کے حجم میں اضافہ کرنے میں کامیاب رہا ہے۔ موجودہ مشکل کاروباری حالات اور شرح سود کے ماحول کو مد نظر رکھتے ہوئے حکومت پاکستان کے اجارہ سکو کز میں سرمایہ کاری سے آمدنی بڑھانے کی کوشش کی گئی۔ بینک حکمت عملی کے تحت اپنے ایکویٹی پورٹ فولیو کو مناسب سطح پر لانے میں کامیاب رہا۔ ایکویٹی ٹریڈنگ ڈیک نے تیزی سے بدلتے ہوئے معاشی اور سیاسی منظر نامے میں پورٹ فولیو کو فائدہ پہنچانے کے لیے اپنی مارکیٹ کی مہارت سے فائدہ اٹھایا۔

ڈیجیٹل بینکنگ گروپ

ڈیجیٹل طریقوں کی طرف کسٹمر ٹرانزیکشن کے رویے میں ایک مضبوط تبدیلی نے بینک کو جدید ڈیجیٹل سلوشنز، پروڈکٹس اور پلیٹ فارمز کے سلسلے کو جاری رکھنے کے لیے ٹیکنالوجی میں بڑے پیمانے پر سرمایہ کاری کرنے پر آمادہ کیا جس کا مقصد خود کو MostInnovativeIslamicBank# کے طور پر تیار کرنا ہے۔ اس کے اہم عوامل میں ”گو گرین“ فلسفہ شامل ہے، جو صارفین کو ڈیجیٹل چینلز کو اپنانے اور کاغذ پر مشتمل سامان اور ٹرانزیکشنز کے روایتی طریقوں پر انحصار کم کرنے کی ترغیب دیتا ہے۔ FBL کے ڈیجیٹل اسپرڈ میں اب نہ صرف ریٹیل بینکنگ صارفین بلکہ کز بومرفنانس کسٹمرز، مرچنٹس اور ایس ایم ای بھی شامل ہیں۔

2023 میں، بینک کی ڈیجیٹل وسعت میں 3 گنا اضافہ ہوا، نتیجے میں ڈیجیٹل سبسکریپشنز 0.4 ملین سے بڑھ کر 1.25 ملین سے زیادہ ہو گئیں، یہ فیصل ڈیجیٹل موبائل ایپ اور فیصل اسلامی واٹس ایپ بینکنگ کے ذریعے شاندار ٹرانزیکشنز کی وجہ سے ہوا۔

MobileApp کے ذریعے ڈیجیٹل ٹرانزیکشنز میں 300 فیصد سے زیادہ کا سالانہ اضافہ ریکارڈ کیا گیا جو پوری بینکنگ انڈسٹری میں سب سے تیزی سے بڑھتے ہوئے موبائل پلیٹ فارمز میں سے ایک ہے۔ ادائیگیوں کے لیے ٹچ پوائنٹس اور یوزر کیسز کو بڑھانے پر خصوصی توجہ دی گئی۔

فیصل بینک کی ڈیجیٹل پوزیشننگ

FBL نے 2023 کی پوزیشننگ منصوبہ بندی کے ایک حصے کے طور پر، جدت اور کسٹمر کے تجربات کی ڈیجیٹلائزیشن پر بھرپور توجہ دینے کے ساتھ ایک تبدیلی کی سوچ اپنائی ہے۔ اس سوچ سے فیصل بینک نے نہ صرف اسلامی بینکاری کی ڈیجیٹل قیادت کا موقف اختیار کیا بلکہ پوری انڈسٹری کو بھی بڑے پیمانے پر چیلنج کیا۔ اس سلسلے کے نئے اقدامات میں شامل ہیں:

- ”فیصل ٹیپ اینڈ پی“، FBL کے صارفین کسی بھی مقامی یا بین الاقوامی پوائنٹ آف سیل (POS) ٹرمینلز پر محض اپنے سمارٹ فونز کو ٹیپ کر کے ادائیگی کر سکتے ہیں۔
- ”فیصل اسلامی واٹس ایپ بینکنگ“، ایک بے مثال یوزر انٹرفیس اور بغیر کسی دشواری، شاندار اور بہترین ان کلاس واٹس ایپ بینکنگ سلوشن ہے۔
- ”واٹس ایپ ادائیگیاں“، FBL ڈیجیٹل صارفین کو اپنے WhatsApp کے ذریعے مقامی اور بیرون رقوم کی منتقلی کی اجازت دیتا ہے، اس کی بدولت یہ انڈسٹری میں سب سے جدید اور ورسٹائل بینکنگ پلیٹ فارمز میں سے ایک ہے۔ واٹس ایپ بینکنگ کے ذریعے قربانی کی بکنگ کی سہولت بھی ہے۔

CBSME میں ہم اس سال اور میڈیم انٹرپرائز کی ترقی کے لیے عزم ہیں۔ ہمارا نقطہ نظر خاص طور پر ایس ایم ای کلائنٹس کی انفرادی ضروریات کو پورا کرنے کے لیے ڈیزائن کیا گیا ہے، جس میں ہماری برانچیں ان کے ساتھ موثر تعلق اور مدد فراہم کرنے میں اہم کردار ادا کر رہی ہیں۔ پورٹ فولیو کی ترقی کے پیش نظر، "برانچ لیڈ SME ماڈل" نے صارفین کے ساتھ بہتر تعلقات کے لیے ایک چھیل فراہم کیا ہے، جو ذاتی نوعیت کا ہے اور بروقت رد عمل اور رابطہ آسان بنا رہا ہے۔

مزید برآں، کمرشل بینکنگ اور SME نے رسک مینجمنٹ کے بہترین طریقوں کو کامیابی سے نافذ کیا تاکہ لون بک کے کریڈٹ کوالٹی کو یقینی بنایا جائے۔ کریڈٹ کی مکمل جانچ پڑتال، موثر نگرانی اور بروقت مداخلتوں کے ہمارے عزم نے ہمارے کریڈٹ پورٹ فولیو اور بالآخر بینک کی مجموعی مالیاتی صحت کی مضبوطی اور استحکام کو یقینی بنانے میں اہم کردار ادا کیا ہے۔

کارپوریٹ اور سرمایہ کاری بینکنگ گروپ

کارپوریٹ اور سرمایہ کاری بینکنگ گروپ سال بھر سرگرم رہا اور تمام حصوں میں کئی تاریخی سرمایہ کاری بینکنگ سودوں میں کامیابی کے کئی سنگ میل کو انجام دیا۔ FBL نے قابل ذکر تعداد میں پروجیکٹس اور سینڈیکیشنز کے لیے انتظامات اور مشاورتی ہدایات کی قیادت کی۔ بینک نے انفراسٹرکچر، پاور، ٹیلی کمیونیکیشنز وغیرہ میں کامیابی سے گفت و شنید کی اور 35 بلین روپے سے زیادہ کے لین دین کے سودوں کی قیادت کی۔

CIBG نے ایک اور شاندار سال مکمل کیا کیونکہ گروپ نے 2023 کے دوران کارپوریٹ فنانسنگ بک میں 28 فیصد اضافہ کیا۔ CIBG نے ذمہ دار لینڈنگ پر توجہ مرکوز رکھی، اس طرح مجموعی طور پر پورٹ فولیو کی ترقی اور تنوع کو برقرار رکھا۔ بینک نے کئی "New to Bank" (NTB) تعلقات بنائے جن میں مختلف نامور FMCGs، MNCs اور مقامی طور پر بڑے گروپس شامل ہیں۔ CIBG نے بینک کی بڑھتی ہوئی کارپوریٹ اور انوسٹمنٹ بینکنگ کی ضروریات، ٹرانزیکشن بینکنگ پروڈکٹس، اسپیشلائزڈ پروڈکٹس اور غیر ملکی کرنسی اور مارکیٹ کے خطرات کو منظم کرنے میں مدد کے لیے اسپیشلائزڈ پروڈکٹس کی فراہمی جاری رکھی۔ تجارتی پابندیوں کے باوجود، CIBG نے کامیابی کے ساتھ اپنے ایکسپوٹ بزنس کو 56 فیصد تک ترقی دی۔

2023 میں پاکستان میں ترسیلات زر پچھلے سال سے تقریباً 12% کم ہو گئیں۔ مارکیٹ میں کمی کے رجحان کے باوجود، FBL نے مارکیٹ میں مستحکم کارکردگی کا مظاہرہ کرتے ہوئے مارکیٹ شیئر 3% فیصد سے 4.5% فیصد تک پہنچایا۔ قابل ذکر بات یہ ہے کہ، ٹرانزیکشن کی مقدار میں 30 فیصد اضافہ دیکھا گیا۔ یہ نتیجہ ملکی مفاد میں تعاون کرنے کے ساتھ اپنے مقصد اور روایات کی پاسداری والے بینک کے عزم کا اظہار ہے۔ بینک نے جدید ترین ٹیکنالوجی اور انسانی وسائل میں سرمایہ کاری کو جاری رکھتے ہوئے بیرون ملک رہائش پذیر پاکستانیوں اور ان کے متعلقین کو سہولت دینے کا وعدہ نبھایا اور ترسیلات زر کے آسان اور سہولت بھرے حل پیش کرنے کا سلسلہ جاری رکھا جس سے پاکستان میں قانونی ذرائع سے ریٹینشن وصولی میں اضافہ یقینی ہو گا۔

کنزیومر بینکنگ

کنزیومر بینکنگ نے ایک مشکل کاروباری ماحول میں بہتر نتائج کا مظاہرہ کیا، بیرونی دباؤ کے باوجود ایک مستحکم ترقی کی رفتار جاری رکھی۔ مجموعی طور پر کنزیومر پورٹ فولیو 3% کی معمولی کمی سے 44 بلین روپے پر برقرار رہا جو منفی حالات میں بینک کے بہتر انتظامی اہلیت کا ثبوت ہے۔

کنزیومر بینکنگ کے اندر ایک قابل ذکر کامیابی نور کارڈ کی پیش کش ہے، جو کنوینینٹ کریڈٹ انسٹرومنٹس کا ایک شرعی متبادل ہے۔ 2023 میں 54,000 نئے صارفین کو اپنی طرف متوجہ کرتے ہوئے یہ پروڈکٹ ایک اہم کامیابی ثابت ہوئی ہے۔ کارڈ کی مقبولیت کا اندازہ لگانے کے لیے یہ کافی ہے کہ اخراجات میں اس کا حصہ 38% بڑھ گیا ہے جو 81 ارب روپے تک پہنچ گیا ہے۔ نور کارڈ کی کامیابی کاروباری اصولوں کے مطابق مالیاتی حل پیش کرنے کے بینک کے عزم کا واضح ثبوت ہے۔

FBL کی نیٹ فنانسنگ %27.8 بڑھ کر 581 بلین روپے ہو گئی اور ADR دسمبر 22 میں %58 سے کم ہو کر دسمبر 23 میں %57.0 ہو گئی۔ ڈپازٹس سے پیدا ہونے والی لیکویڈیٹی کو سرمایہ کاری اور فنانسنگ میں لگایا گیا۔ سرمایہ کاری 25.6 فیصد اضافے کے ساتھ 590 بلین روپے تک پہنچ گئی۔

بینک غیر معمولی نتائج فراہم کرنے اور اپنے اسٹیک ہولڈرز کے لیے پائیدار ترقی جاری رکھنے کے لیے پرعزم ہے۔ مضبوط بنیاد اور اپنی صلاحیتوں پر یقین کے ساتھ انشاء اللہ ہم مستقبل میں نئی بلندیاں حاصل کرنے میں کامیاب ہوں گے۔

کاروباری جائزہ

اسلامک بینکنگ پروڈکٹ ڈیولپمنٹ فنکشن

اسلامک بینکنگ پروڈکٹ ڈیولپمنٹ فنکشن نے ایک اہم کردار ادا کیا اور نہ صرف تمام محکموں کو اپنے متعلقہ شعبوں کو شریعت کے مطابق آپریٹرز میں تبدیل کرنے کے لیے مدد فراہم کی بلکہ اسلامی معلومات اور فہم کی سطح کو بلند کرنے کے لیے پاکستان بھر میں تربیتی پروگرامز کے انعقاد میں بھی معاونت کی۔ جبکہ FBL اسٹاف کو اصل آڈیٹس رکھتے ہوئے، برانچز میں صارفین کے لیے آگاہی سیشنز کا انعقاد بھی کیا، غیر صارفین کو مساجد، جامعات وغیرہ میں، اور تاجروں، تاجر تنظیموں اور کارپوریٹ ملازمین کے ساتھ گروپ سیشنز کا انعقاد کیا۔

سال کے دوران مختلف طبقات سے تعلق رکھنے والے مختلف صارفین کو شریعہ کمپلائنس اسٹریٹجی کے ذریعے خدمات فراہم کی گئیں۔ اس کے علاوہ، FBL نے مختلف انوسٹمنٹ بینکنگ ٹرانزیکشنز میں حصہ لیا اور بطور شرعی ایڈوائزر خدمات انجام دیں۔ پول میئنجمنٹ ڈیپارٹمنٹ پول میئنجمنٹ سسٹم کو خود کار بنانے، کاروبار کی ابھرتی ہوئی ضروریات سے ہم آہنگی کو یقینی بنانے، شرعی اصولوں اور اسٹیٹ بینک کی ہدایات پر عمل کرنے کے لیے پرعزم رہا۔ جنرل پوز کے لیے پول میئنجمنٹ سسٹم کی کامیاب آڈیٹیشن کے سلسلے میں، بینک نے اسلامک بینکنگ انڈسٹری کا پہلا خود کار ریٹیل ٹائم ٹریڈر ماڈیول برائے پول میئنجمنٹ متعارف کروا کر ایک سنگ میل عبور کیا۔

ریٹیل بینکنگ

FBL میں ریٹیل بینکنگ نے 1 ٹریلین روپے کے سنگ میل کو عبور کرنے کے لیے مجموعی ڈپازٹس میں قابل قدر اضافے سے ایک مستحکم ترقی حاصل کی ہے۔ مارکیٹ شیئر میں دسمبر 2022 کے 3.5 فیصد سے دسمبر 2023 میں 3.7 فیصد تک اضافہ ہوا۔ بینک نے اپنی ترقی کی رفتار جاری رکھی اور 22 نئی برانچز کو نیٹ ورک میں شامل کیا جو سال کے اختتام تک 722 برانچز تک پہنچ گیا۔ FBL مالی شمولیت کے دائرہ کار کے تحت ملکی معیشت کو سہارا دینے کی کوششوں میں اسٹیٹ بینک آف پاکستان کا ساتھ دینے کے لیے پرعزم اور متحرک ہے۔ SBP کی ہدایات کے مطابق، FBL نے بینکنگ میں مساوات (BoE) اور معذور افراد (PWD) سے متعلق پالیسیاں کامیابی سے متعارف کرائی ہیں۔ FBL 1.46 بلین سے زیادہ بشمول 0.27 ملین خواتین صارفین کو فخریہ خدمات فراہم کر رہا ہے۔

2023 کے دوران، مارکیٹ کے مختلف حصوں کی ضروریات کو پورا کرنے کے لیے سوٹ میں کئی نئی مصنوعات شامل کی گئیں؛ خواتین کے لیے صحت کے فوائد، شاپنگ ڈسکاؤنٹس، لاکر فی ڈسکاؤنٹس، سیونگ / لین دین کی آسانی، جیسی سہولیات کے لیے ون اسٹاپ مالی حل کے ساتھ ایک برانڈڈ اکاؤنٹ ”امل“ متعارف کرایا گیا۔ اس انوکھی تجویز نے کئی نئی خواتین کلائنٹس کو 5.9 بلین روپے کے ڈپازٹس جمع کے ساتھ نیٹ ورک میں شامل کرنے میں مدد کی۔ مزید برآں، FBL نے سہولت کے ساتھ ہموار بینکنگ کے تجربے کے لیے مختلف خصوصیات کے حامل افراد کو سہولت دینے کے لیے تمام صوبوں میں 16 وقف شدہ PWD برانچز کا آغاز کیا۔

کمرشل بینکنگ اینڈ سماں میڈیم انٹرپرائزز (CBSME)

معاشی بد حالی کے ماحول میں، لون بک کو بڑھانا اور کریڈٹ کے معیار کو برقرار رکھنا انتہائی اہمیت کا حامل تھا۔ ”برانچ لیڈ SME ماڈل“ کو CBSME نے موثر طریقے سے اپنایا، جس کی وجہ سے %36 کی پورٹ فولیو نمو؛ اور 63 بلین روپے کے امتیازی سنگ میل کو عبور کر لیا۔

نمو	2022	2023	نفع و نقصان کا اکاؤنٹ
%	ملین روپے		
69.9	48,947	83,142	کل آمدنی
-48.4	27,494	40,806	کل اخراجات
97.3	21,453	42,336	قبل از ٹیکس و پروویژنز نفع
-197.2	(940)	914	خالص پروویژنز
85.0	22,393	41,422	قبل از ٹیکس نفع
-91.5	11,160	21,376	ٹیکس
78.5	11,233	20,046	بعد از ٹیکس نفع
78.5	7.4	13.21	فی حصص آمدن (روپے)

۲۰۲۳ میں مالیاتی برتری: استحکام کی علامت

بینک نے بہترین کارکردگی کے غیر متزلزل عزم کے ساتھ، شاندار مالی کارکردگی کا مظاہرہ کیا اور غیر معمولی ترقی حاصل کرنے میں کامیاب رہا۔ بہت ساری رکاوٹوں کے باوجود، بینک نے مسلسل ایک مضبوط اور پائیدار ادارہ ہونے کا ثبوت دیا اور ایک ٹریلین روپے ڈپازٹس کا سنگ میل عبور کرنے کے لیے مشکلات کا مقابلہ کیا۔ بینک اب پاکستان میں اسلامی بینکاری کا ایک کلیدی ممبر ہونے کی پوزیشن میں ہے۔ انفرادی طور پر، FBL نے 41.4 بلین روپے کا قبل از ٹیکس ریکارڈ منافع حاصل کیا جو، پچھلے سال کے 22.4 بلین روپے سے 85% زیادہ ہے۔ تاہم بعد از ٹیکس منافع (PAT) میں اضافہ، ضرورت سے زیادہ اور سابقہ ٹیکسز کے بوجھ سے 20 بلین روپے کے ساتھ 78.5% تک محدود رہا۔ مزید برآں، فی حصص آمدنی میں قابل قدر اضافہ ہوا، جو کہ 7.40 روپے سے بڑھ کر 13.21 روپے ہو گئی۔

سال 2023 کے دوران، بینک نے اپنی ترقی کی رفتار کو جاری رکھا اور کل آمدنی میں 2022 کے مقابلے میں 70% کا خاطر خواہ اضافہ کیا۔ بیلنس شیٹ میں شاندار ترقی اور اسپریڈز میں اضافے سے سال بہ سال اعتبار سے خالص اسپریڈز 78% ترقی کے ساتھ 71.1 بلین روپے تک پہنچ گئے۔ کرنٹ ڈپازٹس میں 49 ارب روپے کی صحت مند ترقی (18%) اور اوسط بیچ مارک کی شرح میں اضافے نے مجموعی اسپریڈ کو بہتر بنانے میں مدد کی۔ نان فنڈ آمدنی میں پچھلے سال کے مقابلے میں 35% اضافہ ہوا اور 2023 میں 12.1 روپے بلین روپے تک پہنچ گئی۔

تاریخی مہنگائی کے موجودہ حالات، امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی اور برانچ نیٹ ورک میں اضافے سے، بینک کے کل اخراجات 2022 کے مقابلے میں 48.4 فیصد زیادہ رہے۔ تاہم، اخراجات اور آمدنی کی شرح 2022 میں 56.2 فیصد سے بہتر ہو کر 2023 میں 49.1 فیصد ہو گئی۔ 2023 کے لیے خالص پروویژنز 2022 میں 0.9 بلین روپے ریورسل کے مقابلے میں 0.9 بلین روپے رہا۔ انٹیکسٹ کا تناسب مسلسل کم ہوتا رہا اور 3.8 فیصد کے ساتھ مجموعی کوریج کا تناسب 87 فیصد رہا۔

شاندار ڈپازٹ موبلائزیشن کے نتیجے میں، FBL کے ٹوٹل اثاثے بڑھ کر 1.4 ٹریلین روپے ہو گئے ہیں۔ گزشتہ چند سالوں میں کرنٹ اکاؤنٹس میں اضافے کا رجحان دیکھا جا رہا ہے، جو دسمبر 22 کے مقابلے میں 18 فیصد اضافہ سے 326 بلین روپے تک پہنچ گئے ہیں۔ مجموعی ڈپازٹس 1 ٹریلین روپے کے سنگ میل کو عبور کر چکے ہیں جو دسمبر 22 کے مقابلے میں 30.3 فیصد زیادہ ہیں۔ نتیجتاً مارکیٹ شیئر 3.5% سے 3.7% ہو گیا ہے۔ البتہ، ٹرم ڈپازٹس میں اضافے کی وجہ سے CASA کس کے ڈپازٹس 80.0% سے کم ہو کر 75.0% ہو گئے۔

گزشتہ کچھ مہینوں میں انڈیکس میں مسلسل اضافے کے ساتھ اسٹاک مارکیٹ نے غیر معمولی کارکردگی دکھائی۔ KSE100 انڈیکس نے مالی سال 23 کی دوسری ششماہی کے دوران PKR کے لحاظ سے 51% منافع (USD کے لحاظ سے 54%) کمایا، اسی طرح اس مدت کے دوران بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ کا اعزاز بلومبرگ سے پایا۔

کرنٹ اکاؤنٹ خسارہ مالی سال 2023 میں جولائی سے نومبر کے لیے گزشتہ سال اسی مدت میں USD 3.3 بلین خسارے کے مقابلے میں USD 1.16 بلین رہا جو ٹریڈ بیلنس میں بہتری کی عکاسی کرتا ہے۔ برآمدات میں 5.0% اضافہ ہوا اور پچھلے سال کی اسی مدت کے دوران 11.9 بلین امریکی ڈالر کے مقابلے میں USD 12.5 بلین تک پہنچ گئیں۔ درآمدات میں 16.0 فیصد کمی واقع ہوئی جو پچھلے سال کی اسی مدت کے دوران USD 25.3 بلین کے مقابلے میں 21.3 بلین امریکی ڈالر رہیں۔ نتیجتاً تجارتی خسارہ گزشتہ سال 13.4 بلین امریکی ڈالر کے مقابلے میں 8.8 بلین امریکی ڈالر ریکارڈ کیا گیا۔ کرنٹ اکاؤنٹ میں بہتری کے باوجود امریکی ڈالر کے مقابلے میں پاکستانی روپے کی شرح مبادلہ دبانو کا شکار رہی اور مالی سال 2023 کے دوران روپے کی قدر میں 24% تک کمی واقع ہوئی۔

مستقبل قریب میں، موجودہ آئی ایم ایف پروگرام جاری رہنا، نئے پروگرام کے لیے بروقت مذاکرات اور ملک میں عام انتخابات کرانا، ملکی اقتصادی بحالی کے لیے بہت اہمیت رکھتے ہیں۔

بینک کی کارکردگی

الحمد للہ، سال 2023 بینک کے لیے ایک اہم سنگ میل ثابت ہوا کیونکہ FBL نے بطور اسلامی بینک پہلا سال کامیابی سے مکمل کیا ہے۔ بینک نے مالیاتی پروڈکٹس اور سروسز کو اسلامی اصولوں کے تحت پیش کرنے کے لیے انتھک محنت کی اور اس بات کو یقینی بنایا کہ وہ شریعت کے عین مطابق ہوں۔ اس تبدیلی سے نہ صرف ہماری بینکاری کا اصول بدلا ہے بلکہ ہمیں اپنی کمیونٹی کے ساتھ مضبوط رابطے استوار کرنے کا موقع بھی ملا۔ وفاقی شرعی عدالت کے فیصلے کے مطابق پاکستان کے مالیاتی ڈھانچے کو اسلامی نظام میں تبدیل کرنے کے عزم میں فیصل بینک کی کنورژن ایک مضبوط پہلا قدم ہے۔

سال کے دوران، بورڈ نے ریگولیٹری ضروریات کی تکمیل سے مشروط 1 بلین روپے کے ابتدائی سرمایہ کی ادائیگی کے ساتھ ایک ایکویٹی کمپنی کے قیام کی منظوری دی ہے۔ یہ ایکویٹی کمپنی، یعنی فیصل اسلامی کرنسی ایکویٹی کمپنی (پرائیویٹ) لمیٹڈ FBL کا مکمل زیر ملکیتی ذیلی ادارہ ہو گا۔ بینک نے اسٹیٹ بینک آف پاکستان سے "نو آئیگنیشن سرٹیفکیٹ" حاصل کر لیا ہے اور SECP کی جانب سے 16 جنوری 2024 کو "سرٹیفکیٹ آف انکارپوریشن" بھی جاری کیا گیا ہے۔

بینک کی کارکردگی کا تفصیلی جائزہ مندرجہ ذیل ٹیبل میں درج ہے:

مالیاتی جھلکیاں:

نمو	2022	2023
%	ملین روپے	
25.6	469,451	589,545
27.8	454,261	580,711
27.5	1,074,353	1,370,074
30.3	781,571	1,018,276

بیلنس شیٹ کے نمایاں اعداد و شمار

سرمایہ کاری

فنانسنگ

کل اثاثہ جات

ڈپازٹس

ڈائریکٹرز کا جائزہ

ان کنسولٹیڈ بیٹڈ مالیاتی گوشوارے برائے سال 2023

ہم بورڈ آف ڈائریکٹرز کی جانب سے، فیصل بینک لمیٹڈ ("FBL" یا "بینک") کے ڈائریکٹرز کی رپورٹ، آڈٹ شدہ مالیاتی گوشواروں اور آڈیٹرز کی رپورٹ کے ساتھ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی پروفائل

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 مندرج ہیں۔ FBL صارفین کے تمام طبقات جیسے ریٹیل، چھوٹے اور متوسط درجے کے کاروباری ادارے، کمرشل، ایگری بیسڈ اور کارپوریٹ کو بینکنگ خدمات کی ایک وسیع رینج پیش کرتا ہے۔

بینک نے اپنا کنٹریبیوٹو بینکنگ لائسنس 31 دسمبر 2022 کو سرنڈر کیا اور یکم جنوری 2023 سے اسٹیٹ بینک آف پاکستان کے جاری کردہ اسلامی بینکنگ لائسنس کے تحت کام شروع کیا۔ بینک کی ملک بھر میں 270 شہروں میں 722 شاخیں ہیں جو خالصتاً شرعی اصولوں کے عین مطابق بینکاری 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 ہے اور داراللمال الاسلامی ٹرسٹ (DMIT) اتمار ہولڈنگز B.S.C. کی ہولڈنگ کمپنی ہے اور بنیادی طور پر بینک کی سرپرست ہے۔ DMIT کو معاہدے کے ذریعے دولت مشترکہ بہاماس کے قوانین کے تحت اسلامی قانون، اصولوں اور روایت کے مطابق کاروباری امور کو سرانجام دینے کے مقصد سے تشکیل دیا گیا تھا۔

تازہ ترین اقتصادی صورتحال

موجودہ عالمی اقتصادی ماحول ترقی کی امید کے ساتھ کاروبار میں اضافہ، اعتماد اور مارکیٹ کی مثبت صورتحال پیش کر رہا ہے۔ تاہم، ترقی کی اس امید کو چین کی سست اقتصادیات، عالمی طور پر مہنگائی میں اضافہ، سخت مالیاتی حالات اور جاری جغرافیائی اور سیاسی غیر یقینی کی صورتحال جیسی مشکلات کا سامنا ہے۔

ریٹیل سیکٹر کے اندر، مختلف معاشی شعبہ جات کی کارکردگی مختلف تھی۔ زراعت کا شعبہ پیداواری اہداف کو پورا کرنے کے حوالے سے، خاص طور پر ربیع کے موسم میں گندم کی کاشت میں اہداف کے قریب پہنچنے سے بہتر رہا۔ تاہم، لارج اسکیل مینوفیکچرنگ (LSM) کے شعبے میں پچھلے سال کی اسی مدت میں 1.7 فیصد کمی کے مقابلے میں جولائی سے اکتوبر 23 تک 0.4 فیصد کی معمولی کمی دیکھی گئی۔

اگرچہ سال 2023 کی دوسری ششماہی کے دوران، کنزیومر پرائس انڈیکس (CPI) اوسطاً تقریباً 28.8 فیصد رہا، جو 2023 کی پہلی ششماہی میں 33.05% کے مقابلے میں کم ہے البتہ 2022 کی اسی مدت کے 25% کے مقابلے میں زیادہ ہے۔ گردش قرضوں سے متعلق آئی ایم ایف کی ہدایات کے نتیجے میں بجلی کی قیمتوں میں مسلسل اضافے کے سبب اس صورتحال کا سامنا رہا۔ اسٹیٹ بینک آف پاکستان کے 5 سے 7 فیصد مہنگائی کی شرح کے ہدف کو حاصل کرنے کے لیے مربوط مالیاتی اور مانیٹری پالیسیوں کی اشد ضرورت ہے۔

حکومت کی مالیاتی کارکردگی اہداف کے مطابق رہی، ریونیو کے حصول میں خاطر خواہ اضافہ دیکھنے میں آیا جس نے بڑھتے ہوئے اخراجات کو پیچھے چھوڑ دیا۔ نتیجتاً جولائی سے اکتوبر 23 تک مالیاتی خسارہ جی ڈی پی کے 0.8% سے کم رہا، جبکہ بنیادی سرپلس 1.42 ٹریلین روپے تک پہنچ گیا۔

مانیٹری پالیسی کمیٹی (MPC) نے اپنے گزشتہ چار اجلاسوں میں پالیسی ریٹ کو 22 فیصد پر برقرار رکھتے ہوئے، مستقبل قریب میں اس شدید مہنگائی میں کمی کی امید کا اظہار کیا۔ MPC کے تازہ اجلاس میں عہدیداروں نے رجائیت کا اظہار کیا کہ مستحکم شرح مبادلہ، مجموعی طلب پر ضابطے، عالمی اجناس کی قیمتوں میں کمی اور معاون بیس انیکسٹ سے مہنگائی میں کمی متوقع ہے، اس لیے سود کی حقیقی شرح 12 ماہ کے اعتبار سے مثبت رہی۔



Independent Auditor's Report

To the members of Faysal Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Faysal Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at 31 December 2023, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 27 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2023 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Provision against Islamic Financing & Related Assets: (Refer note 6.5 & 11.5 to the unconsolidated financial statements)	



S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The Bank makes provision against Islamic financing and related assets on a time-based criteria that involves ensuring that all non-performing Islamic financing and related assets are classified in accordance with the criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of Islamic financing and related assets.</p> <p>The Bank has recognized a net charge for the year against Islamic financing and related assets amounting to Rs. 728.239 million in the unconsolidated profit and loss account. As at 31 December 2023, the Bank holds a provision of Rs. 20,050.262 million against Islamic financing and related assets.</p> <p>The determination of provision against Islamic financing and related assets based on the subjective criteria remains an area which involves use of judgement.</p> <p>Because of the significance and the volume of Islamic financing and related assets relative to the overall unconsolidated statement of financial position of the Bank, we considered the area of provision against Islamic financing and related assets as a key audit matter. Our audit procedures to verify provision against Islamic financing and related assets, amongst others, included the following:</p>	<p>Our audit procedures to verify provision against Islamic financing and related assets, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessed the design and tested the operating effectiveness of key controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing loans. • Based on our credit review exercise and for a risk-based sample of Islamic financing and related assets, where the management has not identified as indicators of impairment, challenge the management's assessment by comparing the historical performance, financial ratios and reports on security maintained with the expected future performance and form our own view whether any impairment indicators are present. • Based on our credit review exercise, where the management has identified as displaying indicators of impairment, assess the number of days overdue and factors used for the calculation of provision in accordance with the Prudential Regulations. • Analyze the days past due report and factors used for calculation of specific provision required in accordance with Prudential Regulations. • For consumer Islamic financing and related asset, where management has not identified any displaying indicators of impairment, compare the general provision calculated with the provision required in accordance with the SBP Prudential Regulations.



Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Bank's Annual Report but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and



- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total Islamic financing and related assets of the Bank.

Other Matter

The unconsolidated financial statements of the Bank for the year ended 31 December 2022, were audited by another firm of chartered accountants who expressed an unmodified opinion on those unconsolidated financial statements vide their audit report dated 3 March 2023 .

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

Date: 13 February 2024

Karachi

UDIN: AR202310188E6lewymBV

A handwritten signature in black ink, appearing to be 'Zeeshan Rashid', is written over the printed name of the firm.

**KPMG Taseer Hadi & Co.
Chartered Accountants**

Unconsolidated Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
		-----Rupees '000-----	
ASSETS			
Cash and balances with treasury banks	7	84,036,558	56,130,549
Balances with other banks	8	1,812,399	2,785,035
Due from financial institutions	9	-	9,815,098
Investments	10	589,544,591	469,451,195
Islamic financing and related assets - net	11	580,711,316	454,260,608
Fixed assets	12	40,268,350	35,034,233
Intangible assets	13	2,331,775	1,984,841
Deferred tax assets		-	-
Other assets	14	71,368,561	44,891,304
		1,370,073,550	1,074,352,863
LIABILITIES			
Bills payable	15	16,550,469	21,309,950
Due to financial institutions	16	166,886,803	150,134,396
Deposits and other accounts	17	1,018,275,737	781,570,730
Sub-ordinated sukuk		-	-
Deferred tax liabilities	18	4,907,208	694,025
Other liabilities	19	73,254,972	50,560,351
		1,279,875,189	1,004,269,452
NET ASSETS		<u>90,198,361</u>	<u>70,083,411</u>
REPRESENTED BY			
Share capital	20	15,176,965	15,176,965
Reserves		15,616,188	11,675,968
Surplus on revaluation of assets - net of tax	21	15,151,071	10,648,814
Unappropriated profit		44,254,137	32,581,664
		<u>90,198,361</u>	<u>70,083,411</u>
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes 1 to 47 and annexure I form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2023

	Note	2023	2022
		-----Rupees '000-----	
Profit / return earned on Islamic financing and other related assets, investments and placements	24	189,448,411	104,521,004
Profit / return on deposits and other dues expensed	25	118,395,171	64,533,168
Net profit / return		71,053,240	39,987,836
OTHER INCOME			
Fee and commission income	26	8,517,530	6,875,621
Dividend income		334,064	572,216
Foreign exchange income		4,758,254	2,601,156
Income from derivatives		85,506	191,501
Loss on securities	27	(1,913,157)	(1,559,655)
Other income	28	306,588	278,542
Total other income		12,088,785	8,959,381
Total income		83,142,025	48,947,217
OTHER EXPENSES			
Operating expenses	29	39,800,799	26,995,314
Workers Welfare Fund		886,617	461,285
Other charges	30	119,148	37,349
Total other expenses		40,806,564	27,493,948
Profit before provisions		42,335,461	21,453,269
Provisions and write-offs - net	31	913,927	(940,031)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		41,421,534	22,393,300
Taxation	32	21,375,595	11,160,132
PROFIT AFTER TAXATION		20,045,939	11,233,168
		-----Rupees-----	
Basic / diluted earnings per share	33	13.21	7.40

The annexed notes 1 to 47 and annexure I form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	-----Rupees '000-----	
Profit after taxation for the year	20,045,939	11,233,168
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
- Movement in surplus on revaluation of investments - net of tax	5,194,641	(1,957,211)
Items that will not be reclassified to the profit and loss account in subsequent periods:		
- Remeasurement gain on defined benefit obligations - net of tax	45,183	28,872
- Movement in surplus on revaluation of operating fixed assets - net of tax	(157,112)	4,793,209
- Movement in surplus on revaluation of non-banking assets - net of tax	(391,642)	853,479
	(503,571)	5,675,560
Total comprehensive income for the year	<u><u>24,737,009</u></u>	<u><u>14,951,517</u></u>

The annexed notes 1 to 47 and annexure I form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Reserves					Surplus / (deficit) on revaluation of			Unappropriated profit	Total	
	Capital reserves			Statutory reserve (note 6.26)	Total	Investments	Fixed assets / non-banking assets	Total			
	Share capital	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase (note 3.2)								Reserve arising on amalgamation (note 6.1)
	----- Rupees '000 -----										
Balance as at January 1, 2022	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
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	11,233,168	11,233,168
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(1,957,211)	5,646,688	3,689,477	28,872	3,718,349
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,957,211)	5,646,688	3,689,477	11,262,040	14,951,517
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	-	-	-	-	-	-	-	(97,269)	(97,269)	97,269	-
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	-	-	(68,149)	-	-	(68,149)	-	-	-	-	(68,149)
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)
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	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
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	20,045,939	20,045,939
Other comprehensive income - net of tax	-	-	-	-	-	-	5,194,641	(548,754)	4,645,887	45,183	4,691,070
Total comprehensive income	-	-	-	-	-	-	5,194,641	(548,754)	4,645,887	20,091,122	24,737,009
Transfer to statutory reserve	-	-	-	-	4,009,188	4,009,188	-	-	-	(4,009,188)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(143,630)	(143,630)	143,630	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(68,968)	-	-	(68,968)	-	-	-	-	(68,968)
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)
1st Interim cash dividend declared on August 24, 2023 at Rs 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)
2nd Interim cash dividend declared on October 26, 2023 at Rs 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	(1,517,697)
Balance as at December 31, 2023	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	3,349,029	11,802,042	15,151,071	44,254,137	90,198,361

The annexed notes 1 to 47 and annexure I form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2023

	Note	Rupees '000	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		41,421,534	22,393,300
Less: dividend income		(334,064)	(572,216)
		41,087,470	21,821,084
Adjustments:			
Depreciation on owned fixed assets	12.2	2,145,014	1,482,964
Amortisation of intangible assets	13.2	325,452	221,524
Depreciation on right-of-use assets	12.2	1,923,327	1,627,911
Depreciation on non-banking assets	14.1.1	4,643	4,965
Workers Welfare Fund		886,617	461,285
Provision / (reversals of provision) against financing - net	31	728,239	(457,485)
Provision / (reversals of provision) for diminution in value of investments - net	31	549,892	(167,637)
Provision / (reversals of provision) against other assets - net	31	2,326	(30,336)
Provision / (reversals of provision) against off balance sheet obligations - net	31	3,597	(17,194)
Impairment / (reversal of impairment) for non-banking assets	31	41,525	(12,596)
Gain on sale of fixed assets - net	28	(22,088)	(52,758)
Charge for defined benefit plan	29.2	264,900	225,554
Income from derivative contracts - net		(85,506)	(191,501)
Profit / return expensed - lease liability against right-of-use assets	25	1,528,718	1,260,134
Bad debts written off directly	31	45,511	128,431
		8,342,167	4,483,261
		49,429,637	26,304,345
Increase in operating assets			
Due from financial institutions		9,815,098	(9,815,098)
Held-for-trading securities		-	12,266,465
Financing		(127,224,458)	(57,636,192)
Others assets (excluding advance taxation)		(27,094,919)	(17,958,647)
		(144,504,279)	(73,143,472)
Increase in operating liabilities			
Bills payable		(4,759,481)	7,187,049
Due to financial institutions		16,286,174	39,827,589
Deposits		236,705,007	137,481,422
Other liabilities (excluding current taxation)		19,424,935	14,180,024
		267,656,635	198,676,084
Income tax paid		(20,826,483)	(10,268,784)
Contribution to gratuity fund	36.6	(98,287)	(215,942)
		151,657,223	141,352,231
Net cash generated from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in available for sale securities - net		(108,874,941)	(128,551,387)
Investment in associates - net		(118,338)	(858,075)
(Investment) / divestment in held to maturity securities - net		(1,845,371)	1,918,678
Dividends received		334,064	572,216
Investment in operating fixed assets		(7,013,659)	(3,326,857)
Investment in intangible assets		(754,517)	(545,051)
Proceeds from sale of fixed assets		60,659	81,067
		(118,212,103)	(130,709,409)
Net cash used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(2,512,566)	(2,459,020)
Dividend paid		(4,465,414)	(10,419,105)
		(6,977,980)	(12,878,125)
Net cash used in financing activities			
Increase / (decrease) in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year	34	57,253,408	59,488,711
Cash and cash equivalents at the end of the year	34	83,720,548	57,253,408

The annexed notes 1 to 47 and annexure I form an integral part of these unconsolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 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 722 branches (December 31, 2022: 700) including 2 sub-branches (December 31, 2022: 2).

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (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** The Bank provides financing mainly through Murabaha, Musawammah, Istisna and other Islamic modes as briefly explained in note 6.5 to these financial statements.

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

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

- 2.3** During the year, the Board has approved the establishment of an exchange company with an initial paid-up capital of PKR 1 billion subject to the completion of regulatory requirements. The exchange company, namely Faysal Islamic Currency Exchange Company (Private) Limited shall be a wholly owned subsidiary of FBL. The Bank has received the "No Objection Certificate" from SBP and the "Certificate of Incorporation" was issued by SECP on January 16, 2024.

3 STATEMENT OF COMPLIANCE

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

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

- 3.2** As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the year ended December 31, 2023, the Bank has adjusted an amortisation of intangible assets net of tax amounting to Rs. 68.968 million (2022: Rs. 68.1 million) from the NCR.
- 3.3** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, 'Profit and loss sharing on deposits' for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been notified to date. Accordingly, the disclosure requirements under IFAS-3 have not been considered in these unconsolidated financial statements.
- 3.4** The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.
- 3.5** The SECP through S.R.O. 56(1)/2016 dated January 28, 2016, has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable in case of investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these unconsolidated financial statements.
- 3.6 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:**

The Bank has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies' information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The information disclosed in Note 6 material accounting policies has been assessed to be in line with the amendments.

There are certain other 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 unconsolidated financial statements.

- 3.7 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:**
- 3.7.1** The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

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
- Amendments to IAS 1- Non current liabilities with covenants	January 1, 2024
- Amendment to IAS 7 and IFRS 7- Supplier finance	January 1, 2024
- Amendments to IAS 21- Lack of Exchangeability	January 1, 2025

The management has assessed and concluded that these standards and amendments are not likely to have an impact on the financial statements of the Bank, except IFRS 9 - Financial Instruments. The impact of IFRS 9 is as follows:

IFRS 9 Financial Instruments

As directed by SBP via BPRD Circular Letter No. 7 of 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after January 1, 2024. SBP via its BPRD Circular No. 03 of 2022 has provided detailed instructions on implementation of IFRS 9 including some exceptions and additional requirements for ensuring smooth and consistent implementation of the standard across banks.

The Bank will adopt IFRS 9 in its entirety effective January 1, 2024, with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 may not be accurately estimated 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. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are to be measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL'). The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity Securities

Equity instruments are generally measured as FVTPL unless the Bank elects for FVOCI at initial recognition.

For equity shares held as available-for-sale (AFS) with surplus / deficit recorded in OCI, the Bank may elect these equity shares as FVOCI. However, in accordance with IFRS 9 requirements, fair value gain or losses recognised in OCI will not be recycled to profit and loss account on derecognition of these securities.

For those equity shares currently held as AFS with gains and losses recorded in OCI for which FVOCI election is not made, will be measured at FVTPL. The surplus / deficit related to these securities currently presented in equity, will be reclassified to retained earnings, with no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value under IFRS 9. Currently, the Bank is assessing methods to determine the fair value of these securities.

Debt securities and Islamic financing and related assets

Those debt securities that are currently classified as AFS and pass the Solely Payment of Principal and Interest (SPPI) test, are expected to be measured at FVOCI under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows and sell those investment. Debt securities currently classified as HTM and pass the SPPI test are expected to be measured at amortised cost under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

Certain debt instruments that do not meet the SPPI criteria shall be measured at FVPL regardless of the business model in which they are held.

For certain debt securities which are currently classified as AFS and the Bank has decided to designate the same under the Held to Collect Business Model with the intention to collect the future cash flows on initial recognition as permitted under the standard, the mark to market gain/(loss) pertaining to these securities will be reversed from the Surplus/deficit and adjusted against the book value of securities at initial recognition.

Impairment

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

Financial assets where 12-month ECL is recognized are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

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

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

Significant increase in credit risk (SICR)

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

Presentation and disclosure

IFRS 7 also introduces expanded disclosure requirements and changes in presentation which will be incorporated as per the SBP's revised format.

The SBP vide BPRD Circular No 02 of 2023 dated February 9, 2023 has issued revised formats for annual as well as interim financial statements of Banks for the accounting periods starting from January 1, 2024, which include the presentation and disclosures of adoption of IFRS 9 as applicable in Pakistan.

Impact of adoption of IFRS 9

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at January 1, 2024 is a decrease of approximately Rs. 3,555 million (net of tax) related to impairment requirements. There is no other impact except for impairment impact due to adoption of IFRS 9.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

The Bank continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption.

To mitigate the impact of expected credit loss (ECL) models on capital, SBP has allowed a transitional arrangement for the impact on regulatory capital from the application of ECL accounting over a period of 5 years.

The Bank has adopted a governance framework under which the Board Audit & Corporate Governance Committee (BACGC) is tasked with overseeing the implementation of IFRS 9. The relevant departments i.e. Risk, Finance, Operations, and IT functions takes the ownership of their respective tasks. The Bank's Risk Management Division has developed Models/ methodologies for calculating PD, LGD, EAD and Credit Conversion Factors (CCF) and finance performs the ECL calculation. These models will be validated as per bank's policy.

3.7.2 As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at December 31, 2023 are as follows:

	Note	Rupees in '000
Assets		
Investments		1,643,536
Financing - net		905,061
Liabilities		
Due to financial institutions	16	230
Deposits and other accounts		3,714,453
Other Liabilities	19	1,657,226

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

3.7.3 Profitability from residual (ring-fenced) non-shariah compliant portfolio

In compliance with the principles of Shariah, the Shariah Board of the Bank has approved the "Conventional profitability cleansing framework" ('the Framework'). According to the Framework, any income accruing on the ring-fenced portfolio during the year, net-off attributable expenses and charges, is booked as charity payable under other liabilities. The conventional profitability is calculated in light of Shariah principles, the guidance of the Shariah Board and the understanding available as at the computation date, changes, if any, may be adjusted retrospectively.

4 BASIS OF MEASUREMENT

These 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 as disclosed in details in note 6.24 to these unconsolidated financial statements) and depreciated over the respective lease terms.

4.1 Critical accounting estimates and judgments

The preparation of the unconsolidated financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- i) Business combinations (note 6.1);
- ii) Classification of investments (note 6.4 and 10);
- iii) Valuation and impairment of investment, associates and joint venture (note 6.4 and 10);
- iv) Provision against financing (notes 6.5 and 11);
- v) Valuation and depreciation of fixed assets (note 6.6 and 12);
- vi) Valuation and amortisation of intangible assets (note 6.6 and 13);
- vii) Taxation (note 6.8);
- viii) Valuation of non-banking asset acquired in satisfaction of claims (note 6.9 and 14);
- ix) Valuation of defined benefit plan (note 6.11 and 36);
- x) Acceptances (note 6.19);
- xi) Fair value of wa'ad / promissory contracts (note 6.20 and 23); and
- xii) Valuation and depreciation of right-of-use assets and their related lease liability (note 6.24, 12.2).

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

6 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated financial statements are set out below. Further, accounting policies related to material class of accounts doesn't necessarily means it is material. These policies have been consistently applied to all the years presented.

6.1 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed as at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The excess of the consideration transferred over the fair value of the Bank's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the unconsolidated profit and loss account. However, as more fully described in note 13.3 to these unconsolidated financial statements, the gain on bargain purchase arising on an acquisition made in 2010 has been recognised directly in equity as per the directives of the SBP.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. Goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirements of International Accounting Standard (IAS) 36, 'Impairment of assets'. Impairment charge in respect of goodwill is recognised in the unconsolidated profit and loss account and is not subsequently reversed.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

Acquisition of non-controlling interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Bank. The excess of the fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognised in equity. (Referring to the 'Reserve arising on amalgamation').

6.2 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts and overdrawn nostro accounts.

6.3 Due to / Due from financial institutions

(a) Musharaka / Mudaraba placements

In Musharaka / Mudaraba, the Bank (or the counterparty financial institution/ the SBP) invests in the Shari'ah compliant business pools of the counterparty financial institutions/ the SBP (or the Bank) at the agreed profit and loss sharing ratio under musharaka agreements.

(b) Bai Muajjal

In Bai Muajjal, the Bank sells Shari'ah compliant instruments on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the sale and the credit price is recognised over the credit period and recorded as income. Bai Muajjal with Federal Government is classified as investment.

(c) Musharaka from the SBP under IERS

Under IERS, the Bank accepts funds from the SBP under Shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the Bank under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

(d) Mudaraba investment from the SBP under various long term Islamic refinance schemes

Under various long term Islamic refinance schemes of the SBP, the Bank accepts funds from the SBP which are received on Mudaraba basis for investment in general pool of the Bank. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

6.3.1 These are initially recognised at amount of funds disbursed / accepted (in case of Bai Muajjal, at sale price of the Sukuk net of deferred profit) and subsequently measured at amount receivable / payable under the contractual terms of the underlying agreement (in case of Bai Muajjal, at sale price of the Sukuk net of remaining deferred profit at reporting date, if any).

6.4 Investments

6.4.1 Classification

The Bank classifies its investments as follows:

(a) Held for trading

These are securities, which are either acquired for the purpose of generating profit from short-term fluctuations in market prices, yield rate movements, or dealer's margin or are securities included in the portfolio in which a pattern of short-term profit making exists.

(b) Held to maturity

These are securities with fixed or determinable payments and maturity that the Bank has a positive intent and ability to hold to maturity.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

(c) Available for sale

These are investments, other than those, in associates and subsidiaries, that do not fall under either held for trading or held to maturity categories.

(d) Associates

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 unconsolidated financial statements.

(e) Subsidiaries

Subsidiaries are all entities over which the Bank has control.

6.4.2 Initial recognition and measurement

All purchases and sales of investments that require delivery within the time frame established by the regulations or market convention are recognised at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

Investments other than those classified as held for trading are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs associated with the transactions are expensed through the profit and loss account.

Premium or discount on acquisition of investments is amortised through the profit and loss account over the remaining period till maturity using the effective interest method.

6.4.3 Subsequent measurement

Held for trading

These are measured at subsequent reporting dates at fair value. Any unrealised surplus / deficit arising on revaluation is taken into profit and loss account.

Held to maturity

These are measured at amortised cost using the effective interest rate method, less any impairment recognised to reflect irrecoverable amounts.

Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus or deficit arising thereon is kept in a separate account shown in the statement of financial position within equity and is taken to the profit and loss account when realised upon disposal or when the investments are considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. The Bank may also use unaudited or management accounts to determine if any additional impairment needs to be charged beyond amounts already changed based on audited financial statements. Investments in other unquoted securities are valued at cost less impairment, if any.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

Associates and subsidiaries

Investment in associates and subsidiaries are recorded at cost less accumulated impairment, if any.

The carrying amount of associates and subsidiaries are tested for impairment in accordance with the policy described in note 6.4.4 to these financial statements.

6.4.4 Impairment

Available for sale and held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in the fair value of a listed equity investment below its cost is also considered an objective evidence of impairment. The determination of significant or prolonged decline requires judgement.

Provision for diminution in the value of term finance certificates and sukuk certificates is made as per the requirements of the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that has been recognised in surplus / deficit on revaluation of securities on the statement of financial position within equity is removed therefrom and recognised in the profit and loss account.

Investment in associate

In respect of investment in associates, the Bank reviews their carrying values at each reporting date to assess whether there is an indication of impairment. The amount of impairment loss would be determined based on the higher of values in use and fair value less cost to sell. Impairment loss is recognised in the profit and loss account.

6.5 Islamic financing and related assets

6.5.1 Financing is stated net of specific and general provisions. Specific provision for financing is made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP which is based on the time based criteria and subjective evaluation of the credit worthiness of the borrowers. The amount of provision is charged to the profit and loss account. The amount of general provision is determined in accordance with the relevant regulations and the management's judgment as explained in note 11.5.1 to these financial statements. Financing is written off in accordance with Bank policy by extinguishing them against the provision held. These write-offs do not, in any way, prejudice the Bank's right of recovery from these customers. The Bank offers various Islamic financing products the details of which are as follows:

(a) Murabaha

In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

(b) Diminishing Musharaka

It is a form of Partnership in which the bank and the customers create co-ownership in the assets by purchasing it jointly. The bank then rent out its share of the assets to the customer. Beside the payment of the rentals, customers also purchase the assets from the bank in installments. Hence at the end of the tenure, customer become sole owner of the assets.

(c) Running Musharaka

In Running Musharakah financing, the Bank will enter into financing with the customer based on Shirkat-ul-Aqd (Business Partnership) in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to its Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / period the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual audited accounts of the customer.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

(d) Ijarah

Ijarah is a contract whereby the owner of an asset (other than consumables) transfers its usufruct to another person for an agreed period and for an agreed consideration.

Ijarah assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged from the date of recognition of ijarah assets on a straight line basis over the period of Ijarah. Impairment of Ijarah assets is determined on the same basis as that of operating fixed assets.

Ijarah rental income is recognised on an accrual basis as and when the rental becomes due. Impairment of Ijarah rental is determined in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP from time to time and charged to the profit and loss account.

In Service Ijarah financing, the Bank provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Bank appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

(e) Istisna

Istisna is a mode of sale at an agreed price, whereby the buyer places an order to or cause to manufacture, assemble or construct anything to be delivered at a future date.

The funds disbursed under Istisna are recorded as 'Advance against Istisna'. On execution of goods receiving note and receipt of manufactured goods, the same are recorded in the statement of financial position as inventories of the Bank at cost price and after sale of goods by customer to its ultimate buyers, Istisna financing is recognised.

(f) Musawamah

In Musawamah financing, the Bank purchases the goods and after taking the possession, sells them to customer either in spot or credit transaction, without disclosing the cost.

(g) Salam / Bai Salam

Salam / Bai Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot.

The funds disbursed under Salam / Bai Salam are recorded as advances against Salam / Bai Salam. On execution of goods receiving note and receipt of Salam / Bai Salam goods, the same are recorded in the statement of financial position as inventories of the Bank at cost price and after the sale of goods by customer to its ultimate buyers, Salam / Bai Salam financing is recognised.

(h) Tijarah

Tijarah is a financing mode under which Bank purchases finished goods from the customer / seller against spot payment and delivery. Thereafter, the Bank appoints customer as an agent to sell the Tijarah goods in the market.

The funds disbursed under Tijarah are recorded as advances against Tijarah. On execution of goods receiving note and receipt of Tijarah goods, the same are recorded in the statement of financial position as inventories of the Bank at cost price and after the sale of goods by customer to its ultimate buyers, Tijarah financing is recognised.

(I) Tawarruq

Tawarruq means "to sell a commodity at spot after its purchase on deferred basis to the party other than from whom it was purchased."

In practice "Tawarruq is an arrangement in which bank sells a commodity at a higher price from its market value to the Customer on deferred payment at cost plus profit. The customer, then sells the commodity to a third party on cash with a purpose of having access to liquidity".

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

6.5.2 Net investment in finance lease

Leases where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance lease. A receivable is recognised on the commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Specific and general provisions for net investment in finance lease are made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account.

6.6 Fixed assets and depreciation

(a) Tangible assets

Operating fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any.

Depreciation on operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 12.2 to these financial statements after taking into account residual value, if significant. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the unconsolidated profit and loss account as and when incurred.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the profit and loss account in the period in which these arise except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

(b) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

(c) Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The intangible assets include directly attributable costs that are capitalised as part of the intangible asset. Amortisation, except for customer relationship, is charged by applying the straight-line method over the useful lives of the assets. Amortisation is calculated so as to write-off the assets over their expected economic lives at rates specified in note 13 to these unconsolidated financial statements. Amortisation is charged from the month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed of. The intangible asset comprising customer relationship is being amortised over the life expectancy of the deposits. The residual values and useful lives of intangible assets are reviewed and adjusted, if appropriate, at each reporting date.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Intangible assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any.

Gains and losses on disposals, if any, are taken to the profit and loss account in the period in which these arise.

6.7 Impairment

The carrying amounts of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount, except in the case of an intangible asset with an indefinite useful life or an intangible asset not yet available for use and goodwill acquired in a business combination for which impairment is tested annually irrespective of whether there is any indication of impairment. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of asset.

An impairment loss is reversed except for impairment loss relating to goodwill, if there has been a change in the estimate used to determine the recoverable amount. Such reversals are only made to the extent that the asset's carrying amount does not exceed the amount that would have been determined if no impairment loss had been recognised.

6.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Provision for current taxation is based on taxable income for the year. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

Prior

The charge / reversals for prior years represent adjustments to the tax charge / reversals for prior years, arising from assessments, changes in estimates, and retrospectively applied changes to the law, made during the current year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

6.9 Assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and accumulated impairment, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying values do not differ materially from their fair values. Legal fee, transfer costs and direct costs of acquiring title to the non-banking assets are charged to the unconsolidated profit and loss account and these are not capitalised as part of non-banking assets. A surplus arising on revaluation of non-banking assets acquired in satisfaction of claims is credited to the 'surplus on revaluation of assets' account. Any deficit arising on revaluation is first set off against the surplus account for that particular non-banking asset, if any, or if no surplus exists, is charged to the unconsolidated profit and loss account. These assets are disclosed in other assets as specified by the SBP.

Surplus on revaluation of non-banking assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

6.10 Provisions and contingent assets and liabilities

Provisions are recognised when the Bank has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

6.11 Staff retirement benefits

a) Defined contribution plan

The Bank operates a contributory provident fund for all its permanent employees to which equal monthly contributions at the rate of 10 percent of basic salary are made both by the Bank and the employees.

b) Defined benefit scheme

The Bank operates an approved funded gratuity scheme for all its permanent eligible employees and eligible employees who are on contractual service and are employed under non-management cadre. Contributions to the fund are made on the basis of actuarial recommendations.

The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Projected Unit Credit Method is used for the actuarial valuation.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the differences between the actual investment returns and the return implied by the net return expense are recognised in the unconsolidated statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which these occur.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

6.12 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' (non-remunerative) and deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Term deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity of the Bank for the purpose of profit

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

calculation. Usually no restriction on withdrawals or number of transactions in current and savings accounts. In case of term deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit-sharing ratio between Rab-ul-Maal and Mudarib. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Pools are created at the Bank's discretion and the Bank can add, remove or transfer an asset to any other pool in the interests of the deposit holders.

6.13 Pool management

The Bank has maintained the following pools:

- i. 'General Pool' for local and foreign currency deposits;
- ii. 'Islamic Export Refinance Pool';
- iii. 'Interbank Treasury Musharaka Pool' ;
- iv. 'Islamic Investment Pool' (Mudarabah based) - LCY & FCY;
- v. 'Islamic Saving Pool' (Mudarabah based);
- vi. 'Islamic Equity Pool';
- vii. 'Haj Pool';
- viii. 'Treasury Mudarabah Pool';
- ix. 'Pakistan Mortgage Refinance Company Musharakah Pool';
- x. 'Open Market Operation'; and
- xi. 'Mudarabah based Financing Facility'

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency is catered for all FBL depositors and provide profit / loss based on Mudarabah and Musharaka.
- The Islamic Export Refinance Pool caters the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.
- The 'Interbank Treasury Musharaka Pool' is to provide Shariah compliant mechanism for Interbank Money Market transactions and manage the liquidity position of FBL statement of financial position by creating individual pools against each FBL money market deals.
- The 'Islamic Investment Pool' (Mudarabah based) - LCY & FCY pools are created to cater the needs of high net worth clients.
- The Islamic saving pools are created to cater the needs of high net worth clients / institutions.
- The Islamic equity pool is created to mainly cater the funding requirement of project / long term financing assets during non accrual period.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

- The Haj pool is created to give returns to Ministry of religious affairs deposits.
- The Treasury Mudarabah Pool is created to cater the liquidity requirement of the Bank.
- Pakistan Mortgage Refinance Company Musharakah Pool is created to promote expansion of affordable housing finance.
- Shariah Compliant Mudarabah Based Open Market Operations (OMO) Pool was created to enhance monetary policy transmission and improve management of market liquidity.
- Shariah Compliant Standing Ceiling Facility- Mudarabah based Financing Facility (MFF) Pool was created with a view to provide liquidity management framework for the Bank and enhance the effectiveness of monetary policy implementation. As per the guidelines provided by State Bank of Pakistan, MFF shall be available as a standing facility on overnight basis.
- The risk characteristics of each pool mainly depends on the asset and liability profile of each pool.

6.13.1 Profit / (loss) distribution to depositor's pool

Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

Gross income generated from relevant assets, calculated at the end of the month is first divided between FBL and investors / depositors in the ratio of FBL equity commingled in a pool on pro rata basis, and then amongst FBL and the depositors as per agreed mudarib fee and weightages declared before start of a month, respectively. All Mudarabah and Musharaka based deposits are fully invested in respective pools to produce returns for them. In case where FBL is unable to utilise all funds available for investment, priority is given to the deposit account holders.

All remunerative accounts such as remunerative current accounts, saving accounts, investment certificates, etc. are opened on the basis of Mudarabah, Musharaka, Wakalah or a combination of Mudarabah and Musharaka. The return on these deposits is calculated on the basis of Profit and Loss sharing (PLS). Unless specified, all remunerative local currency and foreign currency deposits are taken as General Mudarabah and Musharaka pool.

Profit share is determined by using weightages and profit sharing ratio assigned to each category of deposit within a pool. These weightages and profit sharing ratios are declared by FBL in compliance with the requirements of the Shariah and the SBP.

The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. The direct expenses are charged to respective pool. The indirect expenses including the establishment cost are borne by FBL as Mudarib. The direct expenses charged to the pool include depreciation of Ijarah assets, cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee, documentation charges, brokerage fee for the purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools etc. Provisions against any non-performing assets of the pool are not passed on to the pool except on the actual loss / write-off of such non-performing asset and suspension of income against non-performing assets. The profit of the pool is shared between the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

Particulars	2023		2022	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	43,412,039	37.65	14,936,903	30.51
- Amount and percentage of Mudarib share transferred to depositors through Hiba	13,604,438	31.34	4,136,622	27.69
- Profit rate earned (annualised)	-	18.53	-	11.78
- Profit rate distributed (annualised)	-	11.33	-	7.34

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

6.14 Subordinated Sukuk

Subordinated Sukuk are initially recorded at the amount of proceeds received. Profit on subordinated Sukuk is charged to the unconsolidated profit and loss account over the period on an accrual basis and is recognised separately as part of other liabilities.

6.15 Revenue recognition and other items

- Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis.
- Rentals on Ijarah contracts are recognised as income on an accrual basis.
- Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale to its ultimate buyer.
- Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- Profit on Running Musharakah financing is recognised on an accrual basis and is adjusted upon final declaration of profit by Musharakah partners.
- Profit on Istisna / Salam / Bai Salam / Tijarah transactions are recognised on an accrual basis commencing from time of sale of goods till the realisation of sale of proceeds by the Bank.
- Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the unconsolidated profit and loss account over the remaining maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned finance income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in lease.
- Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fee and other lease income are recognised as income when these are realised.
- Premium or discount on acquisition of debt investments is capitalised and amortised through the unconsolidated profit and loss account over the remaining period till maturity.
- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.
- Fee, commission on letters of credit / guarantee, other commission and brokerage income is recognised on an accrual basis.
- Financial advisory fee is recognised when the right to receive the fee is established.
- Rent and other income is recognised on an accrual basis.
- Profits on Bai Muajjal lendings are recognised on straight line accrual basis.
- Profit suspended in compliance with the Prudential Regulations issued by the SBP is recognised on receipt basis. Profit on rescheduled / restructured financing and investments is recognised as permitted by the SBP.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

6.16 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by the law, made subsequent to the reporting date are considered as non-adjusting events and are recorded in the unconsolidated financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the reporting period' in the year in which they are approved / transfers are made.

6.17 Foreign currencies

(a) Foreign currency transactions

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward commitments (promises) are reported in Rupees at exchange rates prevalent on the reporting date.

Forward commitments other than those with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange commitments. Forward commitments with the SBP relating to foreign currency deposit, are valued at spot rate prevailing at the reporting date. Exchange gains and losses are included in the current year profit and loss account.

(b) Translation gains and losses

Translation gains and losses are included in the unconsolidated profit and loss account.

6.18 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the unconsolidated financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

6.19 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in these unconsolidated statement of financial position both as assets and liabilities.

6.20 Financial instruments

Financial assets and financial liabilities

Financial instruments carried on the unconsolidated statement of financial position include cash and balances with treasury banks, balances with other banks, due from financial institutions, investments, financing, certain other assets, bills payable, due to financial institutions, deposits, liabilities against assets subject to finance lease and certain other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

Wa'ad / promissory Contracts

Wa'ad / promissory contracts are initially recognised at fair value on the date on which the contract is entered into and are subsequently remeasured to fair value using appropriate valuation techniques. All wa'ad / promissory contracts are carried as assets when the fair value is positive and the liability when the fair value is negative. Any change in the fair value of wa'ad / promissory contracts is taken to the unconsolidated profit and loss account.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the unconsolidated financial statements only when the Bank has a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the unconsolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

6.21 Earnings per share

The Bank presents basic and diluted Earnings Per Share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

6.22 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating decision maker. The Chief Executive Officer (CEO) has been identified as the Bank's Chief Operating decision maker.

(a) Business Segments

(i) Retail banking

Retail banking provides services to small borrowers i.e. commercials, consumers, small enterprises, medium enterprises and agriculture sector. It includes financing, deposits, other transactions and balances with retail customers.

(ii) Corporate and investment banking

This includes strategic partnership with corporate entities to provide working capital financing, trade financing, cash management services, project finance, export finance, leasing, guarantees, bills of exchange, deposits and other short term and long term finance. Further, this includes investment banking activities such as mergers and acquisitions, underwriting, privatisation, securitisation, Initial Public Offerings (IPOs), secondary private placements, etc.

(iii) Treasury and equity capital market (ECM)

It includes fixed income, equity, foreign exchanges, funding, own position securities and placements.

(iv) Special asset management (SAM)

This includes recoveries from borrowers' accounts which became delinquent or have defaulted in their repayment obligations.

(v) Others

It includes functions which cannot be classified in any of the above segments.

(b) Geographical segment

The operations of the Bank are currently based only in Pakistan.

6.23 Provision of claims under guarantees

A provision for claim under guarantees is recognised when intimated and reasonable certainty exists that the Bank will settle the obligation. The charge to the unconsolidated profit and loss account is stated net of expected recoveries as the obligation is recognised in other liabilities.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

6.24 Lease liability and right-of-use assets

At the inception of the contract, the Bank assesses whether a contract is, or contains, a lease. The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Bank's policy as described in note 6.7.

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental fund acceptance rate to measure lease liabilities.

6.25 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

6.26 Reserves

Reserves being held by the Bank in these unconsolidated financial statements include the following;

- Non- distributable capital reserve - gain on bargain purchase option (note 3.2).
- Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

	Note	2023	2022
-----Rupees '000-----			
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		18,287,506	17,453,357
- foreign currencies		1,716,544	881,183
		20,004,050	18,334,540
With State Bank of Pakistan in			
- local currency current accounts	7.1	47,120,181	32,768,340
- foreign currency current accounts	7.2	2,684,723	2,536,026
- foreign currency deposit accounts	7.3	4,323,955	2,280,616
		54,128,859	37,584,982
With National Bank of Pakistan in			
- local currency current accounts		9,902,199	206,502
Prize bonds	7.4	1,450	4,525
		<u>84,036,558</u>	<u>56,130,549</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

- 7.1** These represent local currency current accounts maintained with the SBP as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in a current account with the SBP at a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.
- 7.2** These represent cash reserve of 5% maintained with the SBP in US dollars current accounts on deposits held under the New Foreign Currency Accounts (FE-25 deposits) as per BSD Circular No. 14 and 15 dated June 21, 2008.
- 7.3** These represent special cash reserve of 10% maintained with the SBP in US dollars deposit account on deposits accounts on deposits held under the new foreign currency accounts (FE-25 deposits) as per DMMD circular No.8 dated April 17, 2020. local US dollars clearing account maintained with the SBP to facilitate US dollars clearing and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic Banking Branches under the requirements of BSD Circular No.15 dated June 21, 2008. Profit rate on these balances is Nil (2022 : Nil) per annum which is notified on monthly basis by SBP.
- 7.4** 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.

	<u>2023</u>	<u>2022</u>
	-----Rupees '000-----	
8 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	10,239	20,007
Outside Pakistan		
- in current accounts	1,802,160	2,683,513
- in deposit accounts	-	81,515
	<u>1,812,399</u>	<u>2,785,035</u>
9 DUE FROM FINANCIAL INSTITUTIONS		
Musharaka placement	-	4,000,000
Repurchase agreement lendings (reverse repo)	-	5,815,098
	<u>-</u>	<u>9,815,098</u>

9.1 Securities held as collateral against due from financial institutions

- Market Treasury Bills

<u>2023</u>			<u>2022</u>		
Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- Rupees '000-----					
-	-	-	6,000,000	-	6,000,000

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

10 INVESTMENTS

10.1 Investments by type:

Note	2023				2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees '000							
Available-for-sale securities								
Federal Government securities	522,195,325	-	1,949,879	524,145,204	406,535,788	-	(4,225,759)	402,310,029
Shares	5,514,441	(1,905,557)	2,245,115	5,853,999	12,212,313	(1,297,552)	(1,392,156)	9,522,605
Non Government debt securities	47,917,827	(519,291)	2,371,729	49,770,265	48,004,551	(519,291)	2,380,000	49,865,260
	575,627,593	(2,424,848)	6,566,723	579,769,468	466,752,652	(1,816,843)	(3,237,915)	461,697,894
Held-to-maturity securities								
Non Government debt securities	8,174,964	(1,409,394)	-	6,765,570	6,329,593	(1,467,507)	-	4,862,086
	8,174,964	(1,409,394)	-	6,765,570	6,329,593	(1,467,507)	-	4,862,086
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	1,550,000	-	-	1,550,000	-	-	-	-
Faysal Savings Growth Fund	-	-	-	-	693,353	-	-	693,353
Faysal Stock Fund	-	-	-	-	322,117	-	-	322,117
	1,869,660	-	-	1,869,660	1,751,322	-	-	1,751,322
Subsidiary *								
Faysal Asset Management Limited	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
Total Investments	586,812,110	(3,834,242)	6,566,723	589,544,591	475,973,460	(3,284,350)	(3,237,915)	469,451,195

* related parties

10.2 Investments by segments

Note	2023				2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees '000							
Federal Government securities								
- Pakistan Investment Bonds	-	-	-	-	14,716,926	-	(310,800)	14,406,126
- Ijarah Sukuks	516,492,289	-	1,949,879	518,442,168	387,017,281	-	(3,914,959)	383,102,322
- Other Federal Government securities	5,703,036	-	-	5,703,036	4,801,581	-	-	4,801,581
	522,195,325	-	1,949,879	524,145,204	406,535,788	-	(4,225,759)	402,310,029
Shares								
- Listed companies	4,770,525	(1,238,834)	2,214,770	5,746,461	11,468,397	(647,886)	(1,422,501)	9,398,010
- Unlisted companies	743,916	(666,723)	30,345	107,538	743,916	(649,666)	30,345	124,595
	5,514,441	(1,905,557)	2,245,115	5,853,999	12,212,313	(1,297,552)	(1,392,156)	9,522,605
Non Government debt securities								
- Listed	45,000,000	-	2,383,000	47,383,000	45,000,000	-	2,380,000	47,380,000
- Unlisted	11,092,791	(1,928,685)	(11,271)	9,152,835	9,334,144	(1,986,798)	-	7,347,346
	56,092,791	(1,928,685)	2,371,729	56,535,835	54,334,144	(1,986,798)	2,380,000	54,727,346
Associates *								
Faysal Islamic Saving 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	1,550,000	-	-	1,550,000	-	-	-	-
Faysal Saving Growth Fund	-	-	-	-	693,353	-	-	693,353
Faysal Stock Fund	-	-	-	-	322,117	-	-	322,117
	1,869,660	-	-	1,869,660	1,751,322	-	-	1,751,322
Subsidiary *								
Faysal Asset Management Limited	1,139,893	-	-	1,139,893	1,139,893	-	-	1,139,893
Total Investments	586,812,110	(3,834,242)	6,566,723	589,544,591	475,973,460	(3,284,350)	(3,237,915)	469,451,195

* related parties

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

10.2.1 GoP Ijara Sukuks have tenure ranging from 1 to 5 years. The Bank's return on these instruments ranges from 6.36% to 23.71% per annum (2022: 6.36% to 16.04% per annum) with maturities from April 2024 to December 2028.

10.2.2 The Bank has invested in PKR and foreign currency denominated Mudarabah based pools maintained by the Islamic Naya Pakistan Certificate Company Limited (INPCCL), a special purpose vehicle formed by the Government of Pakistan. As at December 31, 2023, the Bank's investment in PKR, USD, EURO and GBP denominated pools amounted to Rs. 477.759 million (2022: Rs. 682.037 million), USD 15.494 million with PKR equivalent of Rs 4,367.162 million (2022: Rs. 3,586.996 million), EURO 0.570 million with PKR equivalent of Rs.177.522 million (2022: Rs 157.629 million) and GBP 1.898 million with PKR equivalent of Rs. 680.593 million (2022: Rs. 374.918 million) respectively. The actual profit rates on these pools are calculated in line with the Islamic principle of Mudarabah and communicated to the Bank at the end of each month. The profit earned by the Bank on these investment pools during the year ranges between 11% to 17% for PKR denominated pool, 4.50% to 5.75% for USD denominated pool, 3.50% to 5.25% for GBP denominated pool and 1.75% to 4% for EURO denominated pool. These investments are perpetual in nature and have no fixed maturity.

10.2.3 These include Sukuks having tenures ranging from 4 to 11 years. The Bank's return on these instruments ranges from 21.14% to 24.01% per annum (2022: 15.76% to 18.18% per annum) with maturities up to December 2032.

	2023	2022
	-----Rupees '000-----	
10.3 Investments given as collateral - at market value		
Federal Government Securities		
- Ijarah Sukuks	73,587,500	29,866,500
- Pakistan Investment Bonds	-	5,307,116
	<u>73,587,500</u>	<u>35,173,616</u>
10.4 Provision for diminution in value of investments		
10.4.1 Opening balance	3,284,350	3,451,987
Charge / (reversals)		
Charge for the year	1,811,871	7,067
Reversals for the year	(58,113)	(85,824)
Reversals on disposals	(1,203,866)	(88,880)
	549,892	(167,637)
Closing balance	<u>3,834,242</u>	<u>3,284,350</u>

10.4.2 Particulars of provision against debt securities

Category of classification	2023		2022	
	Non-performing investments	Provision	Non-performing investments	Provision
----- Rupees '000 -----				
Domestic				
- Loss	1,928,685	1,928,685	1,986,798	1,986,798

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

10.5 Investment in subsidiary and associates

Note	As at December 31, 2023				For the year ended December 31, 2023			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income	
----- Rupees '000-----								
Associates								
	Faysal Islamic Savings Growth Fund	Pakistan	9.1	2,468,411	19,922	397,466	358,441	358,441
	Faysal Islamic Stock Fund	Pakistan	28.6	494,748	57,173	214,169	192,667	192,667
	Faysal Halal Amdani Fund	Pakistan	3.7	42,865,974	215,288	7,828,006	7,392,453	7,392,453
Subsidiary								
10.5.1	Faysal Asset Management Limited	Pakistan	99.99	2,308,798	528,198	1,078,926	423,729	420,205

Note	As at December 31, 2022				For the year ended December 31, 2022			
	Country of incorporation	% Holding	Assets	Liabilities	Revenue	Profit	Total comprehensive income	
----- Rupees '000-----								
Associates								
	Faysal Islamic Savings Growth Fund	Pakistan	24.1	2,646,076	24,630	332,768	292,642	292,642
	Faysal Islamic Stock Fund	Pakistan	20.8	469,274	5,520	(45,227)	(70,305)	(70,305)
	Faysal Savings Growth Fund	Pakistan	29.0	2,515,594	33,362	359,569	300,721	300,721
	Faysal Stock Fund	Pakistan	31.6	876,891	41,190	(252,103)	(325,461)	(325,461)
Subsidiary								
	Faysal Asset Management Limited	Pakistan	99.99	1,629,722	269,328	721,772	192,884	191,256

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

10.6 Quality of available for sale securities

Details regarding quality of available for sale (AFS) securities are as follows:

	2023	2022
Cost		
----- Rupees '000-----		
Federal Government securities - Government guaranteed		
Pakistan Investment Bonds	-	14,716,926
Ijarah Sukuks	516,492,289	387,017,281
Other Federal Government securities	5,703,036	4,801,581
	<u>522,195,325</u>	<u>406,535,788</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

Shares

Listed companies

Oil and gas exploration company
Cement
Chemical
Power generation and distribution
Fertilizer
Commercial banks
Oil and gas marketing company
Automobile Assembler
Technology & communication
Textile composite
Real estate
Investment banks / investment companies / securities
Textile spinning
Textile weaving
Vanaspati and allied industries
Glass and ceramics
Engineering
Miscellaneous
Open - end mutual funds
Pharmaceuticals

	2023	2022
	Cost	
	-----Rupees '000-----	
1,155,963	1,732,364	
897,154	2,539,850	
578,402	578,402	
568,851	991,966	
420,758	383,319	
405,124	161,518	
361,379	540,198	
272,925	2,399,685	
52,583	-	
22,546	274,930	
16,372	16,372	
12,528	12,528	
4,362	4,362	
1,271	1,271	
243	243	
38	38	
13	236,075	
13	15	
-	1,209,129	
-	386,132	
4,770,525	11,468,397	

2023		2022	
Cost	Breakup value	Cost	Breakup value
-----Rupees '000-----			

Unlisted companies

1Link (Private) Limited
Al Hamra Avenue (Private) Limited *
Al Hamra Hills (Private) Limited *
DHA Cogen (Private) Limited *
Himont Chemical *
Pace Barka Properties Limited *
Pakistan Export Finance Guarantee *
Naymat Collateral Management
ISE Towers REIT Management Company
Pakistan Corporate Restructuring Company Limited

50,000	733,214	50,000	537,279
265,938	N/A	265,938	N/A
5	N/A	5	N/A
325,000	N/A	325,000	N/A
1,037	N/A	1,037	N/A
52,000	N/A	52,000	N/A
5,686	N/A	5,686	N/A
25,000	N/A	25,000	N/A
-	62,264	-	53,834
19,250	N/A	19,250	N/A
743,916	795,478	743,916	591,113

* These investments are fully provided.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

Non Government debt securities

Listed

- Unrated *

Unlisted

- AA+, AA, AA-
- A+, A, A-
- BB
- Unrated

2023	2022
Cost	
-----Rupees '000-----	
45,000,000	45,000,000
750,000	750,000
89,000	89,000
1,562,000	-
516,827	2,165,551
<u>2,917,827</u>	<u>3,004,551</u>

* These include government guaranteed securities amounting to Rs. 45,000 million (2022: Rs. 45,000 million).

10.7 Particulars relating to held to maturity securities are as follows:

Non Government debt securities

Unlisted

- AAA
- Unrated *

2023	2022
Cost	
-----Rupees '000-----	
6,765,678	4,862,130
1,409,286	1,467,463
<u>8,174,964</u>	<u>6,329,593</u>

* These investments are fully provided.

10.7.1 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 6,779 million (December 31, 2022: Rs. 4,862 million).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

11 Islamic financing and related assets- net

Note	Performing		Non-performing		Total	
	2023	2022	2023	2022	2023	2022
----- Rupees '000-----						
Murabaha financing and related assets						
Murabaha financing	38,284,881	10,718,692	166,424	119,278	38,451,305	10,837,970
Advance against Murabaha financing	3,219,979	1,675,896	5,000	-	3,224,979	1,675,896
Inventory related to Murabaha	2,174,051	203,694	-	-	2,174,051	203,694
	43,678,911	12,598,282	171,424	119,278	43,850,335	12,717,560
Running Musharaka financing						
Running Musharaka	195,753,370	119,430,547	545,166	-	196,298,536	119,430,547
Istisna financing and related assets						
Istisna	36,501,975	31,800,700	551,792	70,000	37,053,767	31,870,700
Advance against Istisna	30,317,852	20,927,551	172,166	236,295	30,490,018	21,163,846
Inventory related to Istisna	7,382,419	6,205,350	-	-	7,382,419	6,205,350
	74,202,246	58,933,601	723,958	306,295	74,926,204	59,239,896
Tijarah financing and related assets						
Tijarah	2,455,035	2,268,921	316,722	5,500	2,771,757	2,274,421
Advance against Tijarah	766,202	467,445	-	-	766,202	467,445
Inventory related to Tijarah	4,136,549	1,346,223	3,500	-	4,140,049	1,346,223
	7,357,786	4,082,589	320,222	5,500	7,678,008	4,088,089
Musawamah financing and related assets						
Musawamah	2,788,837	143,720	100,516	6,960	2,889,353	150,680
Advance against Musawamah	4,190	-	-	-	4,190	-
Inventory related to Musawamah	7,408	3,980	-	-	7,408	3,980
	2,800,435	147,700	100,516	6,960	2,900,951	154,660
Salam financing and related assets						
Salam	100,000	100,000	1,200	1,200	101,200	101,200
Advance against Salam	9,850,771	83,236	-	-	9,850,771	83,236
	9,950,771	183,236	1,200	1,200	9,951,971	184,436
Ijarah financing and related assets						
Fixed assets Ijarah financing - net	-	32,109	-	-	-	32,109
	-	32,109	-	-	-	32,109
Diminishing Musharaka financing and related assets						
Diminishing Musharaka	210,560,169	208,760,418	5,624,139	4,374,326	216,184,308	213,134,744
Advanced against Diminishing Musharaka	10,225,549	15,556,470	97,500	-	10,323,049	15,556,470
	220,785,718	224,316,888	5,721,639	4,374,326	226,507,357	228,691,214
Wakala Istithmar financing and related assets						
Wakala Istithmar	6,302,669	-	-	-	6,302,669	-
	6,302,669	-	-	-	6,302,669	-
Tawwaruq	13,673,003	13,167,553	98,423	38,717	13,771,426	13,206,270
Advance against Islamic export refinance	2,414,376	3,419,522	-	223,152	2,414,376	3,642,674
Musharaka	27,534	82,618	722	8,288	28,256	90,906
Bai salam	277,076	99,342	-	-	277,076	99,342
Islamic financing and related assets - Gross	577,223,895	436,493,987	7,683,270	5,083,716	584,907,165	441,577,703
Other financing	478,042	15,397,264	15,376,371	16,614,667	15,854,413	32,011,931
	577,701,937	451,891,251	23,059,641	21,698,383	600,761,578	473,589,634
Less: provision against financing						
- Specific	-	-	(19,172,592)	(18,557,417)	(19,172,592)	(18,557,417)
- General	(877,670)	(771,609)	-	-	(877,670)	(771,609)
	(877,670)	(771,609)	(19,172,592)	(18,557,417)	(20,050,262)	(19,329,026)
Financing - net of provision	576,824,267	451,119,642	3,887,049	3,140,966	580,711,316	454,260,608

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
11.1 Murabaha receivable - gross	11.1.2	39,623,889	11,529,227
Less: Deferred murabaha income	11.1.3	(29,223)	(350,063)
Profit receivable shown in other assets		(1,143,361)	(341,194)
Murabaha financing	11.1.1	<u>38,451,305</u>	<u>10,837,970</u>
11.1.1 The movement in Murabaha financing during the year is as follows:			
Opening balance		10,837,970	31,630,824
Sales during the year		218,668,554	111,886,384
Adjusted during the year		<u>(191,055,219)</u>	<u>(132,679,238)</u>
Closing balance		<u>38,451,305</u>	<u>10,837,970</u>
11.1.2 Murabaha sale price		39,623,889	11,529,227
Murabaha purchase price		<u>(38,451,305)</u>	<u>(10,837,970)</u>
		<u>1,172,584</u>	<u>691,257</u>
11.1.3 Deferred murabaha income			
Opening balance		350,063	275,779
Arising during the year		4,874,300	4,602,165
Less: recognised during the year		<u>(5,195,140)</u>	<u>(4,527,881)</u>
Closing balance		<u>29,223</u>	<u>350,063</u>

11.2 Ijarah

	2023						Book value as at Dec 31, 2023
	Cost			Accumulated depreciation			
	As at Jan 1, 2023	Additions / (deletions)	As at Dec 31, 2023	As at Jan 1, 2023	Charge for the year	As at Dec 31, 2023	
-----Rupees '000-----							
Plant and machinery	52,435	(52,435)	-	20,326	(20,326)	-	-
Total	<u>52,435</u>	<u>(52,435)</u>	<u>-</u>	<u>20,326</u>	<u>(20,326)</u>	<u>-</u>	<u>-</u>
	2022						Book value as at Dec 31, 2022
	Cost			Accumulated depreciation			
	As at Jan 1, 2022	Additions / (deletions)	As at Dec 31, 2022	As at Jan 1, 2022	Charge for the year	As at Dec 31, 2022	
-----Rupees '000-----							
Plant & Machinery	147,395	(94,960)	52,435	99,481	(79,155)	20,326	32,109
Total	<u>147,395</u>	<u>(94,960)</u>	<u>52,435</u>	<u>99,481</u>	<u>(79,155)</u>	<u>20,326</u>	<u>32,109</u>

Future Ijarah payments receivable

	2023				2022			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
-----Rupees '000-----								
Ijarah rental receivables	-	-	-	-	33,506	-	-	33,506

The difference between net investment in Ijarah and Ijarah rental receivable represents element of profit in receivable.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

11.3 Particulars of Islamic financing and related assets - net

- in local currency
- in foreign currencies

	2023	2022
	-----Rupees '000-----	
	599,815,539	472,577,857
	946,039	1,011,777
	<u>600,761,578</u>	<u>473,589,634</u>

11.4 Islamic financing and related assets - net includes Rs. 23,060 million (December 31, 2022: Rs. 21,698 million) which have been placed under non-performing status as detailed below:

Category of classification	2023		2022	
	Non-performing loans	Provision	Non-performing loans	Provision
	-----Rupees '000-----			
Domestic				
- other assets especially mentioned	204,748	448	204,426	70
- substandard	883,657	104,142	504,838	82,646
- doubtful	670,909	170,824	858,706	242,963
- loss	21,300,327	18,897,178	20,130,413	18,231,738
Total	<u>23,059,641</u>	<u>19,172,592</u>	<u>21,698,383</u>	<u>18,557,417</u>

11.5 Particulars of provision against Islamic financing and related assets

Note	2023			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	132,838	-	132,838	117,020	-	117,020
Charge for the year	1,960,357	106,061	2,066,418	1,085,432	-	1,085,432
Reversals during the year	(1,338,179)	-	(1,338,179)	(1,368,953)	(173,964)	(1,542,917)
	622,178	106,061	728,239	(283,521)	(173,964)	(457,485)
Amounts written off	11.6.1 (139,841)	-	(139,841)	(820,624)	-	(820,624)
Closing balance	<u>19,172,592</u>	<u>877,670</u>	<u>20,050,262</u>	<u>18,557,417</u>	<u>771,609</u>	<u>19,329,026</u>

11.5.1 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.

11.5.2 Particulars of provision against financing

	2023			2022		
	Specific	General	Total	Specific	General	Total
	-----Rupees '000-----					
In local currency	18,503,626	877,670	19,381,296	18,021,288	771,609	18,792,897
In foreign currencies	668,966	-	668,966	536,129	-	536,129
	<u>19,172,592</u>	<u>877,670</u>	<u>20,050,262</u>	<u>18,557,417</u>	<u>771,609</u>	<u>19,329,026</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

11.5.3 As allowed by the SBP, the Bank has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,457.777 million (December 31, 2022: Rs 1,862.991 million) relating to financing while determining the provisioning requirement against non-performing financing as at December 31, 2023. The additional profit arising from availing the FSV benefit (net of tax) as at December 31, 2023 which is not available for distribution as either cash or stock dividend to shareholders approximately amounted to Rs 1,253.466 million (December 31, 2022: Rs 950.125 million).

	Note	2023	2022
-----Rupees '000-----			
11.6 Particulars of write-offs			
11.6.1 Against provisions	11.5	139,841	820,624
Directly charged to profit and loss account	31	45,511	128,431
		<u>185,352</u>	<u>949,055</u>
11.6.2 Write-offs of Rs. 500,000 and above*			
- domestic	11.7	21,632	745,966
Write-offs of below Rs. 500,000 - domestic*		163,720	203,089
		<u>185,352</u>	<u>949,055</u>

*The write-offs do not, in any way, prejudice the Bank's right of recovery from these customers.

11.7 Details of financing written-off of Rs. 500,000/- and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off financing or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2023 is given in Annexure - I to these unconsolidated financial statements. The write-offs (including written-off amount less than Rs. 500,000/-) do not, in any way, prejudice the Bank's right of recovery from these customers.

	Note	2023	2022
-----Rupees '000-----			
12 FIXED ASSETS			
Capital work-in-progress	12.1	4,115,708	2,392,116
Property and equipment	12.2	36,152,642	32,642,117
		<u>40,268,350</u>	<u>35,034,233</u>
12.1 Capital work-in-progress			
Civil works		266,236	346,816
Equipment		2,968,971	1,742,100
Furniture and fixture		299,479	220,794
Vehicles		16,824	42,164
Building		564,198	40,242
		<u>4,115,708</u>	<u>2,392,116</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

12.2 Property and equipment

2023										
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets-land and building	Total	
Rupees '000										
At January 1, 2023										
Cost / revalued amount	3,353,600	7,775,976	801,796	5,394,348	1,484,438	9,073,271	353,975	5,105,048	16,341,616	49,684,068
Accumulated depreciation	-	-	-	-	1,032,231	7,044,275	203,844	2,728,764	6,032,837	17,041,951
Net book value	3,353,600	7,775,976	801,796	5,394,348	452,207	2,028,996	150,131	2,376,284	10,308,779	32,642,117
Year ended December 31, 2023										
Opening net book value	3,353,600	7,775,976	801,796	5,394,348	452,207	2,028,996	150,131	2,376,284	10,308,779	32,642,117
Additions	175,000	132,800	-	274,880	403,481	2,596,421	240,031	1,170,448	2,435,802	7,428,863
Lease modification (note 12.2.5)	-	-	-	-	-	-	-	-	21,292	21,292
Transfer from non-banking assets (note 12.2.2)	245,000	-	4,806	47,200	-	-	-	-	-	297,006
Disposals	-	-	-	-	(14)	(1,467)	(37,143)	(171)	(129,500)	(168,295)
Depreciation charge (note 12.2.4)	-	-	(52,255)	(298,156)	(103,009)	(1,147,606)	(47,115)	(496,873)	(1,923,327)	(4,068,341)
Other adjustments / transfers	-	-	194	-	-	662	(569)	(287)	-	-
Closing net book value	3,773,600	7,908,776	754,541	5,418,272	752,665	3,477,006	305,335	3,049,401	10,713,046	36,152,642
At December 31, 2023										
Cost / revalued amount	3,773,600	7,908,776	806,796	5,716,428	1,885,937	11,518,797	521,978	6,274,605	18,669,210	57,076,127
Accumulated depreciation	-	-	52,255	298,156	1,133,272	8,041,791	216,643	3,225,204	7,956,164	20,923,485
Net book value	3,773,600	7,908,776	754,541	5,418,272	752,665	3,477,006	305,335	3,049,401	10,713,046	36,152,642
Rate of depreciation (%) / useful life	-	-	2%-11%	2%-20%	10%	14%-50%	20%	10%-20%	11 months - 34 years	
2022										
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets-land and building	Total	
Rupees '000										
At January 1, 2022										
Cost / revalued amount	2,398,777	4,072,488	642,304	5,371,523	1,324,233	8,060,507	342,442	4,065,210	13,128,915	39,406,399
Accumulated depreciation	-	-	85,668	403,098	979,289	6,272,990	170,269	2,393,036	4,404,926	14,709,276
Net book value	2,398,777	4,072,488	556,636	4,968,425	344,944	1,787,517	1,672,174	8,723,989	24,697,123	
Year ended December 31, 2022										
Opening net book value	2,398,777	4,072,488	556,636	4,968,425	344,944	1,787,517	1,672,174	8,723,989	24,697,123	
Additions	-	139,753	-	160,488	170,157	1,039,719	16,402	1,049,066	3,435,953	6,011,538
Lease modification (note 12.2.5)	-	-	-	-	-	-	-	-	25,332	25,332
Movement in surplus on assets revalued during the year	979,909	3,563,735	275,008	477,234	-	-	-	-	-	5,295,886
Disposals	(25,086)	-	-	-	(96)	(957)	(1,033)	(1,131)	(248,584)	(276,887)
Depreciation charge (note 12.2.4)	-	-	(29,848)	(211,799)	(62,759)	(798,258)	(37,410)	(342,890)	(1,627,911)	(3,110,875)
Other adjustments / transfers	-	-	-	-	(39)	975	(1)	(935)	-	-
Closing net book value	3,353,600	7,775,976	801,796	5,394,348	452,207	2,028,996	150,131	2,376,284	10,308,779	32,642,117
At December 31, 2022										
Cost / revalued amount	3,353,600	7,775,976	801,796	5,394,348	1,484,438	9,073,271	353,975	5,105,048	16,341,616	49,684,068
Accumulated depreciation	-	-	-	-	1,032,231	7,044,275	203,844	2,728,764	6,032,837	17,041,951
Net book value	3,353,600	7,775,976	801,796	5,394,348	452,207	2,028,996	150,131	2,376,284	10,308,779	32,642,117
Rate of depreciation (%) / useful life	-	-	2%-11%	2%-20%	10%	14%-50%	20%	10%-20%	11 months - 34 years	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

12.2.1 The cost of fully depreciated fixed assets that are still in the Bank's use is as follows:

	2023	2022
	-----Rupees '000-----	
Furniture and fixture	791,955	775,389
Electrical, office and computer equipment	5,389,998	4,960,129
Vehicles	171,564	6,536
Leasehold property and improvement	1,574,977	1,412,484
	<u>7,928,494</u>	<u>7,154,538</u>

12.2.2 During the year, the Bank has transferred three properties to fixed assets from non-banking assets having book values of Rs 297.006 million.

12.2.3 The Bank's freehold / leasehold land and buildings on freehold / leasehold land were last revalued by Joseph Lobo Co. (Private) Limited on December 31, 2022 on the basis of professional assessments of the market value.

Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2023 would have been Rs 5,678.21 million (2022: Rs 4,984.67 million).

12.2.4 Allocation of depreciation expense for the year is as follows:

	Note	2023	2022
		-----Rupees '000-----	
Property expense			
- owned assets	29	847,284	584,537
- right-of-use assets	29	1,923,327	1,627,911
		2,770,611	2,212,448
Information technology expense	29	609,599	369,593
Other operating expenses	29	688,131	528,834
		<u>4,068,341</u>	<u>3,110,875</u>

12.2.5 Lease modifications

During the current year, the Bank has renegotiated a number of existing lease agreements resulting in a modification of these lease agreements under IFRS 16, 'Leases'. These lease modifications pertain to:

- i) a change in consideration of the lease(s);
- ii) an increase in the scope of the lease(s) due to an extension in the contractual lease terms; or
- iii) termination of existing lease(s) due to relocation of the branches to new premises.

In case of (i) and (ii) above, the Bank has remeasured the lease liabilities by discounting the revised lease payments using the revised discount rates and making a corresponding adjustment to the right-of-use assets.

In case of (iii) above, the Bank has decreased the carrying amount of the right-of-use assets and the corresponding lease liabilities to reflect the full termination of the lease, taking any resultant gain or loss on such termination to the unconsolidated profit and loss account.

12.2.6 Details of Disposals of Fixed Assets

The information relating to disposal of fixed assets to related parties is as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
	----- Rupees '000-----					
Vehicles						
Toyota Land Cruiser	53,360	25,613	27,747	27,747	Bank's Policy	Mr. Yousuf Hussain (P & CEO)
Audi E tron	18,051	8,664	9,386	9,386	Bank's Policy	Mr. Yousuf Hussain (P & CEO)
	71,411	34,277	37,134	37,134		
Electrical Equipment						
Cellular Phone	55	55	-	11	Bank's Policy	Syed Majid Ali (Key Management Personnel)
Cellular Phone	30	30	-	6	Bank's Policy	Jaudat Hussain (Key Management Personnel)
Cellular Phone	55	50	5	11	Bank's Policy	Ali Waqar (Key Management Personnel)
Cellular Phone	30	20	10	10	Bank's Policy	Syed Shuja Haider (Key Management Personnel)
	170	155	15	38		
Total	<u>71,581</u>	<u>34,433</u>	<u>37,148</u>	<u>37,171</u>		

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

13 INTANGIBLE ASSETS

Capital work-in-progress
Intangibles

13.1 Capital work-in-progress

Computer software

13.2 Intangibles

At January 1, 2023

Cost
Accumulated amortisation
Net book value

Year ended December 31, 2023

Opening net book value
Additions - directly purchased
Amortisation charge (note 29)
Closing net book value

At December 31, 2023

Cost
Accumulated amortisation
Net book value

Rate of amortisation (percentage)

Useful life

At January 1, 2022

Cost
Accumulated amortisation
Net book value

Year ended December 31, 2022

Opening net book value
Additions - directly purchased
Amortisation charge (note 29)
Closing net book value

At December 31, 2022

Cost
Accumulated amortisation
Net book value

Rate of amortisation (percentage)

Useful life

Note	2023	2022
	-----Rupees '000-----	
13.1	798,462	711,373
13.2	1,533,313	1,273,468
	<u>2,331,775</u>	<u>1,984,841</u>
	<u>798,462</u>	<u>711,373</u>

2023		
Computer software	Customer relationship (note 13.2.2)	Total
----- Rupees '000 -----		
3,471,689	2,557,167	6,028,856
2,649,566	2,105,822	4,755,388
<u>822,123</u>	<u>451,345</u>	<u>1,273,468</u>
822,123	451,345	1,273,468
667,428	-	667,428
(325,452)	(82,131)	(407,583)
<u>1,164,099</u>	<u>369,214</u>	<u>1,533,313</u>
4,139,117	2,557,167	6,696,284
2,975,018	2,187,953	5,162,971
<u>1,164,099</u>	<u>369,214</u>	<u>1,533,313</u>
14%-20%	5%-7%	
<u>5-7 years</u>	<u>10-19 years</u>	

2022		
Computer software	Customer relationship (note 13.2.2)	Total
----- Rupees '000 -----		
3,041,143	2,557,167	5,598,310
2,428,042	2,023,691	4,451,733
<u>613,101</u>	<u>533,476</u>	<u>1,146,577</u>
613,101	533,476	1,146,577
430,546	-	430,546
(221,524)	(82,131)	(303,655)
<u>822,123</u>	<u>451,345</u>	<u>1,273,468</u>
3,471,689	2,557,167	6,028,856
2,649,566	2,105,822	4,755,388
<u>822,123</u>	<u>451,345</u>	<u>1,273,468</u>
14%-20%	5%-7%	
<u>5-7 years</u>	<u>10-19 years</u>	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

13.2.1 The cost of fully amortised intangible assets that are still in the Bank's use is as follows:

	Note	2023	2022
-----Rupees '000-----			
Computer software		2,191,750	1,980,879
Customer relationship	13.2.2	1,099,722	1,099,722
		<u>3,291,472</u>	<u>3,080,601</u>

13.2.2 This represents an intangible asset (customer relationship) which comprises of core deposits which were recognised at the time of acquisition of ex-RBS Pakistan. These core deposits represent the funding benefit that would be available to the Bank on account of availability of funding through deposit customers rather than from the wholesale or interbank market. This benefit also considers the fact that the economic life time of these deposits is longer than their contractual life. Based on this assumption, this intangible asset had been valued using certain valuation techniques and is being amortised over the life expectancy of these deposits. As more fully explained in note 13.3 to these unconsolidated financial statements, the SBP allowed the Bank to adjust the amortisation charge arising on this intangible asset against non-distributable capital reserve. The remaining amortisation period of this intangible asset is ranging from 3 to 8 years.

13.3 Non-distributable capital reserve - gain on bargain purchase

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 the intangible asset against the portion of reserve which arose on account of such asset. Accordingly, the Bank has adjusted amortisation of intangible asset amounting to Rs 68.968 million (2022: Rs. 68.149 million) (net of tax) from the non-distributable capital reserve.

	Note	2023	2022
-----Rupees '000-----			
14 OTHER ASSETS			
Profit / return accrued in local currency - net of provision		44,142,282	26,608,166
Profit / return accrued in foreign currencies - net of provision		82,278	35,156
Advances, deposits, advance rent and other prepayments		1,650,813	1,243,061
Non-banking assets acquired in satisfaction of claims	14.1	929,659	1,041,276
Mark to market gain on forward foreign exchange contracts		550,232	383,842
Acceptances	19	13,152,356	6,930,359
Credit cards and other products fee receivable		1,235,999	566,289
Receivable from brokers against sale of shares		89,252	268,523
Dividend receivable		75,348	75,348
Receivable from 1Link (Private) Limited		4,407,978	3,302,249
Rebate receivable - net		280,127	118,625
Defined benefit plan asset	36.4	90,806	168,825
Remittances receivable from Western Union		1,307,125	1,668,492
Others		1,966,714	680,143
		<u>69,960,969</u>	<u>43,090,354</u>
Less: provision held against other assets	14.2	(327,580)	(325,254)
Other assets - net of provision		69,633,389	42,765,100
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21.2	1,735,172	2,126,204
Other assets - total		<u>71,368,561</u>	<u>44,891,304</u>
14.1 Market value of non-banking assets acquired in satisfaction of claims		<u>2,667,419</u>	<u>3,167,480</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

The non-banking assets acquired in satisfaction of claims by the Bank have been revalued by an independent professional valuer as at December 31, 2023. The revaluation was carried out by Joseph Lobo (Private) Limited on the basis of professional assessment of present market values. The above market values are based on desktop valuations. The SBP's Regulations for Debt Property Swap require the Bank to carry out a full scope valuation of non-banking assets after every three years.

	Note	2023	2022
-----Rupees '000-----			
14.1.1 Non-banking assets acquired in satisfaction of claims			
Opening balance		3,167,480	2,256,892
Additions		114,000	48,000
Revaluation		-	854,957
Transferred to fixed assets	12.2.2	(297,006)	-
Reversal of surplus	21.2	(273,475)	-
(Impairment) / reversal of impairment	31	(41,525)	12,596
Depreciation	29	(4,643)	(4,965)
Closing balance		<u>2,664,831</u>	<u>3,167,480</u>
14.2 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		176,439	176,439
		<u>327,580</u>	<u>325,254</u>
14.2.1 Movement in provision held against other assets			
Opening balance		325,254	355,590
Charge for the year		2,731	-
Reversals during the year		(405)	(30,336)
	31	2,326	(30,336)
Amounts written off		-	-
Closing balance		<u>327,580</u>	<u>325,254</u>
15 BILLS PAYABLE			
In Pakistan		<u>16,550,469</u>	<u>21,309,950</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
16 DUE TO FINANCIAL INSTITUTIONS			
Secured			
To the State Bank of Pakistan (SBP) under			
- Long term financing facility for renewable power energy (RPE)	16.1	230	9,502
- Scheme of financing facility for storage of agricultural produce		-	5,400
- Islamic export refinance scheme - part I and II	16.2	30,665,904	31,795,302
- Refinance scheme for payment of wages and salaries		-	885,681
- Islamic financing for renewable energy	16.3	6,641,671	6,914,074
- Islamic long term financing facility	16.4	11,126,779	12,407,019
- Islamic temporary economic refinance scheme	16.5	31,034,309	30,853,102
- Islamic refinance facility for combating COVID-19	16.6	166,111	232,778
- Islamic refinance facility for storage of agricultural produce	16.7	513,439	370,804
- Scheme of Islamic Rupee-based discounting facility under EFS/IERS	16.8	708,777	547,230
		80,857,220	84,020,892
Repurchase agreement borrowings		-	5,318,855
Due to SBP under Open Market Operations (OMO)	16.9 & 16.12	73,594,497	29,061,914
Due to other financial institutions	16.10	3,402,344	1,440,559
Total secured		157,854,061	119,842,220
Unsecured			
Overdrawn nostro accounts		2,128,409	1,662,176
Musharaka acceptances	16.11	6,904,333	28,630,000
Total unsecured		9,032,742	30,292,176
		166,886,803	150,134,396

16.1 These represent amounts due to the SBP under scheme for long term financing facility for renewable power energy (RPE). The profit rates on these facilities range from 2% to 3% per annum (2022: 2% to 3% per annum), payable on quarterly basis, with maturities upto December 2028. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the maturity date of finances by directly debiting the current account of the Bank maintained with the SBP.

16.2 In accordance with the Islamic export refinance scheme (IERS), the Bank has entered into musharaka agreements for financing with the SBP for extending export finance to the customers. The average profit rates on this facility range from 3% to 18% (2022: 3% to 10%) payable on quarterly basis with maturities upto 180 days from the date of grant. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.

16.3 In accordance with the Islamic financing facility for renewable energy, the Bank has entered into mudarabah agreements for financing with the SBP for extending renewable energy finance to customers. The average profit rates on this facility range from 2% to 3% (2022: 2% to 3%) payable on quarterly basis with maturities upto May 2033. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.

16.4 In accordance with the Islamic long term financing facility for plant and machinery, the Bank has entered into mudarabah agreements for financing with the SBP for extending islamic long term finance to the customers. The average profit rates on this facility range from 3% to 18% (2022: 3% to 10%) payable on quarterly basis with maturities upto December 2034. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

- 16.5** In accordance with the Islamic temporary economic refinance facility (ITERF), the Bank has entered into mudarabah agreements for financing with the SBP for extending long term finance to the customers. The average profit rate on this facility is 1% (2022: 1%) payable on quarterly basis with maturities upto December 2032. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.6** In accordance with the Islamic refinance facility for combating COVID-19, the Bank has entered into mudarabah agreements for financing with the SBP for extending medical equipment finances to the customers. The average profit rate on this facility is 0% (2022: 0%) payable on quarterly basis with maturities upto June 2026. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.7** These represent balances due to the SBP under scheme of Islamic financing facility for storage of agricultural produce (IFFSAP). The profit rate on this facility is 2% per annum (2022: 2%) payable on quarterly basis with maturity upto February 2029. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.8** In accordance with rupee based discounting scheme under IERS, the Bank has entered into musharaka agreements for financing with the SBP for extending export finance to the customers. The average profit rates on this facility range from 0.5% to 2% (2022: 0.5% to 2%) payable on quarterly basis with maturities upto 180 days from the date of grant. As per the agreements, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.9** This represents borrowing from State Bank of Pakistan under open market operation. The average profit rates on these borrowing ranges from 22.10% to 23% (2022: 16.09% to 16.24%) per annum having maturity in January 2024.
- 16.10** This represents borrowing from Pakistan Mortgage Refinance Company (PMRC). The average profit rate on this borrowing ranging 8.75% to 20.86% (2022: 8.75% to 13.61%) per annum having maturity in June 2026.
- 16.11** This represents Musharaka acceptance on profit and loss sharing basis. The expected rates on these deal ranges from 21.70% to 22% (2022: 16.00% to 16.15%) per annum having maturity in January 2024.
- 16.12** Details and nature of securities pledged as collateral against due to financial institution are given in note 10.3 to these unconsolidated financial statements.

16.13 Particulars of due to financial institutions with respect to currencies

- in local currency
- in foreign currencies

	<u>2023</u>	<u>2022</u>
	-----Rupees '000-----	
	164,758,394	148,472,220
	2,128,409	1,662,176
	<u>166,886,803</u>	<u>150,134,396</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

17 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000-----						
Customers						
Current deposits	271,673,365	30,468,754	302,142,119	233,289,655	26,500,047	259,789,702
Savings deposits	246,343,937	21,489,149	267,833,086	207,105,501	23,004,040	230,109,541
Term deposits	244,250,942	1,484,842	245,735,784	154,758,216	887,679	155,645,895
Margin deposits	12,175,267	48,071	12,223,338	7,661,317	229,752	7,891,069
	774,443,511	53,490,816	827,934,327	602,814,689	50,621,518	653,436,207
Financial institutions						
Current deposits	11,726,778	275,306	12,002,084	9,405,616	65,052	9,470,668
Savings deposits	169,738,779	-	169,738,779	118,138,305	-	118,138,305
Term deposits	8,600,547	-	8,600,547	525,550	-	525,550
	190,066,104	275,306	190,341,410	128,069,471	65,052	128,134,523
	964,509,615	53,766,122	1,018,275,737	730,884,160	50,686,570	781,570,730

Note 2023 2022

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

17.1 Composition of deposits

- individuals	177,379,755	141,563,384
- government (Federal and Provincial)	29,697,729	20,622,004
- public sector entities	42,137,269	19,009,076
- banking companies	12,081,399	5,902,607
- non-banking financial institutions	178,260,011	122,231,916
- private sector	578,719,574	472,241,743
	1,018,275,737	781,570,730
17.1.1	1,018,275,737	781,570,730

17.1.1 These include deposits eligible to be covered under insurance arrangements amounting to Rs 522,349 million (2022: Rs. 440,635 million).

18 DEFERRED TAX LIABILITIES / (ASSETS)

	2023			
	At January 1, 2023	Recognised in P&L	Recognised in OCI / Equity	At December 31, 2023
----- Rupees '000-----				
Taxable temporary differences on:				
- surplus on revaluation of fixed assets	1,957,237	(137,998)	274,669	2,093,908
- surplus on revaluation of non-banking assets	15,591	-	610	16,201
- surplus on revaluation of investments	(1,392,303)	-	4,609,997	3,217,694
- fair value adjustment relating to net assets acquired upon amalgamation	194,079	-	(13,163)	180,916
- accelerated tax depreciation	39,762	310,711	-	350,473
	814,366	172,713	4,872,113	5,859,192
Deductible temporary differences on:				
- provision for diminution in the value of investments	43,998	(891,157)	-	(847,159)
- provision against advances, off balance sheet etc.	(40,380)	60,852	-	20,472
- provision against other assets	(123,959)	(1,338)	-	(125,297)
	(120,341)	(831,643)	-	(951,984)
	694,025	(658,930)	4,872,113	4,907,208

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

2022			
At January 1, 2022	Recognised in P&L	Recognised in OCI / Equity	At December 31, 2022
----- Rupees '000-----			
1,527,939	(73,379)	502,677	1,957,237
14,113	-	1,478	15,591
71,350	-	(1,463,653)	(1,392,303)
208,056	-	(13,977)	194,079
2,294	37,468	-	39,762
1,823,752	(35,911)	(973,475)	814,366
(31,811)	75,809	-	43,998
(1,059,541)	1,019,161	-	(40,380)
(140,068)	16,109	-	(123,959)
(1,231,420)	1,111,079	-	(120,341)
592,332	1,075,168	(973,475)	694,025

Taxable temporary differences on:

- surplus on revaluation of fixed assets
- surplus on revaluation of non-banking assets
- surplus on revaluation of investments
- fair value adjustment relating to net assets acquired upon amalgamation
- accelerated tax depreciation

Deductible temporary differences on:

- provision for diminution in the value of investments
- provision against advances, off balance sheet etc.
- provision against other assets

19 OTHER LIABILITIES

Return on deposits and other dues:

- payable in local currency
 - payable in foreign currencies
- Unearned commission and income on bills discounted
- Accrued expenses
- Acceptances
- Dividend payable including unclaimed dividends
- Mark to market loss on forward foreign exchange contracts
- Current taxation (provision less payments)
- Provision against off-balance sheet obligations
- Charity fund payable
- Withholding tax payable
- Federal excise duty payable
- Payable to brokers against purchase of shares
- Fair value of derivatives
- Payable related to credit cards and other products
- Lease liability against right-of-use assets
- Funds held as security
- Payable to 1Link
- Takaful payable
- Clearing and settlement accounts
- Others

Note	2023	2022
----- Rupees '000-----		
	13,233,050	6,735,294
	9,728	5,357
	1,496,869	986,281
	6,392,588	3,279,114
14	13,152,356	6,930,359
	344,271	256,594
	664,315	46,611
	3,219,685	1,081,615
19.1	91,297	87,700
19.2	93,385	44
	261,322	283,547
	159,996	90,817
	91,311	1,235,367
	1,657,226	1,507,683
	540,153	108,909
	12,868,103	11,827,762
	321,357	288,573
	595,002	359,297
	59,974	60,888
	17,570,738	14,940,611
	432,246	447,928
	<u>73,254,972</u>	<u>50,560,351</u>
	87,700	104,894
	3,597	3,596
	-	(20,790)
31	3,597	(17,194)
	<u>91,297</u>	<u>87,700</u>

19.1 Provision against off-balance sheet obligations

Opening balance

Charge for the year

Reversals during the year

Closing balance

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

19.2 Charity fund balance

Opening balance

Additions during the year

Received from customers on account of delayed payment
Profit from residual (ring-fenced) non-shariah compliant portfolio
Non-shariah compliant income on account of:
i) Divident Purification amount
ii) Shariah non-compliant transactions
Profit on charity saving account

Payments / utilisation during the year

Education
Health
Social work

Closing balance

	2023	2022
	-----Rupees '000-----	
Opening balance	199,678	42,956
Additions during the year		
Received from customers on account of delayed payment	174,388	188,806
Profit from residual (ring-fenced) non-shariah compliant portfolio	86,702	-
Non-shariah compliant income on account of:		
i) Divident Purification amount	4,919	-
ii) Shariah non-compliant transactions	5,408	8,713
Profit on charity saving account	15,879	5,256
	287,296	202,775
Payments / utilisation during the year		
Education	77,000	12,000
Health	80,000	10,000
Social work	50,000	24,053
	207,000	46,053
Closing balance	279,974	199,678

19.2.1 The balance in Charity's savings account is Rs. 186.589 million (2022: Rs. 199.634 million).

19.2.2 Charity paid through savings account during the year is Rs. 207 million (2022: Rs. 46.053 million). Charity of Rs. 500,000 or higher was paid to the following organisations:

	2023	2022
	-----Rupees '000-----	
Saylani Welfare Trust	25,000	5,000
Patients' Aid Foundation	23,000	-
The Citizens Foundation	20,000	5,500
Indus Hospital & Health Network	20,000	5,000
SIUT	20,000	-
Habib University	16,000	-
Alamgir Welfare Trust	15,000	5,000
IM Sciences	10,000	-
Professional Education Foundation	8,000	-
Patients' Behbud Society for AKUH	7,000	-
Bait us Salam Welfare Trust	5,000	5,000
IBA CEIF	5,000	-
IoBM	5,000	-
Fatima Jinnah Medical College	5,000	-
Islamic International University	5,000	-
Karachi Down Syndrome Program (KDSP)	5,000	-
Dawat-e-Islami	5,000	-
Pakistan Children's Heart Foundation	5,000	-
Jamiat Taleem ul Quran	3,000	-
CEIF IM Sciences, Peshawar	-	5,000
Pink Ribbon Pakistan	-	5,000
Akhuwat Foundation	-	5,000
Rations Bags (For Flood Victims)	-	4,053
Developments in Literacy	-	1,500

There were no charity disbursement to related parties of the Bank.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

20 SHARE CAPITAL

20.1 Authorised capital

2023	2022		2023	2022
----- Number of shares -----			-----Rupees '000-----	
2,200,000,000	2,200,000,000	Ordinary shares of Rs.10 each	22,000,000	22,000,000

20.2 Issued, subscribed and paid up

2023	2022		2023	2022
----- Number of shares -----			-----Rupees '000-----	
201,451,420	201,451,420	Ordinary shares	2,014,514	2,014,514
1,298,772,879	1,298,772,879	Fully paid in cash	12,987,729	12,987,729
17,472,226	17,472,226	Issued as bonus shares	174,722	174,722
1,517,696,525	1,517,696,525	Issued for consideration other than cash	15,176,965	15,176,965

20.2.1 As at December 31, 2023, Ithmaar Bank B.S.C. (closed) (the parent company of the Bank) directly and indirectly holds 1,013,473,709 ordinary shares of Rs. 10 each (2022: 1,013,473,709 ordinary shares).

	Note	2023	2022
		-----Rupees '000-----	
21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus/ (deficit) on revaluation of:			
- available for sale securities	10.1	6,566,723	(3,237,915)
- fixed assets	21.1	12,176,979	12,341,050
- non-banking assets acquired in satisfaction of claims	21.2	1,735,172	2,126,204
		20,478,874	11,229,339
Deferred tax on surplus/ (deficit) on revaluation of:			
- available for sale securities		(3,217,694)	1,392,303
- fixed assets	21.1	(2,093,908)	(1,957,237)
- non-banking assets acquired in satisfaction of claims	21.2	(16,201)	(15,591)
		(5,327,803)	(580,525)
		15,151,071	10,648,814
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		12,341,050	7,220,789
Recognised during the year		-	5,295,886
Surplus realised on disposal during the year		-	(4,977)
Transferred from surplus on revaluation of non-banking assets	21.2	117,557	
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(281,628)	(170,648)
Surplus on revaluation of fixed assets as at December 31		12,176,979	12,341,050
Less: related deferred tax liability on:			
- revaluation as at January 1		(1,957,237)	(1,527,939)
- revaluation recognised during the year		-	(502,677)
- impact of change in rate of tax		(273,103)	-
- transferred from surplus on revaluation of non-banking assets		(1,566)	-
- incremental depreciation charged during the year		137,998	73,379
		(2,093,908)	(1,957,237)
		10,083,071	10,383,813

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		2,126,204	1,271,247
De-recognised / recognised during the year	14.1.1	(273,475)	854,957
Transferred to surplus on revaluation of fixed assets	21.1	(117,557)	-
Surplus on revaluation as at December 31		1,735,172	2,126,204
Less: related deferred tax liability on:			
- revaluation as at January 1		(15,591)	(14,113)
- Transferred to surplus on revaluation of fixed assets		1,566	-
- impact of change in rate of tax		(2,176)	-
- revaluation recognised during the year		-	(1,478)
		(16,201)	(15,591)
		<u>1,718,971</u>	<u>2,110,613</u>
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	39,050,948	38,920,372
Commitments	22.2	225,759,797	168,295,114
Other contingent liabilities	22.3	4,122,244	4,122,244
		<u>268,932,989</u>	<u>211,337,730</u>
22.1 Guarantees			
Financial guarantees		4,523,565	5,725,594
Performance guarantees		9,201,571	12,053,909
Other guarantees		25,325,812	21,140,869
		<u>39,050,948</u>	<u>38,920,372</u>
22.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		80,258,955	52,543,910
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	65,125,446	57,184,237
- forward government securities transactions	22.2.2	73,777,500	41,226,248
- derivatives - cross currency rate swaps (notional principal)	22.2.3	1,678,515	1,510,401
- extending credit (irrevocable)	22.5	3,429,739	15,473,238
Commitments for acquisition of:			
- operating fixed assets		1,180,860	193,455
- intangible assets		308,782	163,625
		<u>225,759,797</u>	<u>168,295,114</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		55,514,935	50,919,583
Sale		9,610,511	6,264,654
		<u>65,125,446</u>	<u>57,184,237</u>
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		73,777,500	35,400,890
Sale		-	5,825,358
		<u>73,777,500</u>	<u>41,226,248</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
22.2.3 Commitments in respect of derivatives			
Sale	23	1,678,515	1,510,401
22.3 Other contingent liabilities			
Suit filed by a customer for recovery of alleged losses suffered which is pending in the Honourable High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case		2,510,000	2,510,000
Indemnity issued favouring the Honorable High Court in one of the cases		457,543	457,543
Tax liability of gain on bargain purchase on the acquisition of ex-RBS Pakistan	22.3.1	1,154,701	1,154,701
		4,122,244	4,122,244

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

22.4 There are certain claims against the Bank not acknowledged as debt amounting to Rs 29,647 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 unconsolidated financial statements.

22.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn except for Rs. 3,430 million (2022: Rs. 15,743 million) which are irrevocable in nature.

	2023	2022
-----Rupees '000-----		
23 DERIVATIVE INSTRUMENTS		
Cross currency swaps (notional principal)	1,678,515	1,510,401

Derivative instruments, such as forward rate agreements, cross currency swaps and FX options, are forward transactions that provide market making opportunities / hedge against the adverse movement of exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All derivative transactions are governed by "The Financial Derivatives Business Regulations" (FDBR) issued by the SBP.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

23.1 Product analysis

Counterparties	2023	
	Cross currency swaps	
	Notional principal	Mark to market loss
With banks for		
Hedging	-	-
Market making	101,866	(139,900)
With other entities for		
Hedging	-	-
Market making	1,576,649	(1,517,326)
Total		
Hedging	-	-
Market making	1,678,515	(1,657,226)
Counterparties	2022	
	Cross currency swaps	
	Notional principal	Mark to market loss
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)

23.2 Maturity analysis

Remaining maturity	2023				
	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
	Rupees '000				
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	6	798,467	(1,897,025)	1,120,085	(776,940)
2 to 3 years	4	880,048	(3,975,920)	3,095,634	(880,286)
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
Total		1,678,515	(5,872,945)	4,215,719	(1,657,226)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

Remaining maturity	2022				
	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
-----Rupees '000-----					
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	6	810,638	(2,232,715)	1,411,141	(821,574)
3 to 5 years	4	699,763	(4,217,089)	3,530,980	(686,109)
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
Total		1,510,401	(6,449,804)	4,942,121	(1,507,683)

23.3 Risk management policies related to derivatives are discussed in note 44.6 to these unconsolidated financial statements.

	2023	2022
	-----Rupees '000-----	
24 PROFIT / RETURN EARNED		
On:		
Financing	92,880,378	52,767,525
Investments	95,617,084	49,475,306
Due from financial institutions	936,557	1,732,956
Balances with banks	7,527	4,156
Securities purchased under resale agreements	6,865	541,061
	189,448,411	104,521,004
25 PROFIT / RETURN EXPENSED		
On:		
Deposits	87,594,280	43,550,703
Due to financial institutions	23,530,948	15,962,543
Lease liability against right-of-use assets	1,528,718	1,260,134
Cost of foreign currency swaps against foreign currency deposits / dues	5,741,225	3,759,788
	118,395,171	64,533,168
26 FEE AND COMMISSION INCOME		
Branch banking customer fees	1,099,862	964,381
Consumer finance related fees	610,434	578,091
Card related fees	4,143,876	3,179,024
Credit related fees	38,206	10,904
Investment banking fees	199,745	283,990
Commission on trade	688,918	595,804
Commission on guarantees	180,385	174,220
Commission on cash management	156,281	92,721
Commission on remittances including home remittances	902,831	579,014
Commission on bancatakaful	123,196	183,465
Commission on sale of funds unit	267,018	173,173
Others	106,778	60,834
	8,517,530	6,875,621
27 LOSS ON SECURITIES		
Realised:		
Federal Government securities	(207,182)	(238,170)
Shares	(1,735,426)	(1,300,500)
Open end mutual funds	31	19,762
Associates	29,420	(40,747)
	(1,913,157)	(1,559,655)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
28 OTHER INCOME			
Rent on property		277,279	217,114
Gain on disposal of fixed assets - net		22,088	52,758
Notice pay		6,330	470
Others		891	8,200
		<u>306,588</u>	<u>278,542</u>
29 OPERATING EXPENSES			
Total compensation expense	29.2	16,012,753	10,783,444
Property expense			
Rent and taxes		297,055	341,935
Takaful		123,945	85,761
Utilities cost		1,846,066	1,408,082
Security (including guards)		1,613,352	1,120,494
Repair and maintenance (including janitorial charges)		1,104,179	784,910
Depreciation on owned fixed assets	12.2.4	847,284	584,537
Depreciation on non-banking assets	14.1.1	4,643	4,965
Depreciation on right-of-use assets	12.2.4	1,923,327	1,627,911
Others		274,695	167,284
		<u>8,034,546</u>	<u>6,125,879</u>
Information technology expenses			
Software maintenance		3,822,327	2,343,230
Hardware maintenance		578,808	323,188
Depreciation	12.2.4	609,599	369,593
Amortisation	13.2	325,452	221,524
Network charges		312,967	273,271
Others		-	-
		<u>5,649,153</u>	<u>3,530,806</u>
Other operating expenses			
Directors' fees and allowances	38.2	184,480	129,120
Legal and professional charges		430,972	158,199
Outsourced services costs - staff	35.1	795,756	525,761
Travelling and conveyance		356,727	188,485
NIFT clearing charges		76,531	63,024
Depreciation	12.2.4	688,131	528,834
Training and development		110,151	23,282
Postage and courier charges		269,370	246,340
Communication		1,185,590	357,057
Marketing, advertisement and publicity		2,023,942	1,085,304
Donations	29.3	113,215	88,257
Auditors remuneration	29.4	38,660	53,935
Takaful		759,364	753,404
Stationery and printing		665,359	569,183
Bank fees and charges		245,215	128,493
Brokerage and commission		32,881	46,169
Deposit protection premium		705,017	603,993
Credit card bonus points redemption		392,182	214,209
Others		1,030,804	792,136
		<u>10,104,347</u>	<u>6,555,185</u>
		<u>39,800,799</u>	<u>26,995,314</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

29.1 Cost of outsourced activities is Rs. 556.103 million (2022: Rs. 207.027 million). This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is Rs. Nil (2022: Rs. Nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017. Material outsourcings done by the Bank are listed below:

S.No	Name of outsourced agency	Nature of service	Estimated cost (Rupees '000)
1	Euronet Pakistan Private Limited	Credit cards, debit cards, prepaid cards and ATMs switch system host	327,884

	2023	2022
	-----Rupees '000-----	
29.2 Total compensation expense		
Managerial Remuneration		
i) Fixed	5,883,783	4,598,809
ii) Variable		
of which :		
a) Cash bonus / awards, etc.	3,160,887	1,090,011
b) Commission incentives	1,308,950	909,229
Charge for defined benefit plan	264,900	225,554
Contribution to defined contribution plan	385,131	284,039
Rent & house maintenance	1,823,166	1,445,412
Utilities	442,915	348,624
Medical	347,529	276,651
Takaful	571,737	350,106
Conveyance	1,692,025	1,176,563
Others	131,730	77,246
Sub-total	16,012,753	10,782,244
Sign-on bonus	-	1,200
Grand Total	16,012,753	10,783,444

29.3 Donations made during the year were as follows:

Donee

Waqf Faisal (Trust)	113,215	88,257
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29.3.1 The President and Chief Executive Officer of the Bank is acting as trustee of Waqf Faisal (Trust). No other interest of any of the directors or their spouses exists.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
29.4 Auditors' remuneration			
Statutory audit fee		6,954	4,590
Fee for the consolidated financial statements		2,622	2,052
Fee for other statutory certifications		6,498	5,724
Fee for the quarterly and the annual group reportings		15,333	16,894
Fee for the review of the half yearly financial statements		1,653	1,296
Fee for the audit of employee funds		285	189
Special certifications and sundry advisory services		-	4,254
Tax services		-	14,051
Out-of-pocket expenses		5,315	4,885
		<u>38,660</u>	<u>53,935</u>
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		119,148	37,349
31 PROVISIONS AND WRITE-OFFS - NET			
Provision / (reversal of provision) for diminution in value of investments	10.4.1	549,892	(167,637)
Provision / (reversal of provision) against financing	11.5	728,239	(457,485)
Provision / (reversal of provision) against other assets	14.2.1	2,326	(30,336)
Bad debts written off directly	11.6	45,511	128,431
Recoveries of written off / charged off bad debts		(457,163)	(383,214)
Provision / (reversal of provision) against off balance sheet obligations	19.1	3,597	(17,194)
Impairment / (reversal of impairment) for non-banking assets	14.1.1	41,525	(12,596)
		<u>913,927</u>	<u>(940,031)</u>
32 TAXATION			
Current		21,287,669	11,121,570
Prior years		746,856	(1,036,606)
Deferred	18	(658,930)	1,075,168
		<u>21,375,595</u>	<u>11,160,132</u>
32.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>41,421,534</u>	<u>22,393,300</u>
Tax calculated at the rate of 49% (2022: 49%)		20,296,552	10,972,717
Effect of:			
- permanent differences		188,525	76,307
- prior year charge		746,856	26,000
- others		143,662	85,108
Tax charge for the year		<u>21,375,595</u>	<u>11,160,132</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	-----Rupees '000-----	
33 BASIC / DILUTED EARNINGS PER SHARE		
Profit for the year	20,045,939	11,233,168
	Number of shares in thousands	
Weighted average number of ordinary shares	1,517,697	1,517,697
	-----Rupees-----	
Basic earnings per share	13.21	7.40

33.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at December 31, 2023 and December 31, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	<u>2023</u>	<u>2022</u>
		-----Rupees '000-----	
34 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks	7	84,036,558	56,130,549
Balance with other banks	8	1,812,399	2,785,035
Overdrawn nostros	16	(2,128,409)	(1,662,176)
		<u>83,720,548</u>	<u>57,253,408</u>

	<u>2023</u>	<u>2022</u>
	-----Number of employees-----	
35 STAFF STRENGTH		
Permanent	8,751	7,974
On Bank's contract	36	37
Bank's own staff strength at the end of the year	<u>8,787</u>	<u>8,011</u>

35.1 In addition to the above, 1,297 (2022: 1,198) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

36 DEFINED BENEFIT PLAN

36.1 General description

The Bank operates an approved funded gratuity scheme for all its permanent employees and employees who are on contractual service in non-management cadre. The benefits under the gratuity schemes are payable on retirement at the age of 60 years or earlier cessation of service in lumpsum. The benefits are equal to one month's last drawn basic salary for each year of eligible service or part thereof. The minimum qualifying eligible service for gratuity is 1 year for employees who became members of the Funds before November 12, 2002. In the case of other members of the Funds the minimum qualifying eligible service is 5 years. The minimum qualifying eligible service for contractual employees not employed under the management cadre is 6 months. The latest actuarial valuation of the Bank's defined benefit plan, based on the Projected Unit Credit Actuarial Cost Method, was carried out as at December 31, 2023.

The balance of conventional sub-funds has been transferred to islamic sub-fund.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

		<u>2023</u>	<u>2022</u>
		-----Number of employees-----	
36.2 Number of employees under the scheme			
The number of employees covered under the following defined benefit scheme are:			
- Gratuity fund		8,787	8,011
		<u>8,787</u>	<u>8,011</u>
36.3 Principal actuarial assumptions			
The actuarial valuations were carried out as at December 31, 2023 using the following significant assumptions:			
		<u>2023</u>	<u>2022</u>
		----- % per annum -----	
Discount rate		16.00	14.50
Expected rate of return on plan assets		16.00	14.50
Expected rate of salary increase		16.00	14.50
		<u>16.00</u>	<u>14.50</u>
	Note	<u>2023</u>	<u>2022</u>
		-----Rupees '000-----	
36.4 Reconciliation of payable to defined benefit plan			
Present value of obligations	36.5	1,869,596	1,418,129
Fair value of plan assets	36.6	(1,960,402)	(1,586,954)
		<u>(90,806)</u>	<u>(168,825)</u>
36.5 Movement in defined benefit obligations			
Obligations at the beginning of the year		1,418,129	1,189,884
Current service cost		287,777	238,666
Return expense		217,980	149,654
Benefits paid by the Bank		(90,692)	(110,108)
Re-measurement gain		36,402	(49,967)
Obligations at the end of the year		<u>1,869,596</u>	<u>1,418,129</u>
36.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		(1,586,954)	(1,317,669)
Return income on plan assets		(240,857)	(162,766)
Contribution by the Bank - net		(98,287)	(215,942)
Benefits paid by the Bank		90,692	110,108
Re-measurements loss / (gain) :			
Net return on plan assets excluding amounts included in return income	36.8.2	(124,996)	(685)
Fair value at the end of the year		<u>(1,960,402)</u>	<u>(1,586,954)</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
36.7 Movement in (receivable) / payable under defined benefit scheme			
Opening balance		(168,825)	(127,785)
Charge for the year		264,900	225,554
Contribution by the Bank - net		(98,287)	(215,942)
Re-measurement (gain) / loss recognised in OCI during the year	36.8.2	(88,594)	(50,652)
Closing balance		<u>(90,806)</u>	<u>(168,825)</u>
36.8 Charge for defined benefit plans			
36.8.1 Cost recognised in profit and loss			
Current service cost		287,777	238,666
Net return expensed on defined benefit asset / liability		(22,877)	(13,112)
		<u>264,900</u>	<u>225,554</u>
36.8.2 Re-measurements recognised in OCI during the year			
(Gain) / loss on obligation			
- demographic assumptions		-	-
- financial assumptions		6,073	8,593
- experience adjustment		30,329	(58,560)
Return on plan assets over expected return		(124,996)	(685)
Total re-measurements recognised in OCI		<u>(88,594)</u>	<u>(50,652)</u>
36.9 Components of plan assets			
Cash and cash equivalents - net		33,530	421,285
Ijarah sukuks		1,598,473	886,379
Shares		824	402
Mutual funds		327,575	278,888
		<u>1,960,402</u>	<u>1,586,954</u>

The funds are primarily invested in GOP Ijara Sukuks and mutual funds and accordingly do not carry any credit risk. These are subject to yield rate risk. Cash and cash equivalents includes balances maintained with the Bank which are subject to credit risk. Equity securities are subject to price risk which is being regularly monitored by the Trustees of the employee fund.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

36.10 Historical information

	2023	2022	2021	2020	2019
	----- Rupees '000-----				
Present value of defined benefit obligation	(1,869,596)	(1,418,129)	(1,189,884)	(1,042,493)	(851,200)
Fair value of plan assets	1,960,402	1,586,954	1,317,669	1,106,698	732,386
Surplus / (deficit)	90,806	168,825	127,785	64,205	(118,814)
Remeasurement of plan liabilities	36,402	(49,967)	105,490	78,713	49,504
Remeasurement of plan assets	124,996	685	(41,910)	(15,343)	42,454

36.11 Sensitivity analysis

The analysis based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption should be summarised as illustrated below:

	2023	2022
	----- Rupees '000-----	
1% increase in discount rate	(131,397)	(102,165)
1% decrease in discount rate	149,748	116,642
1% increase in expected rate of salary increase	152,716	118,901
1% decrease in expected rate of salary increase	(136,223)	(105,889)
1 year increase in expected life / withdrawal rate	(43,853)	(33,263)
1 year decrease in expected life / withdrawal rate	39,198	29,733

36.12 Expected maturity analysis of undiscounted obligation

Less than a year	163,763	111,448
Between 1-2 years	509,153	405,730
Between 2-5 years	1,454,162	955,088
Over 5 years	91,220,959	52,589,865
Total	93,348,037	54,062,131

2024

-- Rupees '000 --

36.13 Expected contributions to be paid to the scheme in the next financial year

353,387

36.14 Expected charge for the next financial year

353,387

36.15 Maturity profile

The weighted average duration of the defined benefit obligation is 7.49 years.

36.16 Funding policy

The policy followed by the Bank in respect of the staff retirement benefit schemes is disclosed in note 6.11 of these unconsolidated financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

36.17 The gratuity scheme exposes the Bank to the following risks:

Asset volatility

The Defined Benefit Gratuity Islamic Fund is invested in Faysal Islamic Savings Growth Fund and Ijarah Sukuk. The investment is almost 16.71% (Rs. 328 million) for Faysal Islamic Savings Growth Fund while 81.54% (Rs. 1,598 million) for Ijarah Sukuk. Islamic Fund has not such investment in any Government Bonds and Corporate Bonds hence the asset volatility risk is lower.

Changes in bond yields

"There are two dimensions to the changes in Bond yields: first, as described above; second, the valuation of the Gratuity Liability is discounted with reference to these bond yields. So any increase in Bond yields will lower the Gratuity Liability and vice versa, but, it will also lower the Asset values.

Inflation risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Bank.

Life expectancy / withdrawal rate

The Gratuity is paid off at the maximum of age 60. The Life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post- retirement benefit been given by the Bank like monthly pension, post-retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

Other risks

Though, not imminent and observable, over long term there are some risks that may crystallize. This includes:

- retention risk – The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.
- final salary risk – The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- model risk – The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the Gratuity Fund are also marked to market. This two-tier valuation gives rise to the model risk.
- operational risk related to a separate entity - Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit Funds. This gives rise to some specific operational risks.
- compliance risk – The risk that retirement benefits offered by the Bank does not comply with minimum statutory requirements.
- legal/political risk – The risk that the legal/political environment changes and the Bank is required to offer additional or different retirement benefits than what the Bank projected.

37 DEFINED CONTRIBUTION PLAN

The Bank operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 10% of the basic salary. The financial statements of the fund are separately prepared and are not included as part of these unconsolidated financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

2023				
Particulars	Members Shariah Board	President & CEO	Key executives	Other material risk takers / Controllers
----- Rupees '000-----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	19,220	84,081	210,796	380,437
ii) Total variable	11,448	107,898	204,378	245,781
of which :				
a) Cash bonus / awards - paid	9,268	82,898	157,578	207,156
b) Cash bonus / awards - deferred	2,180	25,000	46,800	38,625
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	1,397	7,006	11,693	21,235
Contribution to defined contribution plan	-	8,408	10,354	24,512
Rent & house maintenance	269	4,875	63,144	114,234
Utilities	67	2,437	17,439	25,482
Medical	56	1,780	1,344	5,922
Conveyance	6,274	-	52,611	130,574
Sign on bonus	-	-	-	-
Others	-	4,857	2,462	32,560
Total	38,731	221,342	574,221	980,737
Number of persons	5	1	16	74
2022				
Particulars	Members Shariah Board	President & CEO	Key executives	Other material risk takers / Controllers
----- Rupees '000-----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	17,176	73,195	181,795	312,789
ii) Total variable	5,628	70,000	136,500	182,428
of which :				
a) Cash bonus / awards - paid	4,363	52,500	102,375	145,943
b) Cash bonus / awards - deferred	1,265	17,500	34,125	36,485
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	1,210	6,099	10,084	17,269
Contribution to defined contribution plan	-	7,319	7,780	20,723
Rent & house maintenance	278	4,800	54,454	93,194
Utilities	69	2,298	14,581	20,723
Medical	63	739	1,347	5,343
Conveyance	5,879	-	51,855	107,318
Sign on bonus	-	-	-	-
Others	-	1,620	2,072	887
Total	30,303	166,070	460,468	760,674
Number of persons	5	1	16	61

38.1 The President & CEO is provided with the Bank's maintained cars in accordance with the terms of employment.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

38.2 Remuneration paid to directors for participation in board and committee meetings

S.No.	Name of director	Board meetings	2023					Additional Fee to Chairman Committee	Total
			Meeting fees and allowances paid						
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee		
Rupees '000--									
1	Mr. Farooq Rahmatullah Khan	3,200	-	2,400	-	-	-	1,120	6,720
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	8,000	6,400	4,800	4,800	-	-	1,280	25,280
3	Mian Muhammad Younis	8,000	3,200	1,600	1,600	-	1,600	1,440	17,440
4	Mr. Imtiaz Ahmad Pervez	7,200	-	1,600	-	-	3,200	640	12,640
5	Mr. Juma Hasan Ali Abul	8,000	6,400	4,800	4,800	-	-	-	24,000
6	Mr. Abdulelah Ebrahim Mohamed AlQasimi	8,000	-	-	-	4,800	4,000	-	16,800
7	Mr. Abdulla Abdulaziz Ali Taleb	8,000	-	-	-	4,800	4,000	-	16,800
8	Mr. Ali Munir	8,000	3,200	-	4,800	2,400	1,600	1,120	21,120
9	Ms. Fatima Asad	8,000	5,600	3,200	-	-	-	-	16,800
10	Mr. Mohsin Tariq	7,200	2,400	2,400	3,200	2,400	-	-	17,600
11	Ms. Sadia Khan	4,000	2,400	-	-	2,400	-	480	9,280
Total amount paid		77,600	29,600	20,800	19,200	16,800	14,400	6,080	184,480

S.No.	Name of director	Board meetings	2022					Additional Fee to Chairman Committee	Total
			Meeting fees and allowances paid						
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee		
Rupees '000--									
1	Mr. Farooq Rahmatullah Khan	5,760	-	3,840	-	-	-	-	9,600
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	5,600	4,800	3,200	3,200	-	-	-	16,800
3	Mian Muhammad Younis	4,800	4,000	-	3,840	-	3,200	-	15,840
4	Mr. Imtiaz Ahmad Pervez	4,800	-	-	-	-	3,840	-	8,640
5	Mr. Juma Hasan Ali Abul	5,600	4,000	3,200	3,200	-	-	-	16,000
6	Mr. Abdulelah Ebrahim Mohamed AlQasimi	5,600	-	-	-	3,200	3,200	-	12,000
7	Mr. Abdulla Abdulaziz Ali Taleb	5,600	-	-	-	3,200	3,200	-	12,000
8	Mr. Ali Munir	4,800	4,000	-	3,200	3,840	-	-	15,840
9	Ms. Fatima Asad	4,800	4,000	3,200	-	-	-	-	12,000
10	Mr. Mohsin Tariq	4,000	-	3,200	-	3,200	-	-	10,400
Total amount paid		51,360	20,800	16,640	13,440	13,440	13,440	-	129,120

38.3 Remuneration paid to shariah board members

Description	2023				2022			
	Chairman	Resident member	Non-resident member	Shariah board member	Chairman	Resident member	Non-resident member	Shariah board member
Rupees '000--								
Fees and allowances etc.	-	-	-	-	-	-	-	-
Managerial remuneration								
i) Fixed	8,022	3,980	4,427	2,791	6,946	3,370	4,200	2,660
ii) Total variable	8,736	1,204	263	1,245	4,500	700	-	428
of which :								
a) Cash bonus / awards - paid	6,736	1,024	263	1,245	3,375	560	-	428
b) Cash bonus / awards - deferred	2,000	180	-	-	1,125	140	-	-
Charge for defined benefit plan	668	332	230	167	580	280	211	139
Rent & house maintenance	-	-	-	269	-	-	-	278
Utilities	-	-	-	67	-	-	-	69
Medical	-	-	-	56	-	-	-	63
Conveyance	3,600	1,685	-	989	3,600	1,407	-	872
Total	21,026	7,201	4,920	5,584	15,626	5,757	4,411	4,509
Number of persons	1	1	1	2	1	1	1	2

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

39 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.

39.1 Fair value of financial assets

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

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

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

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

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

	2023			Total
	Level 1	Level 2	Level 3	
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	524,145,204	-	524,145,204
Shares	5,746,460	107,539	-	5,853,999
Non-Government debt securities	-	49,770,265	-	49,770,265
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities (note 10.7.1)	-	6,779,489	-	6,779,489
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,855,189	17,855,189
Non-banking assets acquired in satisfaction of claims	-	-	2,667,419	2,667,419
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	55,514,935	-	55,514,935
Forward sale of foreign exchange	-	9,610,511	-	9,610,511
Derivatives sales	-	1,678,515	-	1,678,515

Rupees '000

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

On-balance sheet financial instruments

Financial assets - measured at fair value

Investments

	2022			Total
	Level 1	Level 2	Level 3	
----- Rupees '000-----				
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 (note 10.7.1)	-	4,862,086	-	4,862,086
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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
Ijara Sukuk	Fair values of GoP Ijara Sukuk are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from different pre-defined / approved dealers / brokers.
Unlisted ordinary shares	Break-up value is determined on the basis of the NAV of the company using the latest available audited financial statements.
Sukuk Certificates	Fair values of Sukuk certificates are determined using the MUFAP or PSX rates.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mark-to-market currency rates announced by the State Bank of Pakistan.
Derivative instruments	The Bank enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.
Mutual funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).

Valuation techniques used in determination of fair 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 note 6.6.
Non-banking assets (NBAs) acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in note 6.9.

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 unconsolidated financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2023					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Profit and loss account						
External funded revenue	(63,316,526)	63,800,840	70,805,067	174,783	(410,924)	71,053,240
Inter segment revenue - net	116,464,591	(58,890,617)	(68,229,751)	(172,641)	10,828,418	-
External non-funded revenue	7,842,522	1,749,588	4,360,875	6,741	(1,870,941)	12,088,785
Total income	60,990,587	6,659,811	6,936,191	8,883	8,546,553	83,142,025
Segment direct expenses	23,684,924	1,295,404	467,218	176,896	15,182,122	40,806,564
Inter segment expense allocation	13,536,254	1,175,879	247,859	222,130	(15,182,122)	-
Total expenses	37,221,178	2,471,283	715,077	399,026	-	40,806,564
Provisions	519,660	364,216	607,884	(604,800)	26,967	913,927
Profit before tax	23,249,749	3,824,312	5,613,230	214,657	8,519,586	41,421,534
Unconsolidated Statement of financial position						
Cash and bank balances	30,486,904	-	55,362,053	-	-	85,848,957
Due from financial institutions	-	-	-	-	-	-
Investments	150,000	9,166,074	580,117,122	2,805,744	1,139,893	593,378,833
- Investment provision	-	-	(1,028,498)	(2,805,744)	-	(3,834,242)
Net inter segment lending	846,815,880	-	-	-	(846,815,880)	-
Financing - performing	126,927,551	442,189,965	-	-	8,584,421	577,701,937
Financing- non-performing	5,137,297	6,013,184	-	11,721,277	187,883	23,059,641
- Financing- provisions	(3,554,912)	(4,720,383)	-	(11,644,505)	(130,462)	(20,050,262)
Others	21,892,608	12,862,528	35,499,058	227,367	43,487,125	113,968,686
Total assets	1,027,855,328	465,511,368	669,949,735	304,139	(793,547,020)	1,370,073,550
Due to financial institutions	11,110,677	75,277,296	80,498,830	-	-	166,886,803
Subordinated Sukuk	-	-	-	-	-	-
Deposits and other accounts	947,772,275	70,100,426	-	403,036	-	1,018,275,737
Net inter segment borrowing	-	319,258,252	584,231,018	(99,779)	(903,389,491)	-
Others	68,972,376	875,394	1,870,858	882	22,993,139	94,712,649
Total liabilities	1,027,855,328	465,511,368	666,600,706	304,139	(880,396,352)	1,279,875,189
Equity	-	-	3,349,029	-	86,849,332	90,198,361
Total equity and liabilities	1,027,855,328	465,511,368	669,949,735	304,139	(793,547,020)	1,370,073,550
Contingencies and commitments	45,666,205	78,801,025	140,581,461	1,797,031	2,087,267	268,932,989
	2022					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Profit and loss account						
External funded revenue	(28,919,342)	36,213,873	32,840,466	229,850	(377,011)	39,987,836
Inter segment revenue - net	56,756,516	(32,274,010)	(30,122,499)	167,069	5,472,924	-
External non-funded revenue	5,973,502	1,741,537	2,085,329	(106,743)	(734,244)	8,959,381
Total income	33,810,676	5,681,400	4,803,296	290,176	4,361,669	48,947,217
Segment direct expenses	16,143,170	826,133	298,007	176,041	10,050,597	27,493,948
Inter segment expense allocation	8,918,417	803,043	167,195	161,942	(10,050,597)	-
Total expenses	25,061,587	1,629,176	465,202	337,983	-	27,493,948
Provisions	(461,419)	503,105	(78,757)	(904,379)	1,419	(940,031)
Profit before tax	9,210,508	3,549,119	4,416,851	856,572	4,360,250	22,393,300
Unconsolidated statement of financial position						
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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

41 TRUST ACTIVITIES

The Bank acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Bank and, therefore, are not included in the unconsolidated statement of financial position. The following is the list of assets held under trust:

Category	2023					Total
	No. of IPS accounts	Securities held (face value)				
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
						Rupees '000
Corporate	59	-	58,100	839,800	-	897,900
Insurance companies	2	-	-	-	-	-
Asset management companies	62	-	-	7,685,000	-	7,685,000
Employees funds	173	-	26,100	143,100	-	169,200
Charitable institution / NGOs	22	-	-	291,700	-	291,700
Individuals	15,324	-	119,200	1,219,900	2,191,988	3,531,088
Related parties	36	-	68,400	5,120,600	-	5,189,000
Others	6	-	-	-	-	-
	15,684	-	271,800	15,300,100	2,191,988	17,763,888

Category	2022					Total
	No. of IPS accounts	Securities held (face value)				
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
						Rupees '000
Corporate	58	-	95,600	-	-	95,600
Insurance companies	3	-	-	-	-	-
Asset management companies	50	-	23,000	70,000	-	93,000
Employees funds	172	37,000	6,475,600	69,000	-	6,581,600
Charitable institution / NGOs	22	-	-	-	-	-
Individuals	11,415	-	171,200	419,800	1,755,743	2,346,743
Related parties	9	243,650	385,400	1,507,600	-	2,136,650
Others	7	-	-	-	-	-
	11,736	280,650	7,150,800	2,066,400	1,755,743	11,253,593

The Bank has related party transactions with various parties including 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 and balances with related parties as at the year end, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2023					2022						
	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	3,904,683
Investment made during the year	-	-	-	-	18,601,771	-	-	-	-	-	1,283,823	12,215,000
Investment redeemed / sold during the year	-	-	-	-	(18,483,433)	(1,259,427)	-	-	-	-	(425,748)	(12,851,217)
Closing balance	-	-	-	1,139,893	1,869,660	2,009,039	-	-	-	1,139,893	1,751,322	3,268,466
Provision for diminution in value of investments	-	-	-	-	-	1,951,094	-	-	-	-	-	1,984,337
Islamic financing and related assets												
Opening balance	-	7	523,065	-	-	1,392,371	-	-	436,889	-	-	1,709,934
Addition during the year	-	49	602,609	-	-	16,958,966	-	7	272,733	-	-	617,945
Repaid during the year	-	(2)	(473,095)	-	-	(11,686,339)	-	-	(186,557)	-	-	(935,508)
Closing balance	-	54	652,579	-	-	6,684,998	-	7	523,065	-	-	1,392,371
Provision held against financing	-	-	-	-	-	407,688	-	-	-	-	-	457,987
Fixed assets - right-of-use assets												
Opening balance	-	-	-	16,138	-	-	-	-	-	2,878	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	18,742	-	-
Disposals during the year	-	-	-	(13,015)	-	-	-	-	-	(5,482)	-	-
Depreciation for the year	-	-	-	(3,123)	-	-	-	-	-	16,138	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	17,409	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	2023					2022						
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Other assets												
Profit / return accrued	-	-	9,829	-	-	152,624	-	-	1,081	-	-	79,923
Commission income receivable	-	-	-	-	-	-	-	-	-	12,025	-	-
Defined benefit plan asset	-	-	-	-	90,806	-	-	-	-	-	-	168,825
Maintenance and other receivables	-	-	-	11,773	-	-	-	-	-	-	-	-
Rent receivable	-	-	-	-	-	-	-	-	-	-	-	-
Dividend receivable	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	2,320,075	-	-	-	-	-	3,302,249
	-	-	9,829	11,773	-	2,563,505	-	-	1,081	12,025	-	3,550,997
Deposits and other accounts												
Opening balance	182	58,656	105,177	20,087	57,393	24,347,670	182	51,148	178,430	55,236	15,350	9,800,472
Received during the year	-	232,893	1,623,827	27,819,887	983,701,499	49,904,615	-	88,829	1,951,839	19,350,507	3,243,262	601,605,779
Withdrawn during the year	-	(187,602)	(1,650,888)	(27,828,771)	(945,404,737)	(73,597,790)	-	(81,321)	(2,025,092)	(19,385,656)	(3,201,219)	(587,058,581)
Closing balance	182	103,947	78,116	11,203	38,354,155	654,495	182	58,656	105,177	20,087	57,393	24,347,670
Other liabilities												
Profit / return payable	-	931	326	109	684,274	24,669	-	429	594	179	355	319,447
Lease liability against right-of-use assets	-	-	-	-	-	-	-	-	-	12,833	-	-
Other liabilities	4,923,232	-	-	-	-	1,811,176	4,595,017	-	-	18,833	-	2,049,728
	4,923,232	931	326	109	684,274	1,835,845	4,595,017	429	594	31,845	355	2,369,175
Contingencies and commitments												
Trade related commitments*	-	-	-	-	-	330,829	-	-	-	-	-	10,603
	-	-	-	-	-	330,829	-	-	-	-	-	10,603

Rupees '000

* represents outstanding guarantee

42.1 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 Unconsolidated Financial Statements

For the year ended December 31, 2023

42.2 Details of outstanding investments in the subsidiary company and donations made during the year relating to related parties are given in notes 10 and 29.3 to these unconsolidated financial statements. Contributions to and accruals in respect of retirement benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan (refer notes 36 and 37 to these unconsolidated financial statements for the details of the plans). Remuneration of the President and Chief Executive Officer, directors' fee, and certain related information are disclosed in note 38 to these unconsolidated financial statements. Such remuneration is determined in accordance with the terms of their employment. Details of shares held by the parent company are disclosed in note 20.2.1 to these unconsolidated financial statements. Details of assets held under trust arrangement on behalf of the related parties are given in note 41 to these unconsolidated financial statements.

RELATED PARTY TRANSACTIONS

	2023					2022						
	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	-	-	30,115	-	-	131,996	-	-	27,882	-	-	108,414
Fee and commission income	-	83	125	267,066	3,371	4,508	-	65	111	173,230	41	11,002
Dividend income	-	-	-	-	12,315	49,661	-	-	-	-	65,333	88,672
Net gain on sale of securities	-	-	188	-	29,420	734	-	-	231	-	(40,748)	9,098
Net gain on disposal of fixed assets	-	-	23	-	-	-	-	-	-	-	-	-
Maintenance income	-	-	-	8,173	-	-	-	-	-	7,916	-	-
Other income	-	-	-	30,167	-	-	-	-	-	29,223	-	-
Expense												
Profit / return expensed	-	8,777	4,804	3,409	2,911,874	194,052	-	4,185	2,936	2,117	7,441	1,006,218
Charges expense on lease liability	-	-	-	885	-	-	-	-	-	694	-	-
Director's fee and other expenses	-	184,480	-	-	-	-	-	129,120	-	-	-	-
Remuneration	-	-	735,778	-	-	687	-	-	626,538	-	-	1,362
Subscription Fees	-	-	-	-	-	8,391	-	-	-	-	-	3,005
Commission expense	-	-	-	33,333	-	-	-	-	-	33,333	-	-
Charge for defined benefit plan	-	-	-	-	-	264,900	-	-	-	-	-	225,554
Contribution to defined contribution plan	-	-	-	-	-	385,131	-	-	-	-	-	284,039
Donations made during the year	-	-	-	-	-	113,215	-	-	-	-	-	88,257
(Reversal) / provision against investment	-	-	-	-	-	(50,299)	-	-	-	-	-	(50,655)
Others												
Shares / units purchased during the year	-	-	-	-	18,601,772	-	-	-	-	-	1,283,823	12,215,000
Shares / units sold during the year	-	-	-	-	18,483,433	1,259,427	-	-	-	-	425,748	12,768,626
Government securities purchased during the year	-	-	43,300	-	-	222,900	-	-	504,715	-	-	2,054,560
Government securities sold during the year	-	-	75,249	-	-	3,617,594	-	-	406,936	-	-	4,151,535
Contribution to defined benefit plan	-	-	-	-	-	98,287	-	-	-	-	-	215,942
Sale proceeds from disposal of fixed assets	-	-	37,171	-	-	-	-	-	-	-	-	-
Acquisition of fixed asset	-	-	-	85,339	-	-	-	-	-	-	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum capital requirement (MCR):

Paid-up capital (net of losses)

Capital adequacy ratio (CAR):

Eligible common equity tier 1 (CET 1) capital

Eligible additional tier 1 (ADT 1) capital

Total eligible tier 1 capital

Eligible tier 2 capital

Total eligible capital (tier 1 + tier 2)

Risk weighted assets (RWAs):

Credit risk

Market risk

Operational risk

Total

Common equity tier 1 capital adequacy ratio (in %)

Tier 1 Capital adequacy ratio (in %)

Total Capital adequacy ratio (in %)

	2023	2022
	-----Rupees '000-----	
Paid-up capital (net of losses)	15,176,965	15,176,965
Eligible common equity tier 1 (CET 1) capital	72,868,421	55,718,084
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	72,868,421	55,718,084
Eligible tier 2 capital	14,309,769	11,155,422
Total eligible capital (tier 1 + tier 2)	87,178,190	66,873,506
Credit risk	338,652,592	308,988,249
Market risk	55,101,145	51,454,833
Operational risk	105,584,800	71,817,545
Total	499,338,537	432,260,627
Common equity tier 1 capital adequacy ratio (in %)	14.59%	12.89%
Tier 1 Capital adequacy ratio (in %)	14.59%	12.89%
Total Capital adequacy ratio (in %)	17.46%	15.47%

Capital adequacy is regularly monitored by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and as per the requirements of the SBP. The required information is submitted to the SBP on a quarterly basis.

Since December 31, 2021, the SBP requires each bank or banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10% and (c) maintain common equity tier I (CET1) ratio and tier 1 ratio of 6% and 7.5% respectively.

An additional capital conservation buffer (CCB) of 1.5% (to be met from CET1) has to be maintained over and above the minimum required level.

The paid-up capital of the Bank for the year ended December 31, 2023, stood at Rs 15.177 billion (2022: Rs 15.177 billion). As at December 31, 2023, the Bank's CAR stood at 17.46% (December 31, 2022: 15.47%) whereas CET1 and Tier 1 ratios both stood at 14.59% (December 31, 2022: 12.89%).

The Bank is also in compliance with the capital conservation buffer requirements.

Leverage ratio (LR):

Eligible tier-1 capital

Total exposures

Leverage ratio (%)

Liquidity coverage ratio (LCR):

Total high quality liquid assets

Total net cash outflow

Liquidity coverage ratio (Ratio)

Net stable funding ratio (NSFR):

Total available stable funding

Total required stable funding

Net stable funding ratio (%)

	2023	2022
	-----Rupees '000-----	
Eligible tier-1 capital	72,868,421	55,718,084
Total exposures	1,593,114,720	1,237,857,649
Leverage ratio (%)	4.57%	4.50%
Total high quality liquid assets	517,873,833	368,486,552
Total net cash outflow	339,165,609	206,193,466
Liquidity coverage ratio (Ratio)	1.527	1.787
Total available stable funding	837,268,976	706,214,017
Total required stable funding	481,779,578	416,224,261
Net stable funding ratio (%)	173.79%	169.67%

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

43.1 The link to the full disclosure is available at <https://www.faysalbank.com/en/capital-adequacy-ratio-car/>

44 RISK MANAGEMENT

Risk management group (RMG) has been organised under the Chief Risk Officer (CRO). It has been authorised by the Board of Directors (BoD) to monitor the implementation of various risk policies via implementation of an integrated risk management framework across the Bank. As an ongoing exercise to integrate risk related functions, RMG has been expanded, strengthened and entrusted to monitor the risk areas across the organisation, including adoption and convergence towards regulatory and Basel guidelines on risk management.

The primary objective of this architecture is to inculcate risk management into the organisation flows to ensure that risks are timely and accurately identified and assessed, properly documented, approved and adequately monitored and managed in order to ensure that risk taking activities are in line with the guidelines approved by the BoD and to protect the interests of the Bank's depositors and shareholders.

The 'risk management framework' at the Bank encompasses:

- scope of risks to be managed;
- process, systems and procedures to manage risk; and
- roles and responsibilities of individuals involved in risk management.

The Bank has adopted an approach that gives an integrated view of the risks faced by the organisation. This calls for aligning strategic vision, policy objectives and business processes / procedures within the risk management framework. The management of risk is integrated with the Bank's management of capital and strategy. This ensures that risks taken in pursuit of the Bank's strategic objectives are consistent with the policies, translating into targeted shareholder return as well as the Bank's desired credit rating and risk appetite.

With this in view, the risk management framework endeavours to be a comprehensive and evolving guidelines to cater to changing business dynamics. The risk management framework includes:

- clearly defined risk management policies;
- well constituted organisational structure; and
- mechanism for ongoing review of all policies and procedures and risk exposures.

The 'risk management framework' is built on the following elements:

- comprehensive risk governance; and
- effective risk processes.

The Bank has developed and implemented a governance and management structure, processes surrounding each risk area, including credit risk, market risk, liquidity risk, capital management, operational risk, environmental risk, shariah non-compliance risk and information security risk.

The essential components which contribute in effective management of all these risks are as follows:

- active board / senior management strategic direction and centralised RMG oversight;
- sufficient policies, procedures and limits;
- adequate risk measurement, monitoring and management information systems; and
- comprehensive internal controls.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

The Board of Directors (BoD) monitoring and oversight is facilitated through the Board Risk Management Committee (BRMC), comprising of directors including the President & CEO. It is appointed and authorised by the BoD to assist in the design, regular evaluation and timely updation of the risk management framework. The BRMC has further authorised management committees such as Country Credit Committee (CCC), Agriculture Credit Committee (ACC), Enterprise Risk Management Committee (ERMC) and Assets and Liabilities Committee (ALCO) to supervise risk management activities within their respective areas.

In order to have an effective and efficient risk assessment, and to closely align its functions with business, RMG has separate risk management functions for credit risk management, based on the specialised skill sets and required specific experience in various business segments. These functions comprise of corporate risk, CBSME, agri and retail risk management.

The common responsibilities of all credit risk management functions include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with compliance department of the Bank to ensure conformity to the relevant Government regulations, the SBP PRs as well as internal policies.
- work with relationship teams to structure exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure adequate risk coverage.

The risk management architecture is further fostered by enterprise risk management, risk policy & analytics, information security function and an independent credit administration department.

The enterprise risk management function is responsible for managing and controlling market, operational and liquidity risks at an enterprise level and monitoring regulatory capital requirements of the Bank.

Credit administration department - independent from the Risk Management function - looks after the security, financing documentation, disbursement and post disbursement monitoring aspects of the credit portfolio.

Risk policy and analytics department serves as an independent check in the risk management function. It performs periodic review of all credit related portfolios (corporate, CBSME, retail, agri, SAM) and analyses portfolio compositions, risk rating distributions, emerging trends of NPLs, renewal status of Risk Approvals (RAs) as per policy and other policy related matters. It also formulates / updates credit policies (along with various limits prescribed therein) in line with regulatory environment, business strategy, the BoD approvals and the best practices.

The information security risk function is responsible for information security risk identification, monitoring and reporting.

44.1 Credit risk

Credit risk is the identification of probability that a counterparty will cause a financial loss to the Bank due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

The Bank's credit risk philosophy is based on the Bank's overall business strategy / direction as established by the Board. The Bank is committed to the appropriate level of due diligence to ensure that credit risks have been properly analysed, fully disclosed to the approving authorities, appropriately rated, appropriately structured, appropriately priced and documented.

The Bank deals with many different types of obligors/customers and financing structures across the corporate, commercial, SME, agriculture and retail segments. The Bank manages customer credit risk exposures within appropriate limits to ensure that it does not provide a disproportionate level of credit to a single customer or group of connected clients. The Bank follows aggregation principles – summing of credit risk limits to the same customer, or group of connected clients – to identify and manage effectively all significant credit risk exposures to a single customer within an individual business and, where appropriate, across other business segments.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

The Bank has well-defined credit approval and review processes under which senior officers with the requisite credit background, critically scrutinise, advise and discuss associated risks and recommend / review / approve credit facilities and financing, through respective credit committees. Besides financial, industry and transaction analysis, in order to quantify risks of counterparty, the credit evaluation also includes risk rating system to evaluate risk rating of the customers which is then monitored on a portfolio basis to gauge the Bank's credit portfolio quality. To avoid risk concentration, counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

With a view to develop and effectively manage a diversified credit portfolio within each business segment (as an integral part of the credit risk management process), the Bank has adopted the concept of an industry / sector-wise exposure concentration grid which dictates target market exposures.

As part of the Bank's portfolio strategy and planning activity, these industry concentration limits are continually overseen by the management against the Bank's approved exposures in these sectors and reviewed by the Board Risk Management Committee (BRMC) in its meetings with an aim to monitor the overall risk and to avoid high exposure to a single group or industry.

The Bank is regularly conducting credit portfolio reviews to assess early warning signs, with robust post disbursement credit review mechanism to identify obligors/customers most likely to be affected in the challenging business and economic environment. Bank is confident that it has adequate capacity to withstand these difficult times.

44.1.1 Segment by class of business

Credit Risk Management (CRM) Framework (non-retail / non-individual portfolio) covers three business segments: corporate risk management, commercial banking and SME (including agri) risk management and retail risk management. Based on overall guidance provided by a recognised and established external consultant, in line with the global best practices while ensuring regulatory compliance and alleviation of any (perceived) conflict of interest, credit management process has been segregated into two distinct categories:

- independent risk advice by risk management function.
- credit approvals by credit committee(s), while taking into consideration the business unit recommendations / approvals and independent risk advice.

With this segregation, the role of risk management function in credit approval process is focused to provide risk advice only, based on key risk parameters; whereas relevant credit committees are responsible for providing credit related approvals.

The common responsibilities of corporate risk management and commercial banking and SME (including agri) risk management include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with relationship teams to advise on structure of exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure risk coverage.
- work with the independent credit risk review team (under internal audit) for effective and periodic review of the credit portfolio.

Retail risk management is responsible for managing the credit risk of consumer finance credit products, with credit facilities extended to individual (non-corporate) customers. The consumer finance / retail finance function operates on a program approach, which are approved by the Country Credit Committee and subsequently by the BoD. The retail risk management provides its input on risk parameters in term of 'risk advice', at the time of approval / changes in product programs. The retail risk management also ensures that all the ongoing individual credit approvals are within pre-defined risk parameters as per the approved product programs.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

44.1.2 Credit risk: general disclosures Basel specific

The Bank has adopted the standardised approach under Basel. According to the regulatory statement submitted under the standardised approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 59.45% (2022: 60.12%) of the total credit risk weighted assets, 1.27% (2022: 1.00%) represents claims on PSEs and 13.91% (2022: 15.31%) exposure pertains to claims categorised as retail portfolio.

44.1.3 Credit risk: disclosures for portfolio subject to standardised approach

For domestic claims, external credit assessment institutions (ECAIs) recommended by the SBP, namely Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited are used. For claims on foreign entities, ratings assigned by Standard and Poor, Fitch and Moody's are used. Exposures not rated by any of the aforementioned rating agencies are categorised as unrated.

Exposures	PACRA	VIS	Standard and Poor's	Moody's	Fitch
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
Sovereigns	-	-	✓	✓	✓
PSEs	✓	✓	-	-	-

The SBP's indicative mapping process as instructed in the SBP's circular "Minimum capital requirements for banks and DFIs" (indicated in table below) was used to map alpha numeric ratings of PACRA, VIS, S&P's, Moody's, Fitch ratings, and numeric scores of ECAs, to the SBP's rating grades.

Long term rating grades mapping

SBP rating	ECA scores	PACRA	VIS	S & P	Moody's	Fitch
1	0,1	AA- and above	AA- and above	AA- and above	Aa3 and above	AA- and above
2	2	A+ to A-	A+ to A-	A+ to A-	A1 to A3	A+ to A-
3	3	BBB+ to BBB-	BBB+ to BBB-	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
4	4	BB+ to BB-	BB+ to BB-	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
5	5,6	B+ to B-	B+ to B-	B+ to B-	B1 to B3	B+ to B-
6	7	CCC+ & Below	CCC+ & Below	CCC+ & Below	Caa1 & Below	CCC+ & Below

Short term rating grades mapping

SBP rating	PACRA	VIS	S & P	Moody's	Fitch
S1	A-1 & above	A-1 & above	A-1 & above	P-1	F1
S2	A-2	A-2	A-2	P-2	F2
S3	A-3	A-3	A-3	P-3	F3
S4	Others	Others	Others	Others	Others

Particulars of the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

44.1.4 Due from financial institutions

Credit risk by public / private sector

	Due from financial institutions-Gross		Due from financial institutions-Non-performing		Provision held	
	2023	2022	2023	2022	2023	2022
----- Rupees '000-----						
Public / Government	-	5,815,098	-	-	-	-
Private	-	4,000,000	-	-	-	-
	-	9,815,098	-	-	-	-

44.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
----- Rupees '000-----						
Textile	10,981	10,981	10,981	10,981	10,981	10,981
Chemical and pharmaceuticals	1,409,393	1,467,506	1,409,393	1,467,506	1,409,393	1,467,506
Cement	500,000	500,000	500,000	500,000	500,000	500,000
Sugar	8,311	8,311	8,311	8,311	8,311	8,311
Power (electricity), gas, water, sanitary	51,765,570	49,860,108	-	-	-	-
Financial	839,000	839,000	-	-	-	-
Services	1,559,536	1,648,238	-	-	-	-
	56,092,791	54,334,144	1,928,685	1,986,798	1,928,685	1,986,798

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
----- Rupees '000-----						
Public / Government	51,765,570	49,862,130	-	-	-	-
Private	4,327,221	4,472,014	1,928,685	1,986,798	1,928,685	1,986,798
	56,092,791	54,334,144	1,928,685	1,986,798	1,928,685	1,986,798

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

44.1.6 Islamic financing and related assets

Credit risk by industry sector

	Gross financing		Non-performing financing		Provision held	
	2023	2022	2023	2022	2023	2022
-----Rupees '000-----						
Agriculture, forestry, hunting and fishing	125,042,619	40,813,176	824,736	1,027,515	731,580	845,941
Mining and quarrying	5,907,246	8,746,866	3,451	6,231	3,451	3,683
Textile	83,560,348	83,030,104	5,993,318	5,907,748	5,700,126	5,776,564
Chemical and pharmaceuticals	24,382,400	17,360,361	510,236	586,371	508,957	518,267
Cement	17,689,081	15,398,016	41,608	41,608	39,108	39,108
Sugar	14,723,291	9,896,413	545,736	625,650	545,736	618,070
Footwear and leather garments	1,748,453	2,771,751	347,956	388,111	258,680	276,535
Automobile and transportation equipment	8,994,187	11,152,983	439,663	167,224	205,271	159,867
Electronics and electrical appliances	7,958,823	6,460,299	550,432	550,432	437,547	437,547
Construction	5,718,270	7,961,057	1,254,945	344,746	339,492	339,675
Power (electricity), gas, water, sanitary	84,832,610	73,371,182	1,827,534	1,827,534	1,827,534	1,748,555
Wholesale and retail trade	19,166,009	11,188,003	2,358,603	2,039,456	1,740,960	1,601,896
Transport, storage and communication	27,811,454	31,713,613	96,895	94,199	73,021	72,346
Financial	1,550,389	850,853	50,853	50,853	50,309	50,309
Insurance	8,477	10,250	-	-	-	-
Services	20,239,876	18,099,162	369,212	372,049	323,784	267,198
Individuals	56,094,627	55,782,330	1,752,820	1,636,282	1,149,659	1,122,073
Others	95,333,418	78,983,215	6,091,643	6,032,374	5,237,377	4,679,783
	600,761,578	473,589,634	23,059,641	21,698,383	19,172,592	18,557,417
Credit risk by public / private sector						
Public / Government	208,587,989	96,817,234	-	-	-	-
Private	392,173,589	376,772,400	23,059,641	21,698,383	19,172,592	18,557,417
	600,761,578	473,589,634	23,059,641	21,698,383	19,172,592	18,557,417

44.1.7 Contingencies and Commitments

Credit risk by industry sector

	2023	2022
	-----Rupees '000-----	
Agriculture, forestry, hunting and fishing	-	78,065
Mining and quarrying	3,420,801	678,139
Textile	12,682,742	22,734,584
Chemical and pharmaceuticals	13,747,425	12,055,320
Cement	1,184,104	1,058,029
Sugar	287,663	205,989
Footwear and leather garments	712,450	298,884
Automobile and transportation equipment	4,376,658	1,167,955
Electronics and electrical appliances	2,664,880	1,174,849
Construction	3,108,004	2,234,021
Power (electricity), gas, water, sanitary	7,554,600	8,076,607
Wholesale and retail trade	30,667,811	6,434,119
Exports / imports	-	2,114
Transport, storage and communication	1,458,548	728,540
Financial	4,379,717	3,611,351
Services	4,416,605	4,611,413
Individuals	-	660,530
Others	29,105,438	26,111,316
	119,767,446	91,921,825
Credit risk by public / private sector		
Public / Government	2,872,826	105,113
Private	116,894,620	91,816,712
	119,767,446	91,921,825

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

44.1.8 Concentration of exposures

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 266,946 million (2022: Rs. 152,999 million) are as following:

	2023	2022
	-----Rupees '000-----	
Funded	261,026,933	146,646,588
Non-funded	5,919,270	6,351,980
Total exposure	<u>266,946,203</u>	<u>152,998,568</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 280,123 million (2022: Rs. 214,976 million).

There are no classified exposures under this category of advances.

44.1.9 Islamic financing and related assets - province / region-wise disbursement and utilisation

Province / region	2023						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	-----Rupees '000-----						
Punjab	329,814,512	319,006,126	8,847,371	540,980	5,322	1,409,713	5,000
Sindh	505,689,386	15,647,839	489,196,382	25,202	67,439	162,100	590,424
KPK including FATA	4,646,542	-	-	4,646,542	-	-	-
Balochistan	27,444	-	27,444	-	-	-	-
Islamabad	31,020,108	1,222,368	306,794	2,236,524	6,042	27,192,450	55,930
AJK including Gilgit-Baltistan	15,000	-	-	-	-	-	15,000
Total	<u>871,212,992</u>	<u>335,876,333</u>	<u>498,377,991</u>	<u>7,449,248</u>	<u>78,803</u>	<u>28,764,263</u>	<u>666,354</u>

Province / region	2022						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	-----Rupees '000-----						
Punjab	177,180,673	164,005,930	4,104,856	8,445,608	-	225,727	398,552
Sindh	293,029,999	6,307,610	246,804,499	39,402,869	26,641	192,011	296,369
KPK including FATA	4,856,540	-	-	4,845,455	-	11,085	-
Balochistan	-	-	-	-	-	-	-
Islamabad	16,735,716	734,210	99,542	1,063,018	55,308	14,726,430	57,208
AJK including Gilgit-Baltistan	49,888	-	-	3,459	-	-	46,429
Total	<u>491,852,816</u>	<u>171,047,750</u>	<u>251,008,897</u>	<u>53,760,409</u>	<u>81,949</u>	<u>15,155,253</u>	<u>798,558</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

44.2 Market Risk

It is the risk that the value of on-balance sheet and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Bank seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office, market risk management and treasury middle office perform market risk management activities within the Bank. The Bank has Enterprise Risk Management Committee which is responsible for recommending market risk policies and strategies for the Board approval and its subsequent implementation and review.

44.2.1 Unconsolidated statement of financial position split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- Rupees '000-----						
Cash and balances with treasury banks	84,036,558	-	84,036,558	56,130,549	-	56,130,549
Balances with other banks	1,812,399	-	1,812,399	2,785,035	-	2,785,035
Due from financial institutions	-	-	-	9,815,098	-	9,815,098
Investments	16,298,368	573,246,223	589,544,591	13,506,172	455,945,023	469,451,195
Islamic financing and related assets	580,711,316	-	580,711,316	454,260,608	-	454,260,608
Fixed assets	40,268,350	-	40,268,350	35,034,233	-	35,034,233
Intangible assets	2,331,775	-	2,331,775	1,984,841	-	1,984,841
Other assets	71,368,561	-	71,368,561	44,891,304	-	44,891,304
	<u>796,827,327</u>	<u>573,246,223</u>	<u>1,370,073,550</u>	<u>618,407,840</u>	<u>455,945,023</u>	<u>1,074,352,863</u>

44.2.2 Foreign Exchange Risk

Foreign exchange risk / currency risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movements in currency exchange rates on the value of open foreign currency positions. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect revenues from foreign exchange dealing.

The Bank undertakes currency risk mostly to support its trade services and maintains overall foreign exchange risk position to the extent of statutory Foreign Exchange Exposure Limit (FEEL) prescribed by the SBP.

Exposure limits such as counterparty, gap, net open position, dealer and bucket-wise currency delta limits are in place in accordance with the Bank's approved policies in order to manage associated risk and concentration at the acceptable tolerance levels.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	2023				2022			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	----- Rupees '000-----							
United States Dollar	14,260,891	52,058,694	36,636,382	(1,161,421)	10,061,861	50,359,791	39,414,819	(883,111)
Great Britain Pound								
Sterling	1,399,874	6,746,248	5,343,098	(3,276)	1,381,063	5,644,913	4,259,981	(3,869)
Euro	698,175	3,788,752	3,107,196	16,619	1,226,225	3,050,832	1,832,092	7,485
Japanese Yen	313	10,059	9,948	202	2,996	1,444	-	1,552
Other currencies	336,923	286,669	(10,862)	39,392	936,471	860,316	-	76,155
	<u>16,696,176</u>	<u>62,890,422</u>	<u>45,085,762</u>	<u>(1,108,484)</u>	<u>13,608,616</u>	<u>59,917,296</u>	<u>45,506,892</u>	<u>(801,788)</u>

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees '000-----			
Impact of 1% change in foreign exchange rates on				
- profit and loss account	(52,253)	(10,690)	(41,195)	(7,835)
- other comprehensive income	-	-	-	-

44.2.3 Equity position Risk

Equity position risk is the risk arising from unfavourable fluctuations in prices of shares in which the Bank carries positions. It is a risk to earnings or capital that results from adverse changes in the value of equity related portfolios of the Bank. Price risk associated with equities could be systematic or unsystematic. Systematic risk is due to sensitivity of portfolio's value to changes in overall level of equity prices, while unsystematic risk is associated with price volatility that is determined by the specific characteristics of the investee company.

The Bank's equity position is governed by position limits imposed by the SBP for overall investment and per scrip exposure. Additionally, there are internal limits set to manage overall earnings in the form of stop loss limits and maintain a diverse portfolio through sector concentration limits.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees '000-----			
Impact of 5% change in equity prices on				
- profit and loss account	-	-	-	-
- other comprehensive income	9,752	371,054	4,633	552,833

44.2.4 Yield / profit rate risk in the banking book (IRRBB)-Basel II specific

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees '000-----			
Impact of 1% change in discount rates on				
- profit and loss account	(288,043)	3,623,102	(1,266,083)	3,124,480
- other comprehensive income	(41,658)	(3,824,231)	-	(3,109,517)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

44.2.5 Mismatch of yield rate sensitive assets and liabilities

2023										
Exposed to yield risk										
Effective yield rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Non-Yield bearing financial instruments

(%)

Rupees '000

On-balance sheet financial instruments

Assets

Cash and balances with treasury banks
Balances with other banks
Due from financial institutions
Investments
Islamic financing and related assets
Other assets

	84,036,558	-	-	-	-	-	-	-	-	84,036,558
	1,812,399	-	-	-	-	-	-	-	-	1,812,399
18.9	589,544,591	17,420,562	66,376,054	421,439,465	3,003,321	5,505,972	39,497,517	27,438,150	-	8,863,550
18.0	580,711,316	211,913,824	74,474,164	75,270,003	34,454,803	50,154,589	40,708,879	47,190,918	39,010,266	3,887,049
	65,654,986	-	-	-	-	-	-	-	-	65,654,986
	1,321,759,850	229,334,386	140,850,218	496,709,468	37,458,124	55,660,561	80,206,396	74,629,068	39,010,266	164,254,542

Liabilities

Bills payable
Due to financial institutions
Deposits and other accounts
Sub-ordinated sukuk
Other liabilities

	16,550,469	-	-	-	-	-	-	-	-	16,550,469
16.6	168,886,803	81,781,500	25,785,129	4,380,308	530,236	2,424,102	1,734,466	4,537,715	43,403,752	181,185
10.3	1,018,275,737	119,011,995	116,354,723	48,855,525	60,910,660	66,587,703	88,318,995	54,181,266	106,453,928	357,316,306
	67,070,908	-	-	-	-	-	-	-	-	67,070,908
	1,268,783,917	200,793,495	142,139,852	53,235,833	61,440,896	69,011,805	90,053,461	56,718,981	149,857,880	443,066,093
	52,975,933	28,540,891	(1,289,634)	443,473,635	(23,982,772)	(13,351,244)	(9,847,065)	15,910,087	(110,847,414)	3,181,000
	37,222,428	-	-	-	-	-	-	-	-	37,222,428

On-balance sheet gap

Net non-financial assets

Total net assets

Off-balance sheet financial instruments

Commitments in respect of:
- forward foreign exchange contracts - purchase
- forward foreign exchange contracts - sale
- forward government securities transactions - purchase
- forward government securities transactions - sale
- cross currency swaps
- forward lending

Off-balance sheet gap

Total yield risk rate sensitivity gap

Cumulative yield risk rate sensitivity gap

	118,003,409	86,330,608	20,714,304	12,637,012	-	-	-	-	-	(1,678,515)
	114,871,499	19,424,670	456,110,647	(23,982,772)	(13,351,244)	(9,847,065)	15,910,087	(110,847,414)	3,181,000	451,469,408
	114,871,499	134,296,169	590,406,816	566,424,044	563,072,800	543,225,735	569,135,822	448,288,408	451,469,408	451,469,408

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

Yield curve risk is the risk that a financial instrument will suffer either a decline in income or capital because future changes in prevailing profit rates of return impact assets more or less than they impact liabilities.

The profit rate risk of the Bank arises when there is a mismatch between contractual maturities, which are subject to profit rate adjustment within a specified period or re-pricing of on and off-balance sheet assets and liabilities. Risk is addressed by Asset and Liability Management Committee that reviews the profit rate dynamics at regular intervals and decides re-pricing of assets and liabilities to ensure that the spread of the Bank remains at an acceptable level.

Major sources of Profit rate risk are;

- i) differences between the timing of rate changes and the timing of cash flows (re-pricing risk);
- ii) changing rate relationships among different yield curves affecting the Bank's activities (basis risk);
- iii) changing rate relationships across the range of maturities (yield curve risk);
- iv) Profit-related options embedded in the Bank's products (options risk); and
- v) changes in marked-to-market value of financial instruments which occur when profit rate changes (price risk).

44.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human factors or from external events. The Bank's businesses are dependent on the ability to process a large number of transactions efficiently and accurately. Operational risks and losses originate from business / operational process failure, IT security failure, natural disasters, dependence on key suppliers, fraud, service quality compromises, regulatory non-compliance, loss of key staff and social and environmental impacts.

The operational risk management department is primarily responsible for the oversight of operational risk management across the Bank. The operational risk management framework of the Bank is governed by the operational risk management policy and procedures, while the implementation is supported by an operational risk management system and designated operational risk coordinators within different units across the Bank. The framework is in line with international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organizational learning and future requirements.

The Bank has implemented an effective operational risk management framework for managing operational risk. Each department has processes and system controls in place to address operational risks within their area. Operational loss data is collected through a well defined program implemented across the Bank. Periodic workshops are conducted for risk and control self assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key risk indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes are subject to comprehensive operational risk assessments, before implementation. Regular updates on operational risk status is presented to Enterprise Risk Management Committee (ERMC) and the Board of Directors through the Board Risk Management Committee (BRMC). Further, as part of Bank's ongoing commitment to enhance Bank's services and to ensure Bank-wide risk awareness culture, Operational Risk Management Department has also organized a special workshops/class room trainings tailored for Pan Pakistan Branch Operations Team.

Operational risk-disclosures Basel II specific

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank is currently using basic indicator approach for calculating operational risk capital charge.

Under basic indicator approach the capital charge for operational risk is a fixed percentage (denoted alpha) of average positive annual gross income of the Bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

44.4 Shariah Non-Compliance Risk (SNCR)

Shariah Non-Compliance Risk (SNCR) is the financial and reputational risk that arises from a bank's failure to comply with the Shariah rules and principles prescribed by the State Bank of Pakistan and Shariah Board of the Bank. Managing Shariah non-compliance risk is vital for the establishment of an effective Shariah governance system. Shariah compliance

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

is critical to an Islamic bank's operations and such compliance requirements must permeate throughout the organization and its products and activities.

Faysal Bank Limited (FBL) is fully aware of the importance and implication of Shariah non-compliance risk on its business and strategy and therefore, ensures Shariah compliance in its business activities & operations. FBL has also developed a comprehensive framework for Shariah Non-Compliance Risk management, which entails identification, assessment, monitoring / controlling and reporting of SNCR residing in the Bank.

44.5 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replenish funds when they are withdrawn.

Liquidity risk management framework is governed by the liquidity risk management policy. The policy provides specific directives for measuring and managing liquidity risk identifies responsible personnel; and defines their respective roles and responsibilities relating to liquidity risk management.

The management of liquidity risk is accomplished through a formal structure which includes:

- Board of Directors (BoD)
- Board Risk Management Committee (BRMC)
- Asset and Liability Committee (ALCO)
- Enterprise Risk Management Committee (ERMC)
- Treasury
- Risk management (enterprise risk management)
- Finance

The BoD approves the liquidity risk management policy including risk limits and ensures, through quarterly reviews by the BRMC, that the Bank's liquidity risk is being managed prudently. The BRMC plays a strategic role in liquidity risk management by overseeing the liquidity risk profile of the Bank. ERMC defines the risk tolerance levels and setting risk limits for effective liquidity risk management. ALCO ensures adherence with policy requirements and risk limits so that the Bank remains sufficiently liquid at all times.

The market and liquidity risk under enterprise risk management function overseas liquidity risk. The Bank's Asset and Liability Committee manages the liquidity position on a continuous basis.

The Bank ensures to maintain a diversified portfolio of liquid assets and funding base. Sources of funding comprise of a good mix of core deposits. Concentration in deposit, especially large volume deposits, is closely monitored to anticipate any potential liquidity issues in case of their withdrawals.

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like liquid assets to liquid liabilities, liquid assets to total deposits, large volume deposits to total deposits, financing to deposit, liquid assets to volatile funding; on a regular basis against defined limits. Further, liquidity gaps over different time bands, are also monitored through maturity profiling of assets and liabilities. The Bank also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, the Bank has also implemented the SBP's Basel III liquidity standards for ensuring compliance with the requirements of LCR, NSFR and other monitoring tools.

The Bank performs liquidity stress testing on periodic basis in order to ensure sufficient liquidity is always available to meet financial obligations / commitments. Stress testing aims to quantify the potential impact of extreme yet plausible events or movements on the value of portfolio. Shocks include withdrawal of deposits, withdrawal of wholesale / large deposits, withdrawal of top deposits, etc. The results of liquidity stress testing are shared with relevant authorities / committees, on periodic basis.

Contingency funding plan (CFP) is a part of liquidity risk management policy of the Bank. CFP provides a set of several early warning indicators of a possible liquidity shortfall situation; describes the actions to be taken to manage it and identifies the roles and responsibilities of ALCO, CFP team or other relevant authorities.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

44.5.1 Maturities of assets and liabilities - based on contractual maturities

		2023											
		Rupees '000											
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets													
Cash and balances with treasury banks	84,036,558	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,812,399	1,812,399	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	589,544,591	-	-	-	1,107,941	1,107,944	16,703,166	28,439,801	2,216,596	38,378,177	173,328,722	274,729,730	53,532,514
Islamic financing and related assets	580,711,316	73,190,828	24,990,051	63,739,812	37,064,998	36,519,305	73,771,925	17,400,802	13,072,756	45,526,264	35,302,916	47,190,919	46,544,136
Fixed assets	40,268,350	958,055	205,584	548,977	1,030,845	1,037,006	1,043,746	71,649	115,929	499,656	1,606,114	3,884,522	29,016,572
Inangible assets	2,331,775	6,650	40,125	106,433	199,563	199,570	204,861	1,463	23,445	165,277	907,280	430,525	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	71,368,561	3,069,126	3,105,095	8,948,187	12,218,464	8,020,447	26,280,058	1,774,241	1,594,554	1,980,641	45,441	-	249,151
	1,370,073,550	154,457,993	78,354,031	73,243,409	51,621,811	46,884,272	118,003,756	47,687,956	17,022,880	86,550,015	211,190,473	326,245,696	129,342,373
Liabilities													
Bills payable	16,550,469	551,682	3,310,094	8,826,917	-	-	-	-	-	-	-	-	-
Due to financial institutions	166,886,803	302,706	80,929,512	1,880,579	9,719,434	16,065,695	4,380,308	14,502	515,734	2,424,102	1,734,466	4,537,715	43,584,938
Deposits and other accounts	1,018,275,737	764,260,439	28,635,973	42,720,646	65,474,411	42,910,499	33,525,834	11,262,191	15,817,427	64,164	41,120	19,069	-
Subordinated sukuk	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	4,907,208	-	-	-	-	-	-	-	-	-	4,907,208	-	-
Other liabilities *	73,254,972	505,646	3,917,692	7,756,195	10,122,279	13,325,712	14,252,502	5,459,870	6,615,556	8,100,543	48,369	1,462	-
	1,279,875,189	765,620,473	116,793,271	21,351,398	85,316,124	72,301,906	52,153,644	16,736,563	22,948,717	10,588,809	6,731,763	4,556,246	43,584,938
Net assets	90,198,361	(611,162,480)	(38,439,240)	8,117,487	12,059,072	(33,894,313)	65,845,112	30,951,393	(5,925,837)	75,961,206	204,458,710	321,687,450	85,757,435
Share capital	15,176,965	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	15,616,188	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	15,151,071	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	44,254,137	-	-	-	-	-	-	-	-	-	-	-	-
	90,198,361	-	-	-	-	-	-	-	-	-	-	-	-

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

		2023											
		Rupees '000											
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Liabilities													
Lease liabilities	12,868,103	-	-	-	-	-	-	5,225	213,093	232,256	654,328	2,010,273	9,752,928

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

44.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

In line with the SBP BSD Circular Letter No. 02 and 03 of 2011 on "Maturity and Profit rate sensitivity gap reporting", deposit withdrawal pattern analysis on current and saving accounts (CASA) is conducted on at least ten years weekly data. The outliers (seasonal variations) are adjusted from data using fourth spread statistical methodology. The regression methodology is used to estimated deposits withdrawal pattern of both current and saving deposits. This methodology is in line with industry best practices and regulatory guidelines.

	2023									
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Assets										
Cash and balances with treasury banks	84,036,558	1,676,529	2,470,675	5,210,267	10,621,377	23,332,750	12,962,639	21,072,167	37,816	
Balances with other banks	1,812,399	36,157	53,285	112,369	226,912	503,213	279,563	454,459	816	
Due from financial institutions	-	-	-	-	-	-	-	-	-	
Investments	589,544,591	68,591,940	423,655,354	7,435,099	5,505,972	39,497,517	27,438,147	-	-	
Islamic financing and related assets	580,711,316	74,474,164	75,270,003	34,454,803	50,154,589	40,708,879	47,190,918	39,010,266	7,533,870	
Fixed assets	40,268,350	9,892	14,766	2,245,138	2,557,616	1,606,114	3,894,522	10,952,327	18,064,244	
Intangible assets	2,331,775	17	7	405,886	422,570	165,277	907,280	430,738	-	
Deferred tax assets	-	-	-	-	-	-	-	-	-	
Other assets	71,368,561	19,205,565	26,280,058	3,368,795	1,980,641	45,441	-	249,150	-	
	1,370,073,550	256,361,662	527,744,148	53,232,357	71,369,677	105,859,191	92,673,069	72,169,107	25,636,746	
Liabilities										
Bills payable	16,550,469	-	-	-	-	-	-	-	-	
Due to financial institutions	166,886,803	25,785,129	4,380,308	530,236	2,424,102	1,734,466	4,537,715	43,403,752	181,186	
Deposits and other accounts	1,018,275,737	123,608,244	56,394,899	75,489,165	97,602,759	209,163,369	116,818,814	192,102,646	356,101	
Subordinated sukuk	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	4,907,208	-	-	-	-	4,907,208	-	-	-	
Other liabilities *	73,254,972	23,447,990	14,252,502	12,075,427	8,100,543	48,969	1,463	-	-	
	1,279,875,189	262,528,196	75,027,709	88,094,828	108,127,404	215,854,012	121,357,992	235,506,398	537,287	
Net assets	90,198,361	(7,813,770)	452,716,439	(34,862,471)	(36,757,727)	(109,994,821)	(28,684,923)	(163,337,291)	25,099,459	
Share capital	15,176,965	-	-	-	-	-	-	-	-	
Reserves	15,616,188	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets - net	15,151,071	-	-	-	-	-	-	-	-	
Unappropriated profit	44,254,137	-	-	-	-	-	-	-	-	
	90,198,361	-	-	-	-	-	-	-	-	

* These contain maturity analysis of lease liabilities based on expected maturities which is shown below:

	2023									
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Liabilities										
Lease liabilities	12,868,103	-	-	218,318	232,256	654,328	2,010,273	8,401,441	1,351,487	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

44.6 Derivative risk management

The Bank's derivatives risk management is performed under market risk management which is an independent unit reporting to the Chief Risk Officer. The risk management policies are governed by the regulatory and internal guidelines. The risk management department of the Bank reviews credit risk, market risk and other risks associated with the derivative transactions or related area of the activity and assigns limits within which the transactions / area of activity can be carried out. Furthermore, Banks derivative portfolio is on run off basis due to conversion. Adherence to these limits is ensured through independent monitoring and control functions.

There are a number of risks undertaken by the Bank, which need to be monitored and assessed. The management of risks includes the following primary components:

- comprehensive risk measurement approach;
- detailed structure of limits, guidelines and other parameters used to govern risk taking; and
- strong management information system for controlling, monitoring and reporting risks.

Major risks associated with the derivative instruments are market risk, credit risk and liquidity risk. The Bank uses SunGard-Sierra to measure and manage these risks which provides end-to-end capability with respect to transaction life cycle.

Market risk

Market risk is the risk that the value of a derivative contract will be adversely affected by movements in equity prices, profit rates, currency exchange rates and commodity prices. The authority for approving policies, limits and periodic reviews rest with the Board of Directors. The critical measures used to manage market risks are profit rate delta and currency delta basis. These measures involve extreme shifts in a variety of parameters, such as FX rates, profit rates, equity prices, implied volatility levels and combinations of the above. These measures are calculated through the relevant systems.

Credit risk

Credit risk is the risk that a party to a derivative contract will fail to perform its obligation. There is a settlement risk associated with the derivative transactions. Settlement risk is monitored on a daily basis. Risk management department of the Bank sets the policies and limits for counterparty risk based on a pre-defined criteria linked with the internal risk rating of the customer.

Liquidity risk

Liquidity risk is managed as part of the overall liquidity risk of the Bank. The risk management policies related to liquidity risk are explained in note 44.5 to these unconsolidated financial statements.

45 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on February 7, 2024 by the Board of Directors of the Bank.

46 GENERAL

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

47 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 7, 2024 has proposed a final cash dividend of Rs. 2 per share (20%) for the year ended December 31, 2023. This is in addition to Rs. 2 already paid during the year bringing the total dividend for the year to Rs. 4 per share (2022: Rs. 7). These unconsolidated financial statements for the year ended December 31, 2023 do not include the effect of this appropriation which will be accounted for subsequent to the year end.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Annexure I to and forming part of the Unconsolidated Financial Statements

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2023 as referred in note 11.7 to these unconsolidated financial statements.

S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Profit/ Return written-off	Other Financial Reliefs	Total (11+12+13)
						Principal	Profit/ Return	Others	Total (7+8+9)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Rupees '000													
1	Nisar Ahmed	6 Kot Fazil Main Bazar Babu Sabu	Nisar Ahmed	35202-3865181-1	Muhammad Akram	-	45,857	-	45,857	-	45,857	-	45,857
2	Al Makkah Traders	Gill Wala Chak No 42 N.B Tehsil & Dist. Sargodha	Muhammad Amjad Rafiq	38403-2237603-3	Muhammad Rafique	295	845	-	1,140	-	793	-	793
3	Fai Rice Mills	Banghar Sanwar Road Banghar	Mujahid Abbas	34301-1762733-7	Nazir Ahmad	11,600	58,443	-	70,043	-	50,144	-	50,144
4	Abdullah Rice Mills	290 Asoo Ahnsnt Near Mustafabad	Imtiaz Ahmed Cheema	34101-2333424-1	Muhammad Nazzer Cheema	207	1,226	-	1,433	-	833	-	833
5	Al Barakat Filling Station	Shamali 521-E.B, Dist	Ch. Mohammad Asif	34202-6454703-1	Ch Barkat Ali	3,725	3,584	-	7,309	-	2,349	-	2,349
6	Ab Textile Corporation	188-E-1 O Johar Town	Syed Hamid Hussain Subzwari	35202-2781980-3	Syed Sharif Hussain Subzwari	4,900	31,415	-	36,315	-	29,136	-	29,136
7	Usman Rice Corporation	Ghalla Mandi Koreykey	Zia Ullah	34104-3465261-1	Muhammad Ibrahim	800	883	-	1,683	-	592	-	592
8	Gulshan Poly Pack Pvt Ltd	Apt. 48, 3Rd Floor, Hafeez Centre, Main Gulberg III Lahore. 173-H, Model Town, Lahore	Muhammad Younas Muhammad Ayub Mrs. Gulshan Meraj	35202-2940371-7 35202-2975337-9 35202-7805136-2	Mian Mehraj Din Mian Mehraj Din Mian Mehraj Din	-	40,989	-	40,989	-	39,665	-	39,665
9	Crestpack	House # 28, Block E-2, Model Town, Lahore	Amir Latif	35202-0637454-5	Mohammad Abdul Latif	-	5,292	-	5,292	-	4,552	-	4,552
10	Itrfaq Rice Mills	Itrfaq Rice Millal Pur Road Gujranwala	Sabeen Naveed Jamal Nasir Cheema Akhtar Jamil Awan	34101-8711545-2 34101-9497912-5 34104-9580643-9	Naveed Azam Cheema Muhammad Nasir Cheema Muhammad Jamil	-	48,081	-	48,081	-	48,081	-	48,081
11	H.M Khali Wearing Factory	Itrfaq Wearing State Kalra Gt Road Sammabad	Muhammad Khali	34101-0977648-5	Muhammad Hussain	3,213	10,322	-	13,535	-	10,404	-	10,404
12	Meiro International	Kacha Khali Rd Gerdan Town School	Mian Imran Altaf	34201-2707788-9	Mian Altaf Hussain	14,920	44,259	616	59,795	-	37,820	12	37,832
13	Arsan Brothers (Fas Group)	119/2, Main Quaid-E-Azam Industrial Estate, Kot Lakhpat, Lahore	Ahsan Mehmood Butt	35201-1606258-9	Ashiq Hussain Butt	-	9,356	-	9,356	-	7,689	-	7,689
14	Shatrugh & Company (Fas Group)	119/2, Main Quaid-E-Azam Industrial Estate, Kot Lakhpat, Lahore	Shatrugh Mehmood Butt	35201-1606263-1	Ashiq Hussain Butt	-	28,650	-	28,650	-	26,872	-	26,872
15	Farrukh Brothers (Fas Group)	119/2, Main Quaid-E-Azam Industrial Estate, Kot Lakhpat, Lahore	Farrukh Mehmood Butt	35201-5379249-3	Ashiq Hussain Butt	-	9,356	-	9,356	-	7,689	-	7,689
16	Dynamic Freight Systems (Pvt) Ltd.	Commercial Area Cavalary Ground Lahore	Syed Muhammad Shoaib Zaidi Syed Sajjad Kamal Zaidi	35201-1525476-5 35201-8798598-9	Syed Saker Ali Zaidi Syed Saker Ali Zaidi	-	1,974	-	1,974	-	1,774	-	1,774
17	M Asim Aziz & Sons Al Nor	H.No.99 Block-F Erum Enterprises, Al Nor	Asim Aziz	96603-1392847-1	Sheikh Aziz Ur Rehman	3,243	7,015	-	10,258	-	6,851	-	6,851
18	Nutt Brothers	Small Industrial District Kasur	Numan Sharif	34201-2664160-7	Muhammad Sharif	7,498	9,711	-	17,209	-	8,210	-	8,210
19	New Awami Tractors	Chah Jathu Wala Chak No 198 E/B Po Khas T Faisalabad	Muhammad Munawar	96602-4262362-1	Sardar Baksh	3,499	2,378	-	5,877	-	2,089	-	2,089
20	Malik Rice Mills	Near Bridge Sarooki Patoki Kasur Kunjah	Nadir Hussain Malik	34201-2656985-5	Malik Mubarak Ahmad	3,394	4,282	-	7,676	-	3,793	-	3,793
21	Metal Masters	240A Phase II Gujranwala	Irfan Afzal Chatha	34101-7849211-9	Muhammad Afzal Chath	1,313	2,043	-	3,356	-	1,941	-	1,941

Annexure I to and forming part of the Unconsolidated Financial Statements

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Profit / Return written-off	Other Financial Reliefs	Total (11+12+13)
						Principal	Profit / Return	Others	Total (7+8+9)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
22	Sayid Paper Mills Pvt Ltd	21-Km, Lahore-Sheikhupura Road, Lahore	Wajid Mahmood Sayid Faisal M Sayid Roohi Sayid Atzad H Sayid	35202-0757479-7 35202-4120799-1 35202-4465084-0 35202-7567288-9	Syed Mahmood Shah Wajid Mahmood Sayid Wajid Mahmood Sayid Wajid Mahmood Sayid	67,618	28,130	-	95,748	-	21,656	-	21,656
23	N.S. Plastic Industry	Silanwali 105 Sargodha	Shabir Ahmad	38403-8202587-3	Khurshid Ahmad	4,848	3,385	-	8,233	-	3,758	-	3,758
24	Speciality Chemical Industries (Pvt) Ltd.	30 Km Main Faisalabad-Lahore Road, Near Adda Ghaseepura At Chak No. 69 R.B The, Jaranwala Distt. Faisalabad.	Shi Muhammad Javed	245-88-204286	Shi Taj Din	7,999	29,220	-	37,219	-	29,334	-	29,334
25	Shahbaz Noor	House # 165, Block-S, D.H.A., Lahore.	Shahbaz Noor	35202-8385383-5	Noor Muhammad	-	37,844	-	37,844	-	27,844	-	27,844
26	Ashraf Sammani Steel Works	Chak No. 62 Office Kabir Wala Raiwind Road	Muhammad Mukarram Ali Ashrafi	35202-8298746-1	Muhammad Tufail	1,661	1,136	-	2,797	-	923	-	923
27	Asghar Commission Shop	Ghala Mundi Havelli Lakha Depalpur	Muhammad Asghar Wahgra	35301-8438397-7	Muhammad Amin Wahgra	6,500	15,394	-	21,894	-	14,438	-	14,438
28	Ashfaq Ahmed Construction Company	22 Bahawalpur Phase 1 University Road	Ishfaq Ahmed	31202-0367664-1	Anwar Ali	920	864	-	1,784	-	732	-	732
29	Green Force Pvt Ltd	7- Sharni Road, Lahore Centt.	Asif Bashir Farooqi Daniyal Khalid Farooqi Ayela Abbas Farooqi	35202-6425757-9 35202-8922545-1 35201-8684090-8	Muhammad Bashir Farooqi Asif Bashir Farooqi Arjumand Khan Niazi	12,850	83,910	-	96,760	-	74,744	-	74,744
30	Asif Bashir Farooqi	House No.12, Canal Park, Gulberg, Lahore	Asif Bashir Farooqi	35202-6425757-9	Muhammad Bashir Farooqi	-	37,641	-	37,641	-	30,781	-	30,781
31	Modern Rice & General Mills	Tower Ghala Mancil Near Deen Plazaqat Road Gujranwala	Rana Iftikhar Ali Rana Fahad Mushtaq Rana Mushtaq Ahmed Rana Zahid Mushtaq	34101-2403709-9 34101-6281465-5 34101-8330474-5 34101-8331329-5	Rana Naz Ahmed Rana Mushtaq Ahmed Rana Naz Ahmed Rana Mushtaq Ahmed	9,469	19,353	223	29,045	-	14,065	-	14,065
32	Nazir Plastic Industries	Nazir Plastic Industries, Baradari Road Opp. Fazal Park, Shadara Lahore	Nazir Hussain	35202-2876592-3	Siraj Uddin	7,997	7,519	-	15,516	-	7,250	-	7,250
33	Kn Lumber Land	104, Block E-1, Valancia Town, Lahore.	Rana Saad Ali	35202-9754070-3	Muhammad Tufail	2,167	3,532	-	5,699	-	3,281	-	3,281
34	Malik Brothers Zari Service Khan	Ghazi Roadchowk Chorhattad.G Khan	Muhammad Fayyaz Muhammad Sajjad	32102-0894990-9 32102-0894938-3	Muhammad Ramzan Muhammad Ramzan	1,292	1,545	-	2,837	-	1,230	-	1,230
35	Mian Brothers	Mian Brothers, Flat No.9, 2Nd Floor, Shabnam Centre, Shalimar Link Road, Lahore	Amir Ismaeel	35202-8098423-3	Muhammad Ismaeel	351	2,452	-	2,803	-	2,031	-	2,031
36	Ayesha Textile Mills Limited	97/B Gulber II Lahore	Haron Abdullah Abdullah Rafi Abdus Samad Usman Elahi Anjum Rafi Yousaf Anjum Abdul Rahim	35200-1416576-3 35200-1416576-7 35200-9039312-5 35202-0105917-1 35202-2434949-9 35202-2461304-3 35302-4463133-9	Abdullah Rafi Muhammad Rafi Abdullah Rafi Sheikh Muhammad Saeed Muhammad Rafi Anjum Rafi Anjum Rafi	52,316	43,947	-	96,263	-	51,394	-	51,394

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S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Profit/ Return written-off	Other Financial Reliefs	Total (11+12+13)
						Principal	Profit / Return	Others	Total (7+8+9)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
						Rupees '000							
37	Bestow Pharma	Office 2/A Karam Building Multan	Ulfiat Perveen Farooq Ahmad	36302-0268129-0 36302-0287000-3	Farooq Ahmad Muhammad Jumma Khan	1,500	3,642	-	5,142	-	3,239	-	3,239
38	Friends Traders	Hanira House muslim Townvehari	Shamim Akhtar Khawar Nazir	35200-1385548-8 36603-1393933-9	Ch Muhammad Bashir Ch Muhammad Nazir	8,457	1,890	-	10,347	-	2,513	-	2,513
39	Tabani Enterprises	Address: 09 Trad E Tower Abdullah Har Roon Road Karachi	Noman Tabani	42101-6620363-7	Muhammad Raqib Tabani	-	3,336	-	3,336	-	3,367	-	3,367
40	United Industries	Plot No. 148 Sector No. 27 Korangi Industrial Area Karachi	Mohammad Asghar Khan	42201-0721216-5	Mohammad Saleem	-	33,863	-	33,863	-	33,863	-	33,863
41	Polycloth (Pvt) Ltd	7/29 Ameer Mansion, 2nd Floor Muhammad Feroz St Off Rambharti Street Karachi	1-Danish Saheed 2-Shafiq Ahmed 3-Saeed Ahmed	42201-3223558-3 42201-5158386-5 42201-8293913-5	1-Saeed Ahmed 2-Mohammad Ahmed 3-Mohammad Ahmed	-	69,600	-	69,600	-	66,082	-	66,082
42	Irfan Ahmed	Society Sector 19 F Neger Khas Fd Area Karachi	Irfan Ahmed	42101-8819775-3	Furqan Ahmed	215	1,322	-	1,537	-	1,258	-	1,258
43	Cordial Trading Corporation	404 Gul Tower, I1 Chundrigar Road, Karachi	1-Mehmood Abu Baker 2-Heji Abu Baker 3-Mehboob Abu Baker	42201-5470470-5 42201-0757624-7 42201-5008155-7	1-Haji Abu Baker 2-Haji Salman 3-Haji Abu Baker	3,180	25,724	-	28,904	-	23,759	-	23,759
44	Star Enterprises	S-1 A Bujlah Haroon Road Guilshan E Maymar Karachi	Mustata Haider	42501-9635200-3	Syed Urooj Haider	5,100	12,386	-	17,486	-	12,992	-	12,992
45	National Absorbent Cotton	A/37 Site, Manghopir Road, Site, Karachi.	1-Iqbal Hussain 2-Ashfaq Hussain 3-Kashif Iftikhar 4-Altaz Hussain 5-Akhtar Hussain	42301-8012600-7 42301-2617632-3 42201-1503654-5 42101-0134833-9 42101-0103899-1	Fazal Hussain Fazal Hussain Ifikhar Hussain Fazal Hussain Fazal Hussain	16,192	20,065	-	36,257	-	18,833	-	18,833
46	People Fisheries (Pvt) Limited.	C-3, Fish Harbour, West Warf Karachi	1-Syed Mohd. Iftikhar Zaidi 2-Syed Hasan Iftikhar Zaidi 3-Mrs. Zahoor Fatma 4-Syed Anwar Iftikhar Zaidi	42301-4006293-9 42301-9751357-5 42301-0642292-4 42301-1096180-5	Syed Iftikhar Ahmed Syed Iftikhar Ahmed Syed Iftikhar Ahmed Syed Iftikhar Ahmed	855	23,320	-	24,175	-	21,074	-	21,074
47	Shoukat Ali Lashari	Deh Gar Abad Housing Societywapda Town Ghar Makand Taluka	Shoukat Ali Lashari	45401-6084703-1	Mohammad Yousif Lashari	2,800	4,483	-	7,283	-	4,321	-	4,321
48	Sardar Muhammad	House No. 1 Tehsil Housing Scheme Tehsil Burewala Distt Vehari	Sardar Muhammad	36601-6159373-3	Rehmat Ali	-	4,599	21	4,620	-	4,599	21	4,620
49	Babar Hussain	Niki Maneki P/O Khas Tehsil Depapur Distt Okara	Babar Hussain	35301-1922392-7	Mian Muhammad Hassan	-	1,499	13	1,512	-	1,499	13	1,512
50	Mubarak Ali	House No. 4A-4C, Mubalaha Raja House, Gulshan-E-Umar Town Mirpurkhas.	Mubarak Ali	44103-3527854-3	Batal	4,004	6,827	32	10,863	-	6,361	32	6,393
51	Malik Sajjad Zahoor	Malik Sajjad Za P.O. Ashraf Sugar Mills Arain P/O Ahmed Pur East Mouza.	Malik Sajjad Zahoor	31201-7765474-7	Malik Zahoor Ahmed	-	946	-	946	-	946	-	946
52	Muhammad Akbar/ Muhammad Atza/M.Ajmal	Muhammad Akbar P.O Khas Jhang Islam Nagar Darn Wala P/O & T	Muhammad Akbar	31201-0267114-3	Muhammad Ramzan	1,579	1,577	-	3,156	-	1,360	-	1,360

Annexure I to and forming part of the Unconsolidated Financial Statements

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Principal written-off	Profit/ Return written-off	Other Financial Reliefs	Total (11+12+13)		
						Principal	Profit / Return	Others	Total (7+8+9)	11					12	13
Rupees '000																
1	2	3	4	5	6	7	8	9	10	11	12	13	14			
53	Amjad Nawaz	Mouza Arora Mian Khan, Tehsil Depalpur District Okara	Amjad Nawaz	35301-1994144-3	Muhammad Nawaz	3,798	1,671	60	5,529	-	1,910	110	2,020			
54	Ali Merdan	Village Haji Mithro K Safari Villas Phase 1	Ali Merdan	45402-4688737-9	Rasool Bakish	368	530	-	898	-	509	-	509			
55	Khan Cold Storage	3- Km Sargodha Road, Kot Muhammad Yar Tehsil & Dist. Chiniot	Abdul Naveed Khan	33201-1584461-7	Abdul Muqueet Khan	9,267	27,699	-	36,966	-	24,611	-	24,611			
56	Kausar Parveen	253 Osknew Garden 0	Kausar Parveen	35201-1315347-0	Fahreeb Haider	1,634	11,111	96	12,841	-	10,609	-	10,609			
57	Chaudhary Makram / M Abid Akram Cheema	House No.117, 0 Cavalry Ground	Chaudhary Muhammad Akram Cheema	35201-5197353-5	Ch. Ghulam Rasool Cheema	974	1,054	-	2,028	-	997	-	997			
58	Aleem Shehzad	P/O Same Baqani Tehsil Jatoti District Muzaffar Garh.	Aleem Shehzad	32302-4057044-1	Fateh Muhammad	-	2,857	6	2,863	-	2,857	6	2,863			
59	Umer Communication	Chak No 447/Eb Murad Po Khas Tehsil Burewala, Dist. Vehari	Choudary Ehsan Ullah Cheema	36601-1336731-3	Nazir Ahmad	5,499	1,341	-	6,840	-	1,923	-	1,923			
60	Zahoor Ullah	P.O Khas Chourasta Mian Khan Tehsil Depalpur Distt Okara	Zahoor-Ullah	35301-1984701-7	Mian Abdul Haq	-	1,210	-	1,210	-	1,210	-	1,210			
61	Abdullah	Chak 55 Wb T Society Sector 19 Po Area Karachi	Abdullah	36603-8732569-3	Mughala	-	621	-	621	-	621	-	621			
62	Babar Proteen Farm	19-Km Lahoreskop Road Mandia, Tehsilferozwala, District Shekhupura	Babar Ali Muhammad Ali Joyia	35201-5451411-1 35202-3048117-7	Nawazish Ali Rana Muhammad Anwar	2,300	9,200	195	11,695	-	8,605	-	8,605			
63	Abdul Ghaffar	Ghalar Abdul Qar Nsion Streetno 113/13 0	Abdul Ghaffar	35103-0847103-9	Kamal Din	350	659	130	1,139	-	676	-	676			
64	Tariq Javed/Khurram Yar Javed	138 Sd Canal City Gulberg	Tariq Javed	37203-1441576-5	Malik Yaran Khan	4,890	1,929	-	6,819	-	2,382	-	2,382			
65	Khalid Hussain	Jamal Kot P/O Khas Tehsil Depalpur Distt Okara	Khalid Hussain	35301-1968667-9	Mian Muhammad Hussain	429	3,201	45	3,675	-	2,709	-	2,709			
66	Muhammad Munir	Village Malik P Basti Rana	Muhammad Munir	35402-1765994-9	Mathala	661	1,165	61	1,887	-	1,202	-	1,202			
67	Muhammad Naeem Uddin	P/O Khas Pipri Panarad Tehsil Depalpur Distt Okara	Muhammad Naeem Uddin	35301-9465049-7	Haji Muhammad Jahangir	-	3,010	-	3,010	-	2,527	-	2,527			
68	Syed Arif Ali Bukhari	H # 244/A Mohalla G.O.R-5, Faysal Town Lahore.	Syed Arif Ali Bukhari	35202-2098027-1	Syed Bakar Ali Bukhari	-	9,899	-	9,899	-	9,104	-	9,104			
69	Saiman Ahmad	Allah Bukhsh La Iteiaq Colony Lajpat	Saiman Ahmed	35200-3403762-5	Zahoor Ahmed	2,520	9,698	-	12,218	-	8,471	-	8,471			
70	Ahmed Nawaz Khan	Chah Sher Wala Bheero Dakhana Khas Teh And Distt Jhang	Ahmed Nawaz Khan	35202-1406199-3	Malik Khoda Bux	3,560	4,710	18	8,288	-	4,225	58	4,283			
71	Al Rizaz Cold Storage	Aliaz Cold House No 79	Mushtaq Ahmad	35301-1975038-7	Mian Rizaz Ahmad	7,451	11,881	183	19,515	-	12,631	-	12,631			
72	Asghar Ali Asim	H No 61 A Gulsh VIII Banek Maken P O Same 0	Asghar Ali Asim	36602-6818429-7	Ch Ali Ahmed	-	1,284	-	1,284	-	1,034	-	1,034			
73	Muhammad Azam	Chak No 16 Jb P Pankey Tehsil Jhmrna Dist .Faisalabad	Muhammad Azam	33101-6898830-7	Saeed Ahmed	-	4,330	9	4,339	-	4,330	9	4,339			
74	Madina Poultry Farm	Chak No 257/E/B Tehsil Burewala And Distt. Vehari	Farooq Ahmed	36601-6188743-5	Ali Ahmad	3,035	3,782	8	6,825	-	3,967	-	3,967			

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S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year					Total (7+8+9)	Principal written-off	Profit / Return written-off	Other Financial Reliefs	Total (11+12+13)
						Principal	Profit / Return	Others	7	8					
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
75	Muhammad Boota	Paloki Wara Dog Gulshan Ravines Lhr L Null	Muhammad Boota	35201-1457950-5	Sharf Ud Din	-	779	-	779	-	629	-	629		
76	Mubarak Ahmad Bajwa	Vill Data Zaidkay Tehsil Pasnur & Dist. Sialkot.	Mubarak Ahmad Bajwa	34602-1702094-9	Ch Bashir Ahmad	-	2,063	-	2,063	-	2,063	-	2,063		
77	Saituj Seeds	Bahawalpurroad Hasilpur Dist Bahawalpur	Athar Hussain Azhar Hussain Mazhar Hussain	31203-6784694-9 31203-8442840-5 31203-9516008-5	Ramzan Ahmad Ramzan Ahmad Ramzan Ahmad	-	6,721	-	6,721	-	6,721	-	6,721		
78	Al Raheem Corporation	Al Raheem Oil Mill, 6 Km, Haroonabad Road, Bahawalnagar	Sheikh Muhammad Nadeem	36302-3680564-3	Sheikh Muhammad Shafi	-	4,846	-	4,846	-	2,294	-	2,294		
79	Lords Enterprises	House No. 09,10, House No. 2 Street 25/A District Shaheed Benazirabad	Khan Bahadur Bhatti	41306-5792005-5	M Juman Bhatti	-	6,546	-	6,546	-	4,146	-	4,146		
80	Buland Khan Bugti	H No 12, Mohallah Satellite Town, Mirpurkhas.	Buland Khan Bugti	44103-2067135-1	Zahid Hassan Bugti	3,000	4,549	27	7,576	-	4,302	-	4,302		
81	Muhammad Afzal	H No 94 Lala Zar Colony # 1, Satellite Town Jhang	Muhammad Afzal	33100-0984217-3	Muhammad Aslam	4,702	5,914	-	10,616	-	5,750	-	5,750		
82	Sajid Ali	Chak# 47-3R Po Basti Arain P/O Ahmed Pur	Sajid Ali	31104-8012611-9	Ali Ahmed	695	1,052	19	1,766	-	937	-	937		
83	Muhammad Awais	Waso House 11 C, Civil Lines, Jhng	Muhammad Awais	33202-9633759-1	Mian Muhammad Habib Ullah Anjum	1,900	4,823	-	6,723	-	4,544	-	4,544		
84	Malik Amanat Hussain	Jhalyari Bhai Khyy-E-Ghazi, Nara Gujran Khan	Malik Amanat Hussain	37401-5023411-3	Malik Gulam Qadir	6,019	2,954	-	8,873	-	2,700	-	2,700		
85	Dewan Shahzaib Ahmad	Panah Nagar Po Khas Tehsil Depapur Dist Okara	Dewan Shahzaib Ahmad	35301-2658230-3	Dewan Ishiaq Ahmad	7,997	2,928	-	10,925	-	3,326	-	3,326		
86	Muhammad Alla Ud Din	Muhammad Alla U Housing Scheme Renala 48 A-1 Punjab Employees	Muhammad Alla Ud Din	35201-5161663-5	Ch Shams Ud Din	-	2,652	118	2,770	-	2,170	-	2,170		
87	Ghulam Rasool Rind	1Ge Qurban Ali Rind Scheme 33 Gulzar Hijri Ahib Teh Dour Dist S.Jhelum	Ghulam Rasool Rind	45402-0901254-5	Shah Ali Khan Rind	-	805	-	805	-	805	-	805		
88	Mirza Naseer Ahmad Baig	Near Grid Station P.O Khas Haveli Lakha Tehsil Depapur Dist Okara	Mirza Naseer Ahmad Baig	35301-4940530-7	Mirza Bashir Ahmad Baig	2,102	7,041	38	9,181	-	5,817	-	5,817		
89	Ali Hyder Shah	132 Citizen, Null Qasimabad Hyderabad.	Ali Hyder Shah	41301-6199484-1	Syed Ghous Ali Shah	400	1,581	30	2,011	-	1,354	-	1,354		
90	Shakeel Ahmed Shaikh	H# B77 Mohala Haji Pura Halanaka	Shakeel Ahmed Shaikh	41303-8812454-3	Muhammad Sidique Shaikh	-	3,702	-	3,702	-	3,702	-	3,702		
91	Bajji Khan Lashari	Village Muhammad Dha Ill Banchhi Makhand	Bajji Khan Lashari	45401-0657160-9	Muhammad Sultan Lashari	2,950	4,903	10	7,863	-	4,617	-	4,617		
92	Mian Fazal Abbas Pirzadah	Mian Fazal Abba Sugar Mill Riaz Abad, Jhok Haji P.O Khas	Azhar Hussain	31202-1768362-1	Mian Sajjad Hussain Pirzada	1,576	3,035	-	4,611	-	2,532	-	2,532		
93	Anser Begum	177 E Garden Town Po Chakrala College	Ansar Begum	36302-2769917-2	Khurshid Ahmad Khan	-	5,188	-	5,188	-	4,788	-	4,788		
94	Muhammad Shahbaz	Dera Shamus Din, Juriyan, Tetsil & Dist. Hafizabad.	Muhammad Shahbaz	34301-9788339-7	Hayat	-	2,440	5	2,445	-	2,140	10	2,150		

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						Principal	Profit/ Return	Others	Total (7+8+9)	7						8	9	10	11	12	13
Rupees '000																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14								
95	M/S Al-Abbas Poultrys	Thatha Azam, Tehsil & Dist. Gujranwala	Asmet Ullah Riasat Ali	35202-4953178-5 35202-5646105-7	Riasat Ali Allah Ditta	-	2,146	-	2,146	-	2,146	-	-	2,146							
96	Ejaz Ahmed	Basti Haveli Ameen Hoot Wala P/O Janoo Wali Tehsil Jalal Pur Pir Wala District Multan.	Ejaz Ahmad	36301-7068784-9	Muhammad Bux	594	1,279	30	1,903	-	1,061	-	-	1,061							
97	Syed Iftikhar Ali Shah	Village Goli Po Khas	Syed Iftikhar Ali Shah	35202-4846647-9	Syed Muhammad Taqi Shah	180	1,218	55	1,453	-	1,029	-	-	1,029							
98	Bushra Tariq Bajwa	257 #1 House #3Lakho Dall 0	Bushra Tariq Bajwa	35202-4914043-2	Tariq Mehmood Bajwa	-	3,231	-	3,231	-	2,331	-	-	2,331							
99	Muhammad Zafar Iqbal Bajwa	House No 309 Centre Chooni Allama Iqbal Town	Muhammad Zafar Iqbal Bajwa	35202-2815891-1	Muhammad Younis Bajwa	6,995	703	-	7,698	-	1,024	-	-	1,024							
100	Mumtaz Hussain Ghallu	Mouza Sabra, Tehsil Jalal Pur Pir Wala, District Multan	Mumtaz Hussain Ghallu	36301-4297514-9	Malik Niaz Ahmed Ghalbo	1,859	4,661	35	6,575	-	4,186	-	-	4,186							
101	Fatek Sher	Mouza Bhadi Wahian, Tehsil & District Lodhran	Mazhar Hussain	36202-0386597-5	Ahmad Bekish	-	1,028	-	1,028	-	1,028	-	-	1,028							
102	Mushtaq Ahmed Khan	Chak No. 271 W.B. Gul Muhamm Farn	Mushtaq Ahmed Khan	36603-0809156-9	Allah Bux	459	1,866	-	2,325	-	1,868	-	-	1,868							
103	Mian M. Fahim Haider	12 Sham Road	Fahim Haider	35201-1405891-9	Ghulam Haider	-	10,750	22	10,772	-	10,172	-	-	10,172							
104	Btal Ahmed	H.No 17-C Govt Isamia Grl College Renala Khurd	Btal Ahmed	35301-0755235-3	Mustafa	-	1,237	-	1,237	-	1,237	-	-	1,237							
105	Hakim Ali	Jandran Kalan, Po Hujra Shah Mukem Tehsil Depalpur, District Okara.	Hakim Ali	35301-1969015-9	Sultan	-	2,705	85	2,790	-	2,389	-	-	2,389							
106	Rehana Yasmin	Chak # 161/Eb, Tehsil Arifwala, District Pakpattan	Rehana Yasmin	36401-0863794-0	Mian Sajid Hassan	138	759	-	897	-	605	-	-	605							
107	Hamid Ullah Sheikh/Zain H	Mouza Ther Po Ahmed Pur Lamma Tehsil Sadqabad District Rahim Yar Khan	Hameed Ullah Sheikh Zain Hafeez	31304-2029505-9 31304-8838176-9	Sheikh Nabi Bukhsh/Sheikh Muhammad Hafeez Ullah	4,438	13,866	-	18,304	-	13,174	-	-	13,174							
108	Mehar Ghulam Shabbir	Moza Budhoana P/O Qaimbarwana, Tehsil Shorkot Dist. Jhang	Mehar Ghulam Shabir	33203-8047477-9	Perhwan	-	2,960	15	2,975	-	2,960	15	-	2,975							
109	New AH-Farid Cold Storage	Chak No 90/6 Raada Maewali Masji Sahwal	Muhammad Iqbal Allah Ditta Naveed Iqbal Asif Iqbal	33100-6783237-9 36502-2182659-5 36602-4610172-9 36502-5773307-5	Allah Ditta Jan Muhammad Allah Ditta Allah Ditta	3,445	13,807	5	17,257	-	14,173	-	-	14,173							
110	Mian Ashiq Hussain Daha	Basti Daha Beapaini - P/O Beapaini - li Tehsil Jatoi District Muzaffar Garh.	Mian Ashiq Hussain Daha	32302-7811588-9	Mian Khuda Bux Daha	-	4,824	-	4,824	-	4,824	-	-	4,824							
111	Zafar Hayat	Moza Behak Maken, Tehsil & District Sargodha	Zafar Hayat	36403-2223029-7	Wali Muhammad	525	1,230	-	1,755	-	960	-	-	960							
112	Mhammad Ashraf	Chak # 659 Gb Tehsil & Dist. Faisalabad	Mhammad Ashraf	33100-4023038-7	Mehar Khan	-	1,347	-	1,347	-	857	-	-	857							

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						Principal	Profit / Return	Others	Total (7+8+9)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Rupees '000													
113	Yasir Khan	Fiat # 3 Haroon Plaza 1St Flr Sec-11 North Karachi Up-Mor Karachi 03330234330 Fiat # 3 Haroon Plaza 1St Flr Sec-1	Yasir Khan	41304-5643889-1	Yasir Khan	405	182	-	587	404	189	-	593
114	Haris Javed	H # 2 St. # 18 Block - X People Colony Gujr Anwala Pakistan H # 2 St. # 18 Block - X People Colony Gujranwala Pa	Haris Javed	34101-5359175-5	Javed Latif	1,063	123	-	1,186	1,046	152	-	1,198
115	Makhdoom Amir Ahmed Hashmi	Plot # 57/ II, Admeasuring 491 Sq Yrd Phase V Dha Karachi	Makhdoom Amir Ahmed Hashmi	45202-0300421-7	Makhdoom Amir Ahmed Hashmi	11,620	4,076	-	15,696	-	2,725	100	2,825
116	Muhammad Shahid Arshad	C/O H # 630 , B - Blk , PCSIR Society Phase - II , Johar Town Lahore Pakistan	Muhammad Shahid Arshad	35202-2800056-3	Muhammad Arshad Ali	399	11	-	410	-	526	-	526
117	Saeed Ahmad	House # 621/R Street # 01 Mohallah Ayubia khaneewal Road Multan, Multan	Saeed Ahmad	36302-4273129-5	Haji Muhammad Bakhsh	538	62	-	600	566	126	-	692
118	Yousuf Amin	220 Al Rehman Trade Centre Shy E Liaqat Nr Arkay Square Karachi Pakistan	Yousuf Amin	42301-5891158-1	Mohammad Akram	561	94	-	655	45	480	-	525
119	Muhammad Ali	C/O H # 40 , St. # 1 , Mohallah Qila Muhammadi , Ravi Road Lahore Pakistan	Muhammad Ali	35202-7096345-5	Muhammad Aslam	377	47	-	424	117	401	-	518
120	Abdul Razaq Rafiqi	House 19/2 Sector 6 B Mehran Townkia Korangi St No 16 Astnakarachiki, Karachi	Abdul Razaq Rafiqi	42201-1522972-9	Abdul Wahab	455	57	-	512	455	57	-	512
121	Sufyan Samad	C/O 201 , E - Blk , Punjab Cooperative Housing Society , Ghazi Road , DHA Lahore Pakistan	Sufyan Samad	42201-0895454-1	Samad Zakaria	419	14	-	433	-	572	-	572
122	Sain Rakhio	House # A- 450 Block 7 Kda Scheme 36 Gulistan-E-Jahar Karachi	Sain Rakhio	45504-6170837-1	Sain Rakhio	9,459	7,182	-	16,641	-	5,577	100	5,677
123	Muhammad Yousaf Anwar	House # 990 , Street # 56 , Sector G-11/2, Islamabad, Pakistan	Muhammad Yousaf Anwar	13503-0657987-5	Muhammad Anwar Khan	282	139	-	421	-	621	-	621
124	Khurram Ahmed Salar	H # Ca-9 10 Al Falah Society Shah Faisal Colony Nr Al Falah Poly Clinic Karachi Pakistan	Khurram Ahmed Salar	42201-9473782-9	Afzal Ahmed	601	35	-	636	-	728	-	728
125	Salman Khalid	C/O H # 134 , C - Block , Trit Housing Society Raiwind Road Lahore Pakistan	Salman Khalid	32304-0696100-7	Muhammad Khalid	443	60	-	503	-	600	-	600
126	Sheikh Alta Basit	HNo.09 Muhalla Simbil Valley Bara Kahu Opp Bank Of Punjab Islamabad Pakistan	Sheikh Alta Basit	61101-7893179-5	Sheikh Alta Ullah	660	116	-	776	199	688	-	887

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						Principal	Profit/ Return	Others	Total (7+8+9)						
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
						Rupees '000									
127	Muhammad Ijaz Nasir	C/O Pakheem Intl Pharma 21 - Km Ferozpur Rd Nr Kps School Lahore Pakistan	Muhammad Ijaz Nasir	35201-1521450-7	Muhammad Sharif	574	11	-	585	-	621	-	621	621	
128	Muhammad Zafar	H# 239 P Munalah Shadab Colony Main Bazar Faisalabad Pakistan	Muhammad Zafar	33100-9980620-1	Muhammad Sharif	754	467	-	1,221	-	542	-	542	542	
129	Zafar Abdullah	H/No 25 Defence Villas Kps School Korangi Crossing Near KPS School Karachi Pakistan	Zafar Abdullah	42501-5973622-7	Mushtaq Ahmed	909	366	-	1,275	167	668	-	668	835	
130	Malik Sultan Khan	H#215 S#67 G-8-1 Pakistan	Malik Sultan Khan	61101-1810152-5	Malik Mohammad Nawaz	500	25	3	528	500	110	8	618	618	
131	Shabbir Ahmed	H# 12/A, S# 05, Main Bazar Saddique Colony Timber Mkt Ravi Road Lahore	Shabbir Ahmed	35202-1688440-1	Fajir Muhammad	9	87	-	96	-	1,291	-	1,291	1,291	
132	Abdul Basit Uppal	H # 21, Block -F /A-Model Town, Gujranwala.	Abdul Basit Uppal	34101-8576910-5	Sardar Ahmed Uppal	1,444	275	-	1,719	-	717	-	717	717	
133	Abid Khurram	C/O Pak British Institute, Fl-4/18, Block 5 Main Rasheed Minhas Rd Ghl E Iqbal Karachi Pakistan	Abid Khurram	42101-1761703-7	Muhammad Nawaz	769	99	-	868	-	759	-	759	759	
134	Muhammad Kamran	Kausar Oil Mill Wali Gali Chah Noor Khan Wala Suraj Kund Road Multan.	Muhammad Kamran	36302-1326360-3	Muhammad Iqbal	2,310	505	-	2,815	-	724	134	858	858	
135	Asif Qayum	House # 7571, Block B, Satellite Town, Rawalpindi	Asif Qayum	37405-1678957-9	Abdul Qayum	3,045	908	-	3,953	-	2,481	-	2,481	2,481	
136	Laqwat Ali	Khewat No. 03, Salam Khata 100-Kanal, Share Transferred 16272000, Admeasuring 04-Marla & 4-1/2-Sarsai, Situated At Mouza Mandi Mian Channu, Sultan Colony Near Saizzi Mandi, Tehsil Mian Channu & Distt. Khanewala.	Laqwat Ali	36104-8432724-3	Ghulam Abbas	2,053	217	-	2,270	-	724	116	840	840	
137	Fiaz Khan Khakwani	Khewat No. 1329/1321, Khatooni No. 2023, Khawat No. 1337/1329, Khatooni No. 2031, House No. 22, Situated In Mouza Neel Kot, Gazalbash Street No. 08, New Shalimar Colony, Bosaan Road Multan	Fiaz Khan Khakwani	36302-8723790-3	Nasir Khan Khakwani	3,407	4,912	-	8,319	-	3,451	116	3,567	3,567	
138	Vishal	Vishal Plot 34-C Flat 6 3Rd Floor 15Th Comm Street Dha Phase2 Karachi 03337271127	Vishal	43304-6734993-7	Tara Chand Tareja	3,698	345	-	4,043	-	569	-	569	569	

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						Principal	Profit / Return	Others	Total (7+8+9)					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
139	Dawood Imran	House# 1257 St # 94 Bangali Mohala Sada R Cantt Lahore Cantt 03219488123 House# 1257 St # 94 Bangali Moh	Dawood Imran	35201-9867700-5	Muhammad Nazir Ahmad	796	358	-	1,154	-	679	-	679	
140	Jawad Ali Qureshi	B-45 Central Govt Society Blk#10-A Gulshan-E-Iqbal Karachi	Jawad Ali Qureshi	42201-092037-7	Shahid Ali Qureshi	531	45	-	576	-	570	-	570	
141	Muhammad Shamim	House# A-52 Street# 5 Block-H North Nazimabad Nr Taimoria Masjid Khi 03644009802 House# A-52 Street# 5 Block-H North	Muhammad Shamim	42101-1704226-1	M Shamim Abideen	294	238	4	536	293	304	4	601	
142	Noman Yousuf	D-16 Dawood Colony Opp Ptv Jamal Uddin Alghrani Road Opp Ptv Karachi Pakistan D-16 Dawood Colony Opp Ptv Jamal Uddin Algh	Noman Yousuf	42201-9990755-5	Muhammad Yousuf	488	402	19	909	484	511	19	1,014	
143	Syed Muhammad Fahad	House#1729/992 Gujrat Colony Baldia Town 3 Near Biall Mosque Karachi, Karachi	Syed Muhammad Fahad	42401-7932003-3	Syed Muhammad Javed	481	36	-	517	481	62	-	543	
144	Syed Imtiaz Ahmed	House# R-851 Blk-8 Azzabab F: B Area Nr Comprehensive School Karachi	Syed Imtiaz Ahmed	42101-9315933-7	Syed Nihal Ahmed	743	97	-	840	-	935	-	935	
145	Abdul Ghafoor	House # 11D Z Block Scheme 2 Street 4 Cha H Merah Lahore Pakistan House # 11D Z Block Scheme 2 Stree	Abdul Ghafoor	35202-5179500-5	Abdul Haleem	270	20	24	314	270	253	24	547	
146	Narnet Ullah Khan	H# 101 St#01 Mian Wali Bhtakkar Goods Transport Company By Pas Rd Khurnia Faisalabad	Narnet Ullah Khan	38101-0637564-5	Shah Behram Khan	493	53	-	546	-	548	-	548	
147	Muhammad Afzal Shahzad	House # B-15, Sector W-1, Gulshan-E-Maymar, Karachi	Muhammad Afzal Shahzad	42201-9115916-5	Muhammad Aslam	5,354	374	-	5,728	-	1,619	-	1,619	
148	Ali Shahzad	Fiat # 4 74-B Shahid Street, Near Wapda Office Sanda Kalan, Lahore	Ali Shahzad	35202-0422074-5	Shahzad Maik	895	150	-	1,045	-	474	129	603	
149	Waqas Ahmad Yousaf	H # 88, F-Block, Phase-2, Al Rehman Garden, Lahore.	Waqas Ahmad Yousaf	35402-2765033-5	Muhammad Yousaf	2,175	759	-	2,934	-	926	-	926	
150	Imtiaz Hussain Qaiser	House # 163, Street # 24, I-9/1, Islamabad	Imtiaz Hussain Qaiser	61101-1862981-7	Akbar Hussain	453	159	-	612	-	980	-	980	
151	Syed Khalid Jamil	House # B-43, Block-9, KDA Scheme 24, Gulshan-E-Iqbal, Karachi	Syed Khalid Jamil	42201-6485744-7	Syed M Jameel Ul Rehman Shah	4,833	7,765	-	12,598	-	5,829	-	5,829	
152	Tariq Saleem Khan	378 G Rehmanpura Ferozpur Road Lahore	Tariq Saleem Khan	35202-2578444-5	Mushtaq Ahmed Khan	171	4	385	560	169	11	445	625	
153	Muhammad Arif Mithani	Hno A52 Blk-1 Gulshan E Iqbal Nr Caltex Petrol Pump Karachi	Muhammad Arif Mithani	42201-5647365-7	Haji Abdul Ghaffar Mithani	575	56	-	631	-	592	-	592	

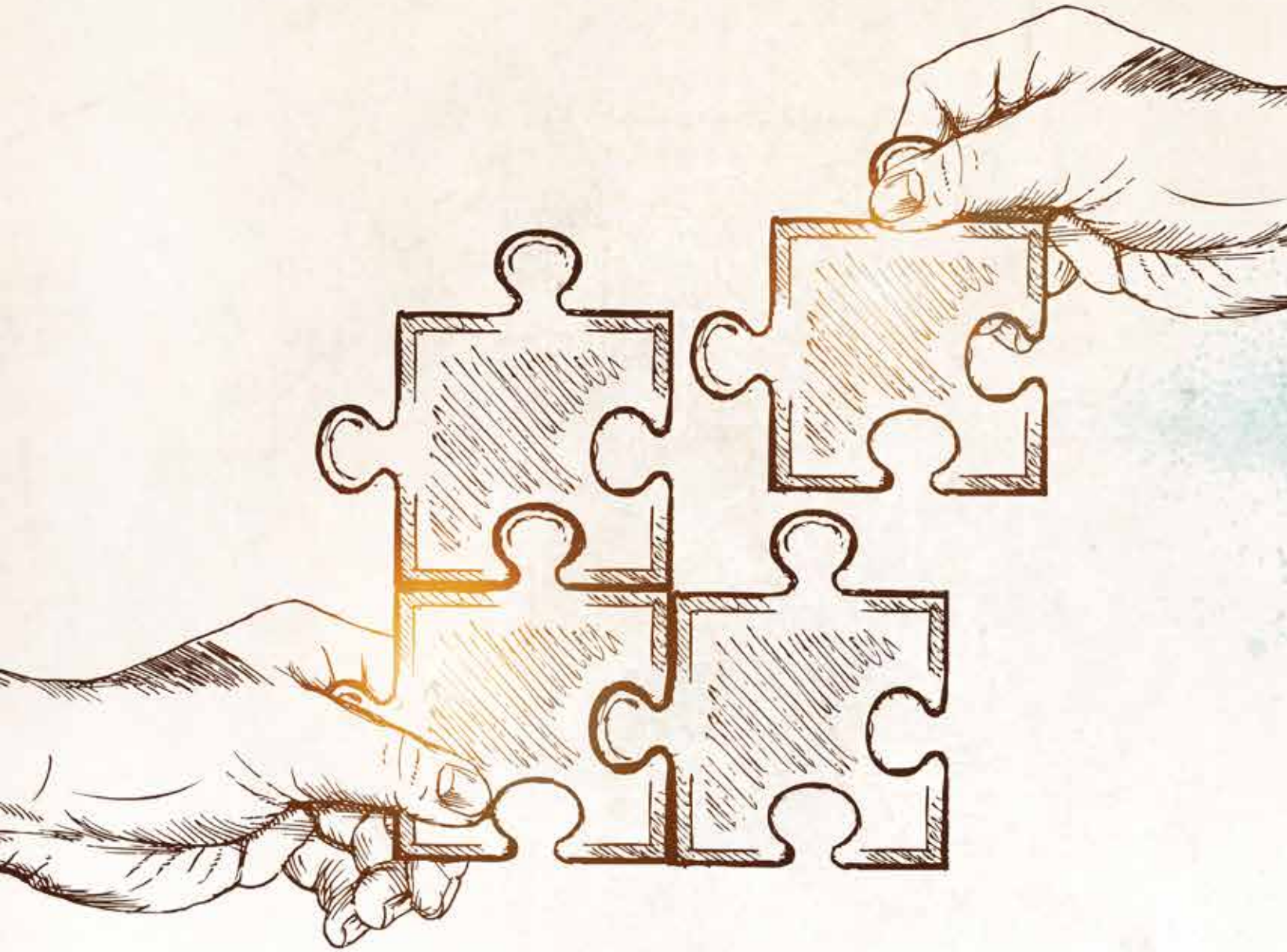
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						Principal	Profit / Return	Others	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
154	Shahzada Saleem Baig	21 Garden Blockgarden Town,Lahore	Shahzada Saleem Baig	35202-2726973-5	Shahzada Abdul Azz	4,451	1,649	-	6,100	4,451	1,649	-	6,100	
155	Waqas Ismail	397-H1 Jhajar Town,Lahore	Waqas Ismail	35202-2632845-3	Muhammad Ismail	492	187	-	679	492	187	-	679	
156	Muhammad Shahbaz Yaqoob Malik	47 New Officers Colony,Seoddar Baz,Lahore	Muhammad Shahbaz Yaqoob Malik	35201-1678121-9	Muhammad Yaqoob Malik	386	123	-	509	386	123	-	509	
157	Ali Awais	Sai Jewellers St # 02 Anarkalibazar Shakhot Faisalabad	Ali Awais	35502-0173751-1	Muhammad Amjad Javed	498	75	7	580	498	75	7	580	
158	Haifz Usman Tahir	H# 55 St No-12 Mohalla Islam Nagamear Suni Shahi Masjid Gabristan Faisalabad	Haifz Usman Tahir	33100-1864163-3	Tahir Iqbal	498	75	7	580	498	75	7	580	
159	Muhammad Atique Rana	H No 37 F Mohalla Media.com,avenue Kashmir Pull 208 Chak Road Near Zia Town Garden Karachi	Muhammad Atique Rana	41303-9078127-3	Muhammad Nawaz Rana	466	65	7	538	466	65	7	538	
160	Malik Aamir Gulzar	H # 249 Eden Avenue,airport Road Cantt Lahore	Malik Aamir Gulzar	38403-9998635-7	Gulzar Ahmad Malik	107	65	-	172	-	510	5	515	
161	S Anzar Hussain	House No C-26 Block-N North Nazimabad near Marriage Golden Garden Karachi	S Anzar Hussain	42101-7398960-3	Syed Irfan Hussain	917	121	11	1,049	917	121	10	1,048	
162	Muhammad Wasif Ali	H No B-100 Block 06,Gulshan E Iqbal Nr Dhaka Sweets Karachi	Muhammad Wasif Ali	42301-6673511-5	Muhammad Ali	888	93	7	988	888	125	7	1,020	
163	Murtaza Abdul Rehman Rehman	House # 272 -1-Fir Aminabad Corporativesociety Offmattin Road Pib Colony Karachi	Murtaza Abdul Rehman Rehman	42201-5942220-7	Abdul Rehman	369	48	17	434	485	37	-	522	
164	Hamad Rahim	Sulfanabad Stp Alari Sakoba Miro Stationdot Care Pvt.Ltd , 18-Km Ferozpur Rd Nr Lahore	Hamad Rahim	35201-5837944-7	Muhammad Alta Ur Rahim	430	33	12	475	500	48	15	563	
165	Syed Ali Asghar	Great Deal Associates , 250 - F1 , Commercial Area 1St Flr , Phase-04 Dha Lahore	Syed Ali Asghar	35201-7764180-5	Syed Shahanshah Asghar	765	746	15	1,526	746	51	8	805	
166	Faisal Javed	Fiat #102, Sami Classic, Block-F,North Nazimabad, Near Fathe Park, Karachi	Faisal Javed	42000-0486605-3	Javed Haroon	7	-	-	7	840	92	6	938	
167	Shaikh Shiraz Mubash	Honda Shaifrah E Faisal Shop#13 Banglore town Shafira E Faisal Nr Balochi Pull Karachi	Shaikh Shiraz Mubash	42301-5749545-5	Sheikh Mubashir Maqbool	454	-	-	454	573	119	8	700	
168	Nadeem Shahid	P-123 First Floor Ghalla Mandi near Bhola Commission Shop Faisalabad	Nadeem Shahid	34401-0580198-9	Sakhawat Hussain	536	497	34	1,067	482	67	15	564	
169	Muhammad Gohar	H # 10 , St # 13 , Jinnah Park,sultan Pura Road Lahore	Muhammad Gohar	35202-7917688-9	Muhammad Tariq	28	-	-	28	969	155	13	1,137	
170	Muhammad Bilal	G-Links,Off#72-A Block-A Smoiths Near Foods Inn Post Production Dept Karachi	Muhammad Bilal	42401-3235415-9	Muhammad Saleem	20	1	7	28	948	89	9	1,046	

Annexure I to and forming part of the Unconsolidated Financial Statements

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Total (7+8+9)	Principal written-off	Profit/ Return written-off	Other Financial Reliefs	Total (11+12+13)
						Principal	Profit / Return	Others	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Rupees '000														
171	Muhammad Furqan	House # A-89, 1st Floor, Saadabad Housing Society Opp Halima Masjid Block 4 Gulistan E, Johar Karachi	Muhammad Furqan	54400-0392567-7	Abdul Hayee	790	43	34	867	821	120	39	980	
172	Ch Muhammad Rizwan	Lg 3 841 N Crown Tower Samanabad near Ubi Branch Lahore	Ch Muhammad Rizwan I	35202-3559881-5	Ch Mikram Ismail	433	-	-	433	500	57	6	563	
173	Aqib Mehmood	H No 182 Near Circuit House Opposite Central College District Jail Road Multan	Aqib Mehmood	36302-5537124-5	Khawaja Jamal Udi Din Asghar	947	-	-	947	976	139	8	1,123	
						453,975	1,188,765	2,803	1,645,543	21,632	1,109,489	1,651	1,132,772	

Consolidated Financial Statement



اَسْتَسْكِنُ
اَسْتَجْتَمِعُ

آپ ﷺ نے ارشاد فرمایا: "کہو میں اللہ پر ایمان لایا اور پھر
پوری طرح اور ٹھیک ٹھیک اُس پر قائم رہوں۔"
(صحیح مسلم)

Directors' Report

Consolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Faysal Bank Limited Group, along with audited consolidated financial statements for the year ended December 31, 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.

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

Faysal Islamic Pension Fund - Debt	69.89%
Faysal Islamic Pension Fund - Equity	92.23%
Faysal Halal Amdani Fund	3.66%
Faysal Islamic Sovereign Fund - FISP-I	0.01%
Faysal Islamic Pension Fund - Money Market	28.81%
Faysal Islamic Savings Growth Fund	52.64%
Faysal Islamic Special Income Fund - FISIP-I	5.02%
Faysal Islamic Stock Fund	28.62%
Faysal Pension Fund - Debt	87.02%
Faysal Pension Fund - Equity	89.89%
Faysal Pension Fund - Money Market	71.21%
Faysal Special Savings Fund - FSSP-I	98.72%
Faysal Islamic Financial Growth Fund - FIFGP-I	28.72%
Faysal Islamic KPK Government Pension Fund - Money Market Sub Fund	100.00%
Faysal Islamic KPK Government Pension Fund - Equity Sub Fund	100.00%
Faysal Islamic KPK Government Pension Fund - Debt Sub Fund	99.96%
Faysal Islamic KPK Government Pension Fund - Equity Index Sub Fund	100.00%
Faysal Special Savings Fund - FSSP-II	0.31%
Faysal Special Savings Fund - FSSP-III	75.27%
Faysal Stock Fund	11.16%

FBL Group structure is as follows:

Holding Company : Faysal Bank Limited

Subsidiary : Faysal Asset Management Limited

Financial Highlights:

Key Balance Sheet Numbers

Investment
Financing
Total Assets
Deposits

Rs. in million		
2023	2022	Growth %
589,955	469,308	25.7
580,711	454,261	27.8
1,371,285	1,075,006	27.6
1,018,265	781,556	30.3

Rs. in million

Profit & Loss Account	2023	2022	Growth%
Total Revenue	84,118	49,524	69.9
Total Expenses	41,254	27,864	-48.1
Share of profit of associates	161	90	80.0
Profit before tax & provisions	43,034	21,749	97.9
(Reversal) / Provisions	1,187	(940)	-226.3
Profit before tax	41,846	22,689	84.4
Tax	21,600	11,251	-92.0
Profit after tax	20,247	11,438	77.0
Earnings per share (Rupees)	13.34	7.54	76.5

2023 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 41.8 billion, showcasing an increase of 84.4% from last year. Profit After Tax (PAT) rose to PKR 20.2 billion representing a 77.0% increase from PKR 11.4 billion in 2022. Consequently, Earnings Per Share surged from PKR 7.54 to PKR 13.34 exhibiting a commendable rise.

FAML continued to show improvement in performance and Assets Under Management (AUMs) as of December 31, 2023, were PKR 134 billion. FAML made Profit After Tax of PKR 424 million during 2023 registering a 119.7% increase over last year.

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 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.

Dividend

The Board has recommended a final cash dividend of Rs. 2 per share (20%) for the year ended December 31, 2023. This is in addition to Rs. 2 already paid during the year bringing the total dividend for the year to Rs. 4 per share (2022: Rs. 7).

Heartfelt Thanks: Acknowledging Our Pillars of Strength

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. We would like to place on record our appreciation for the Government of Pakistan, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their continued support and guidance and for developing and strengthening the banking and financial services sector through continuous improvement in the regulatory and governance framework.

As always, we would also like to express sincere appreciation for the Shariah Board. We would also like to take this opportunity to recognize and commend the unwavering commitment and exceptional efforts exhibited by our employees in driving the growth of 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 February 7, 2024 and signed by the Chief Executive Officer and a director.



President & CEO




Chairman / Director

Karachi

Dated: February 7, 2024

منظوری

کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق، بورڈ کی آڈٹ اور کارپوریٹ گورننس کمیٹی کی سفارش کے ساتھ ڈائریکٹرز کی اس رپورٹ کو ڈائریکٹرز نے 7 فروری 2024 کو ہونیوالے اپنے اجلاس میں منظور کیا اور اس پر چیف ایگزیکٹو آفیسر اور ڈائریکٹرز نے دستخط ثبت کیے ہیں۔



چیئر مین / ڈائریکٹر



صدر اور سی ای او

کراچی

تاریخ: 7 فروری 2024

کریڈٹ ریٹنگ:

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

طویل المدتی	AA
قلیل المدتی	A1+

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

VIS نے FAML کی میٹمنٹ کو الٹی ریٹنگ AM2++ تفویض کی ہے۔ یہ درجہ بندی نشاندہی کرتی ہے کہ اثاثہ نیچر بہت اچھی انتظامی خصوصیات کا مظاہرہ کر رہا ہے۔

ہولڈنگ کمپنی

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

ڈیویڈنڈ

بورڈ نے 31 دسمبر 2023 کو اختتام شدہ سال کے لیے فی حصص 2 روپے کے فائنل کیش ڈیویڈنڈ کی سفارش کی ہے، اس سال کے لیے کل کیش ڈیویڈنڈ فی حصص 4 روپے تک پہنچ گیا ہے۔ بورڈ نے اس سے قبل عبوری نقد منافع فی حصص 2 روپے دے چکا ہے۔

طاقت کے ستونوں کا تہہ دل سے شکریہ

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

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

FBL گروپ درج ذیل پر مشتمل ہے:

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

مالیاتی جھلکیاں:

بیلنس شیٹ کے نمایاں اعداد و شمار

نمو	2022	2023	
%	ملین روپے	ملین روپے	
25.7	469,308	589,955	سرمایہ کاری
27.8	454,261	580,711	فنانسنگ
27.6	1,075,006	1,371,285	کل اثاثہ جات
30.3	781,556	1,018,265	ڈپازٹس
			نفع و نقصان کا اکاؤنٹ
69.9	49,524	84,118	کل آمدنی
-48.1	27,864	41,254	کل اخراجات
80	90	161	ایسوسی ایٹس سے نفع کا حصہ
97.9	21,749	43,034	قبل از ٹیکس و پروویژنز نفع
-226.3	(940)	1,187	(ریورسلز) / پروویژنز
84.4	22,689	41,846	قابل از ٹیکس نفع
-92	11,251	21,600	ٹیکس
77	11,438	20,247	بعد از ٹیکس نفع
76.5	7.54	13.34	فی حصص آمدن (روپے)

سال 2023 بینک کے لیے خاص اہمیت رکھتا ہے، کیونکہ اس میں ہم نے اسلامی بینک کے طور پر اپنا پہلا سال مکمل کیا۔ برتری کے عزم اور ثابت قدمی کے ذریعے، ہم نے شاندار مالیاتی نتائج اور بے مثال توسیع حاصل کی۔ کنسولیدیشن بنیادوں پر، FBL نے 2023 کے دوران 41.8 بلین روپے کے ریکارڈ قبل از ٹیکس منافع (PBT) کے ساتھ متاثر کن کارکردگی سرانجام دی ہے، جس کی بدولت بعد از ٹیکس منافع (PAT) بڑھ کر 20.2 بلین روپے ہو گیا جو کہ گزشتہ سال کے 11.4 بلین روپے سے 77% زیادہ ہے۔ نتیجتاً ہر ایک شیئر پر منافع 7.54 روپے سے 13.34 روپے کی قابل ستائش سطح پر پہنچ گیا۔

FAML مسلسل اپنی کارکردگی میں بہتری لارہا ہے اور 31 دسمبر 2023 کو اس کے زیر انتظام اثاثے 134 (AUMs) بلین روپے تک جا پہنچے۔ FAML نے 2023 کے دوران 424 بلین روپے کا بعد از ٹیکس منافع کمایا جو گزشتہ سال کے مقابلے میں 119.7 فیصد اضافہ ظاہر کرتا ہے۔

ڈائریکٹرز کا جائزہ

کنسولٹیڈ ایڈ مالیاتی گوشوارے برائے سال 2023

ہم بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2023 پر اختتام پذیر سال کے آڈٹ شدہ کنسولٹیڈ ایڈ مالیاتی گوشواروں کی رپورٹ کے ہمراہ فیصل بینک لمیٹڈ - گروپ کے ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

گروپ پروفائل

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

فیصل بینک لمیٹڈ کو FAML کے زیر انتظام مندرجہ ذیل ”اوپن اینڈیڈ میوچل فنڈز“ میں نمایاں اثر و رسوخ کا حامل ہے۔

ہولڈنگ %	ایسوسی ایشن
69.89	فیصل اسلامک پنشن فنڈ - ڈیٹ
92.23	فیصل اسلامک پنشن فنڈ - ایکویٹی
3.66	فیصل حلال آمدنی فنڈ
0.01	فیصل اسلامک ساورن فنڈ - FISP-I
28.81	فیصل اسلامک ہیمنٹ فنڈ، منی مارکیٹ
52.64	فیصل اسلامک سیونگ گرو تھ فنڈ
5.02	فیصل اسلامک اسپیشل انکم فنڈ - FISIP-I
28.62	فیصل اسلامک اسٹاک فنڈ
87.02	فیصل ہیمنٹ فنڈ - ڈیٹ
89.89	فیصل پنشن فنڈ - ایکویٹی
71.21	فیصل پنشن فنڈ - منی مارکیٹ
98.72	فیصل اسپیشل سیونگ گرو فنڈ - FSSP-I
28.72	فیصل اسلامک فنانسئل گرو تھ فنڈ، FIFGP-1
100	فیصل اسلامک KPK گورنمنٹ پنشن فنڈ - منی مارکیٹ سب فنڈ
100	فیصل اسلامک KPK گورنمنٹ پنشن فنڈ - ایکویٹی سب فنڈ
99.96	فیصل اسلامک KPK گورنمنٹ پنشن فنڈ - ڈیٹ سب فنڈ
100	فیصل اسلامک KPK گورنمنٹ پنشن فنڈ - ایکویٹی انڈیکس سب فنڈ
0.31	فیصل اسپیشل سیونگ گرو فنڈ - FSSP-II
75.27	فیصل اسپیشل سیونگ گرو فنڈ - FSSP-III
11.16	فیصل اسٹاک فنڈ



Independent Auditor's Report

To the members of Faysal Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Faysal Bank Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against Islamic Financing & Related Assets:</p> <p>(Refer note 6.5 & 11.5 to the consolidated financial statements)</p>	
	<p>The Group makes provision against Islamic financing and related assets on a time-based criteria that involves ensuring that all non-performing Islamic financing and related assets are classified in accordance with the criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p>	<p>Our audit procedures to verify provision against Islamic financing and related assets, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the design and tested the operating effectiveness of key controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing loans.



S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of Islamic financing and related assets.</p> <p>The Group has recognized a net charge for the year against Islamic financing and related assets amounting to Rs. 728.239 million in the consolidated profit and loss account. As at 31 December 2023, the Group holds a provision of Rs. 20,050.262 million against Islamic financing and related assets.</p> <p>The determination of provision against Islamic financing and related assets based on the subjective criteria remains an area which involves use of judgement.</p> <p>Because of the significance and the volume of Islamic financing and related assets relative to the overall consolidated statement of financial position of the Group, we considered the area of provision against Islamic financing and related assets as a key audit matter.</p>	<ul style="list-style-type: none"> Based on our credit review exercise and for a risk-based sample of Islamic financing and related assets, where the management has not identified as indicators of impairment, challenge the management's assessment by comparing the historical performance, financial ratios and reports on security maintained with the expected future performance and form our own view whether any impairment indicators are present. Based on our credit review exercise, where the management has identified as displaying indicators of impairment, assess the number of days overdue and factors used for the calculation of provision in accordance with the Prudential Regulations. Analyze the days past due report and factors used for calculation of specific provision required in accordance with Prudential Regulations. For consumer Islamic financing related asset, where management has not identified any displaying indicators of impairment, compare the general provision calculated with the provision required in accordance with the SBP Prudential Regulations.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error



and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements for the Group for the year ended 31 December 2022 were audited by another firm of chartered accountants who expressed an unmodified opinion on those consolidated financial statements vide their audit report issued on 3 March 2023.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 13 February 2024

Karachi

UDIN: AR202310188V6qiBJ4AT

Consolidated Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
ASSETS			
Cash and balances with treasury banks	7	84,036,564	56,130,598
Balances with other banks	8	1,812,507	2,785,113
Due from financial institutions	9	-	9,815,098
Investments	10	589,954,839	469,308,034
Islamic financing and related assets - net	11	580,711,316	454,260,608
Fixed assets	12	40,396,895	35,196,154
Intangible assets	13	2,452,387	2,341,852
Deferred tax assets		-	-
Other assets	14	71,920,406	45,169,012
		1,371,284,914	1,075,006,469
LIABILITIES			
Bills payable	15	16,550,469	21,309,950
Due to financial institutions	16	166,886,803	150,134,396
Deposits and other accounts	17	1,018,264,979	781,556,223
Sub-ordinated sukuk		-	-
Deferred tax liabilities	18	4,940,115	744,088
Other liabilities	19	73,717,285	50,647,609
		1,280,359,651	1,004,392,266
		90,925,263	70,614,203
NET ASSETS			
REPRESENTED BY			
Share capital	20	15,176,965	15,176,965
Reserves		15,616,188	11,675,968
Surplus on revaluation of assets - net of tax	21	15,170,817	10,669,662
Unappropriated profit		44,961,035	33,091,551
Total equity attributable to the equity holders of the Bank		90,925,005	70,614,146
Non-controlling interest		258	57
		90,925,263	70,614,203
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes 1 to 47 and annexure I form an integral part of these consolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Consolidated Profit and Loss Account

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
Profit / return earned on Islamic financing and related assets, investments and placements	24	189,462,419	104,528,428
Profit / return on deposits and other dues expensed	25	118,391,676	64,537,133
Net profit / return		71,070,743	39,991,295
OTHER INCOME			
Fee and commission income	26	9,434,663	7,487,466
Dividend income		327,234	513,462
Foreign exchange income		4,758,254	2,601,156
Income from derivatives		85,506	191,501
Loss on securities	27	(1,813,581)	(1,487,227)
Other income	28	263,684	225,890
		13,055,760	9,532,248
Total income		84,126,503	49,523,543
OTHER EXPENSES			
Operating expenses	29	40,248,314	27,365,521
Workers Welfare Fund		886,617	461,285
Other charges	30	119,148	37,449
Total other expenses		41,254,079	27,864,255
Share of profit of associates	10.5.1	161,286	89,626
Profit before provisions		43,033,710	21,748,914
Provisions and write-offs - net	31	1,187,412	(940,031)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		41,846,298	22,688,945
Taxation	32	21,599,624	11,251,283
PROFIT AFTER TAXATION		20,246,674	11,437,662
Attributable to:			
Equity holders of the Bank		20,246,473	11,437,643
Non-controlling interest		201	19
		20,246,674	11,437,662
-----Rupees-----			
Basic / diluted earnings per share	33	13.34	7.54

The annexed notes 1 to 47 and annexure I form an integral part of these consolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	-----Rupees '000-----	
Profit after taxation for the year	20,246,674	11,437,662
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
- Movement in surplus / (deficit) on revaluation of investments - net of tax	5,173,793	(1,936,363)
Items that will not be reclassified to the profit and loss account in subsequent periods:		
- Remeasurement gain on defined benefit obligations - net of tax	41,660	27,244
- Movement in surplus on revaluation of operating fixed assets - net of tax	(137,366)	4,793,209
- Movement in surplus on revaluation of non-banking assets - net of tax	(391,642)	853,479
	(487,348)	5,673,932
Total comprehensive income for the year	<u>24,933,119</u>	<u>15,175,231</u>
Attributable to:		
- Equity holders of the Bank	24,932,918	15,175,212
- Non-controlling interest	201	19
	<u>24,933,119</u>	<u>15,175,231</u>

The annexed notes 1 to 47 and annexure I form an integral part of these consolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Reserves					Surplus / (deficit) on revaluation of			Unappropriated profit	Non-controlling interest	Total	
	Capital reserves			Statutory reserve (note 6.26)	Total	Investments	Fixed assets / non-banking assets	Total				
	Share capital	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase (note 3.2)									Reserve arising on amalgamation (note 6.1)
	Rupees '000											
Balance as at January 1, 2022	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 year	-	-	-	-	-	-	-	-	-	11,437,643	19	11,437,662
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	(1,936,363)	5,646,688	3,710,325	27,244	-	3,737,569
Total comprehensive (loss) / income	-	-	-	-	-	-	(1,936,363)	5,646,688	3,710,325	11,464,887	19	15,175,231
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	-	-	-	-	-	-	-	(97,269)	(97,269)	97,269	-	-
Transfer from surplus on revaluation of fixed assets on disposals - net of tax	-	-	-	-	-	-	-	(4,977)	(4,977)	4,977	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(68,149)	-	-	(68,149)	-	-	-	-	-	(68,149)
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)
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	15,176,965	10,131	257,269	23,952	11,384,616	11,675,968	(1,824,764)	12,494,426	10,669,662	33,091,551	57	70,614,203
Profit after taxation for the year	-	-	-	-	-	-	-	-	-	20,246,473	201	20,246,674
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	5,173,793	(529,008)	4,644,785	41,660	-	4,686,445
Total comprehensive income / (loss)	-	-	-	-	-	-	5,173,793	(529,008)	4,644,785	20,288,133	201	24,933,119
Transfer to statutory reserve	-	-	-	-	4,009,188	4,009,188	-	-	-	(4,009,188)	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(143,630)	(143,630)	143,630	-	-
Amortisation of intangible assets - customer relationship - net of tax	-	-	(68,968)	-	-	(68,968)	-	-	-	-	-	(68,968)
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)
1st Interim cash dividend declared on August 24, 2023 at Rs 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
2nd Interim cash dividend declared on October 26, 2023 at Rs 1 per share	-	-	-	-	-	-	-	-	-	(1,517,697)	-	(1,517,697)
Balance as at December 31, 2023	15,176,965	10,131	188,301	23,952	15,393,804	15,616,188	3,349,029	11,821,788	15,170,817	44,961,035	258	90,925,263

The annexed notes 1 to 47 and annexure I form an integral part of these consolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Consolidated Cash Flow Statement

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		41,846,298	22,688,945
Less: dividend income		(327,234)	(513,462)
Less: share of profit of associates		(161,286)	(89,626)
		<u>41,357,778</u>	<u>22,085,857</u>
Adjustments:			
Depreciation on owned fixed assets	12.2	2,153,633	1,489,669
Amortisation of intangible assets	13.2	326,172	222,192
Depreciation on right-of-use assets	12.2	1,923,327	1,627,522
Depreciation on non-banking assets	14.1.1	4,643	4,965
Workers Welfare Fund		886,617	461,285
Provision / (reversals of provision) against financing - net	31	728,239	(457,485)
Provision / (reversals of provision) for diminution in value of investments - net	31	549,892	(167,637)
Provision / (reversals of provision) against other assets - net	31	2,326	(30,336)
Provision / (reversals of provision) against off balance sheet obligations - net	31	38,597	(17,194)
Impairment / (reversal of impairment) for non-banking assets	31	41,525	(12,596)
Gain on sale of fixed assets - net	28	(22,406)	(52,722)
Charge for defined benefit plan	29.2	279,417	236,592
Income from derivative contracts - net		(85,506)	(191,501)
Profit / return expensed - lease liability against right-of-use assets	25	1,525,500	1,261,371
Bad debts written off directly	31	45,511	128,431
		<u>8,397,487</u>	<u>4,502,556</u>
		<u>49,755,265</u>	<u>26,588,413</u>
(Increase) / decrease in operating assets			
Due from financial institutions		9,815,098	(9,815,098)
Held-for-trading securities		234,472	12,266,799
Financing		(127,224,458)	(57,636,192)
Others assets (excluding advance taxation)		(27,261,697)	(18,077,904)
		<u>(144,436,585)</u>	<u>(73,262,395)</u>
Increase in operating liabilities			
Bills payable		(4,759,481)	7,187,049
Due to financial institutions		16,286,174	39,827,589
Deposits		236,708,756	137,516,224
Other liabilities (excluding current taxation)		19,649,997	14,221,059
		<u>267,885,446</u>	<u>198,751,921</u>
Income tax paid		(20,958,015)	(9,611,131)
Contribution to gratuity fund	36.6	(119,464)	(237,032)
		<u>152,126,647</u>	<u>142,229,776</u>
Net cash generated from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in available for sale securities - Net		(108,828,266)	(128,598,328)
Investment in associates - Net		(828,773)	(759,629)
(Investment) / divestment in held to maturity securities - Net		(1,845,371)	1,918,678
Dividends received		327,234	513,462
Investment in operating fixed assets		(6,966,433)	(3,378,648)
Investment in intangible assets		(757,322)	(548,111)
Proceeds from sale of fixed assets		61,534	60,286
		<u>(118,837,397)</u>	<u>(130,792,290)</u>
Net cash used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(2,356,713)	(3,253,667)
Dividend paid		(4,465,410)	(10,419,105)
		<u>(6,822,123)</u>	<u>(13,672,772)</u>
Net cash used in financing activities			
Increase / (decrease) in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year	34	26,467,127	(2,235,286)
Cash and cash equivalents at the end of the year	34	<u>57,253,535</u>	<u>59,488,821</u>
		<u>83,720,662</u>	<u>57,253,535</u>

The annexed notes 1 to 47 and annexure I form an integral part of these consolidated financial statements.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 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 Corporate, Commercial and Consumer banking activities. The Bank is operating through 722 branches (December 31, 2022: 700) including 2 sub-branches (December 31, 2022: 2).

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

Ithmaar Bank B.S.C (closed), a fully owned subsidiary of Ithmaar Holdings B.S.C is the parent company of the Bank, holding directly and indirectly 66.78% (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	
	2023	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 the Companies Act, 2017) on August 6, 2003 as an unlisted public limited company. The Subsidiary Company commenced its operations on November 14, 2003. The registered office of the Subsidiary Company is located at 7th Floor, West Wing, Faysal House, ST-02, Shahrah-e-Faisal, Karachi.

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

VIS Credit Rating Company Limited has assigned Asset Management rating of AM2++ (December 31, 2022: AM2++) as at December 29, 2023.

The Subsidiary Company currently manages the following Islamic and Conventional Collective Investment Schemes and Voluntary Pension Schemes:

	Type	Net asset value as at	
		December 31, 2023	December 31, 2022
----- Rupees in million -----			
Collective Investment Schemes (CISs)			
Faysal Stock Fund	Conventional	61	836
Faysal Income and Growth Fund	Conventional	1,090	8,247
Faysal Savings Growth Fund	Conventional	1,737	2,482
Faysal Asset Allocation Fund	Conventional	100	127

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Type	Net asset value as at	
		December 31, 2023	December 31, 2022
----- Rupees in million -----			
Collective Investment Schemes (CISs)			
Faysal Islamic Savings Growth Fund	Islamic	2,448	2,621
Faysal Money Market Fund	Conventional	720	3,855
Faysal Financial Sector Opportunity Fund	Conventional	16,629	10,863
Faysal Islamic Asset Allocation Fund	Islamic	2,038	2,117
Faysal MTS Fund	Conventional	1,636	1,556
Faysal Halal Amdani Fund	Islamic	42,651	33,554
Faysal Financial Value Fund	Conventional	1,283	2,121
Faysal Islamic Dedicated Equity Fund	Islamic	126	3,119
Faysal Government Securities Fund	Conventional	6	103
Faysal Islamic Sovereign Fund - FISF-I	Islamic	31,938	-
Faysal Islamic Stock Fund	Islamic	438	464
Faysal Islamic Cash Fund	Islamic	23,208	29,209
Faysal Islamic Financial Planning Fund	Islamic	2,822	9,614
Faysal Islamic Financial Growth Fund - FIFGP-I	Islamic	398	-
Faysal Cash Fund	Conventional	33	348
Faysal Islamic Special Income Fund (FISIF)			
- Faysal Islamic Special Income Plan I	Islamic	34	108
Faysal Special Savings Fund			
- Faysal Special Savings Plan I	Conventional	13	722
- Faysal Special Savings Plan II	Conventional	4,107	1,081
- Faysal Special Savings Plan III	Conventional	21	108
Voluntary Pension Schemes (VPSs)			
Faysal Pension Fund			
- Faysal Pension Fund - Equity	Conventional	47	33
- Faysal Pension Fund - Money Market	Conventional	56	40
- Faysal Pension Fund - Debt	Conventional	47	39
Faysal Islamic KPK Government Pension Fund			
- Debt Sub Fund	Islamic	1	-
- Equity Index Sub Fund	Islamic	1	-
- Equity Sub Fund	Islamic	1	-
- Money Market Sub Fund	Islamic	30	-
Faysal Islamic Pension Fund			
- Faysal Islamic Pension Fund - Equity	Islamic	47	29
- Faysal Islamic Pension Fund - Money Market	Islamic	142	44
- Faysal Islamic Pension Fund - Debt	Islamic	57	38
		133,966	113,478

Non-shariah compliant AUMs stand at Rs. 27,585 million, 20.6% of the total AUMs being managed by the Subsidiary Company. Sale to the prospective buyer has been approved by the Subsidiary Company's shareholders in Extra ordinary general meeting (EoGM) held on January 31, 2023. Subsequently, application has been filed with the SECP for performing due-diligence of the sale transaction and granting approval, in line with requirements of the Non-Banking Finance Company (NBFC) rules.

The Subsidiary Company is also managing investments under discretionary portfolio management agreements.

- 1.1.3** During the year, the Board has approved the establishment of an exchange company with an initial paid-up capital of PKR 1 billion subject to the completion of regulatory requirements. The exchange company, namely Faysal Islami Currency Exchange Company (Private) Limited shall be a wholly owned subsidiary of FBL. The Bank has received the "No Objection Certificate" from SBP and the "Certificate of Incorporation" was issued by SECP on January 16, 2024.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

2 BASIS OF PRESENTATION

2.1 The Holding Company provides financing mainly through Murabaha, Musawamah, Istisna and other Islamic modes as briefly explained in note 6.5 to these consolidated financial statements.

The purchases and sales arising under these arrangements are not reflected in these consolidated financial statement 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 recognized as accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah, is recognised as charity payable if so directed by the Shariah Board of the Holding Company.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company and the financial statements of the Subsidiary Company from the date that control of the Subsidiary Company by the Holding Company 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 Holding Company 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 all entities over which the Group has significant influence, but not control. Certain mutual funds are managed by Subsidiary Company of the Group and hence, the Group has significant influence over such funds and therefore, investment in these mutual funds are considered as investment in associates in these consolidated financial statements.

3 STATEMENT OF COMPLIANCE

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

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

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

3.2 As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-distributable Capital Reserve (NCR). The SBP allowed the Holding Company to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets identified as a result of such acquisition. Accordingly, during the year ended December 31, 2023, the Holding Company has adjusted an amortisation of intangible assets net of tax amounting to 68.968 million (2022: Rs. 68.1 million) from the NCR.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

- 3.3** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3, 'Profit and loss sharing on deposits' for Institutions offering Islamic Financial Services (IIFS) relating to annual, half yearly and quarterly financial statements would be notified by the SBP through issuance of specific instructions and uniform disclosure formats in consultation with IIFS. These reporting requirements have not been notified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these consolidated financial statements.
- 3.4** The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial instruments: disclosures' through its S.R.O. 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.
- 3.5** The SECP through S.R.O. 56(1)/2016 dated January 28, 2016, has directed that the requirements of IFRS 10, 'Consolidated financial statements' are not applicable in case of investments by companies in mutual funds established under Trust Deed structure. Accordingly, implications of IFRS 10 in respect of investment in mutual funds are not considered in these consolidated financial statements.
- 3.6** Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:

The Group has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies' information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The information disclosed in Note 6 material accounting policies has been assessed to be in line with the amendments.

There are certain other 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 consolidated financial statements.

- 3.7** Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:
- 3.7.1** 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
-Amendments to IAS 1- Non current liabilities with covenants	January 1, 2024
-Amendment to IAS 7 and IFRS 7 - Supplier Finance	January 1, 2024
-Amendments to IAS 21 - Lack of Exchangeability	January 1, 2025

The management has assessed and concluded that these standards and amendments are not likely to have an impact on the financial statements of the Group, except IFRS 9 - Financial Instruments. The impact of IFRS 9 is as follows:

IFRS 9 Financial Instruments

As directed by SBP via BPRD Circular Letter No. 7 of 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after January 1, 2024. SBP via its BPRD Circular No. 03 of 2022 has provided detailed instructions on implementation of IFRS 9 including some exceptions and additional requirements for ensuring smooth and consistent implementation of the standard across banks.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

The Group will adopt IFRS 9 in its entirety effective January 1, 2024, with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2023 may not be accurately estimated 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. Nevertheless, the Group has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss regardless of the business model in which they are held. The Group's business model in which financial assets are held will determine whether the financial assets are to be measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL'). The Group has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity Securities

Equity instruments are generally measured as FVTPL unless the group elects for FVOCI at initial recognition.

For equity shares held as available-for-sale (AFS) with surplus / deficit recorded in OCI, the Group may elect these equity shares as FVOCI. However, in accordance with IFRS 9 requirements, fair value gain or losses recognised in OCI will not be recycled to profit and loss account on derecognition of these securities.

For those equity shares currently held as AFS with gains and losses recorded in OCI for which FVOCI election is not made, will be measured at FVTPL. The surplus / deficit related to these securities currently presented in equity, will be reclassified to retained earnings, with no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value under IFRS 9. Currently, the Group is assessing methods to determine the fair value of these securities.

Debt securities and Islamic financing and related assets

Those debt securities that are currently classified as AFS and pass the Solely Payment of Principal and Interest (SPPI) test, are expected to be measured at FVOCI under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows and sell those investment. Debt securities currently classified as HTM and pass the SPPI test are expected to be measured at amortised cost under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows.

Certain debt instruments that do not meet the SPPI criteria shall be measured at FVTPL regardless of the business model in which they are held.

For certain debt securities which are currently classified as AFS and the Group has decided to designate the same under the Held to Collect Business Model with the intention to collect the future cash flows on initial recognition as permitted under the standard, the mark to market gain/(loss) pertaining to these securities will be reversed from the Surplus/deficit and adjusted against the book value of securities at initial recognition.

Impairment

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

Financial assets where 12-month ECL is recognized are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

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

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12-month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2).
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

Significant increase in credit risk (SICR)

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

Presentation and disclosure

IFRS 7 also introduces expanded disclosure requirements and changes in presentation which will be incorporated as per the SBP's revised format.

The SBP vide BPRD Circular No 02 of 2023 dated 9 February 2023 has issued revised formats for annual as well as interim financial statements of Groups for the accounting periods starting from 1 January 2024, which includes the presentation and disclosures of adoption of IFRS 9 as applicable in Pakistan.

Impact of adoption of IFRS 9

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity at January 1, 2024 is a decrease of approximately Rs. 3,555 million (net of tax) related to impairment requirements. There is no other impact except for impairment impact due to adoption of IFRS 9.

The Group continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption.

To mitigate the impact of expected credit loss (ECL) models on capital, SBP has allowed a transitional arrangement for the impact on regulatory capital from the application of ECL accounting over a period of 5 years.

The Group has adopted a governance framework under which the Board Audit & Corporate Governance Committee (BACGC) is tasked with overseeing the implementation of IFRS 9. The relevant departments i.e. Risk, Finance, Operations, and IT functions takes the ownership of their respective tasks. The Group's Risk Management Division has developed Models / methodologies for calculating PD, LGD, EAD and Credit Conversion Factors (CCF) and finance performs the ECL calculation. These models will be validated as per group's policy.

3.7.2 As required under SBP Letter No. BPRD/LD-01/850/28853/2022-13054, the details of the net conventional funded portfolio as at December 31, 2023 are as follows:

	Note	Rupees in '000
Assets		
Investments		1,643,536
Financing		905,061
Liabilities		
Due to financial institution	16	230
Deposits and other accounts		3,714,453
Other liabilities	19	1,657,226

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

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

3.7.3 Profitability from residual (ring-fenced) non-shariah compliant portfolio

In compliance with the principles of Shariah, the Shariah Board of the Bank has approved the "Conventional profitability cleansing framework" ("the Framework"). According to the Framework, any income accruing on the ring-fenced portfolio during the year, net-off attributable expenses and charges, is booked as charity payable under other liabilities. The conventional profitability is calculated in light of Shariah principles, the guidance of the Shariah Board and the understanding available as at the computation date, changes, if any, may be adjusted retrospectively.

4 BASIS OF MEASUREMENT

These 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 as disclosed in details in note 6.24 to these consolidated financial statements) and depreciated over the respective lease terms.

4.1 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- i) Business combinations (note 6.1);
- ii) Classification of investments (note 6.4 and 10)
- iii) Valuation and impairment of investment, associates and joint venture (note 6.4 and 10)
- iv) Provision against financing (notes 6.5 and 11);
- v) Valuation and depreciation of fixed asset (note 6.6 and 12) ;
- vi) Valuation and amortisation of intangible asset (note 6.6 and 13) ;
- vii) Taxation (note 6.8);
- viii) Valuation of non-banking asset acquired in satisfaction of claims (note 6.9 and 14) ;
- ix) Valuation of defined benefit plan (note 6.11 and 36) ;
- x) Acceptances (note 6.19);
- xi) Fair value of wa'ad / promissory contracts (note 6.20 and 23) ; and
- xii) Valuation and depreciation of right-of-use assets and their related lease liability (note 6.24, 12.2).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

6 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

6.1 Business Combinations

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed as at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated profit and loss account. However, as more fully described in note 13.3 to these consolidated financial statements, the gain on bargain purchase arising on an acquisition made in 2010 has been recognised directly in equity as per the directives of the SBP.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. Goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirements of International Accounting Standard (IAS) 36, 'Impairment of assets'. Impairment charge in respect of goodwill is recognised in the consolidated profit and loss account and is not subsequently reversed.

Acquisition of non-controlling interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Group. The excess of the fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognised in equity.

6.2 Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts and overdrawn nostro accounts.

6.3 Due to / Due from financial institutions

(a) Musharaka / Mudaraba placements

In Musharaka / Mudaraba, the Holding Company (or the counterparty financial institutions / the SBP) invests in the Shari'ah compliant business pools of the counterparty financial institutions / the SBP (or the holding company) at the agreed profit and loss sharing ratio under musharaka agreements.

(b) Bai Muajjal

In Bai Muajjal, the Holding Company sells Shari'ah compliant instruments on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the sale and the credit price is recognised over the credit period and recorded as income. Bai Muajjal with Federal Government is classified as investment.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

(c) Musharaka from the SBP under IERS

Under IERS, the Holding Company accepts funds from the SBP under Shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the Holding Company under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

(d) Mudaraba investment from the SBP under various long term Islamic refinance schemes

Under various long term Islamic refinance schemes of the SBP, the Holding Company accepts funds from the SBP which are received on Mudaraba basis for investment in general pool of the Holding Company. The profit of the pool is shared as per the announced profit sharing ratio of the pool and the weightages assigned to these investments.

6.3.1 These are initially recognised at amount of funds disbursed / accepted (in case of Bai Muajjal, at sale price of the Sukuk net of deferred profit) and subsequently measured at amount receivable / payable under the contractual terms of the underlying agreement (in case of Bai Muajjal, at sale price of the Sukuk net of remaining deferred profit at reporting date, if any).

6.4 Investments

6.4.1 Classification

The Group classifies its investments as follows:

(a) Held for trading

These are securities, which are either acquired for the purpose of generating profit from short-term fluctuations in market prices, yield rate movements, or dealer's margin or are securities included in the portfolio in which a pattern of short-term profit making exists.

(b) Held to maturity

These are securities with fixed or determinable payments and maturity that the Group has a positive intent and ability to hold to maturity.

(c) Available for sale

These are investments, other than those in associates, that do not fall under either held for trading or held to maturity categories.

(d) Associates

Associates are all entities over which the Group has significant influence, but not control. Certain mutual funds are managed by Subsidiary Company of the group and hence, the Group has significant influence over such funds and therefore, investment in these mutual funds are considered as investment in associates in these consolidated financial statements.

6.4.2 Initial recognition and measurement

All purchases and sales of investments that require delivery within the time frame established by the regulations or market convention are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

Investments other than those classified as held for trading are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs associated with the transactions are expensed through the consolidated profit and loss account.

Premium or discount on acquisition of investments is amortised through the consolidated profit and loss account over the remaining period till maturity using the effective interest method.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

6.4.3 Subsequent measurement

Held for trading

These are measured at subsequent reporting dates at fair value. Any unrealised surplus / deficit arising on revaluation is taken into profit and loss account.

Held to maturity

These are measured at amortised cost using the effective interest rate method, less any impairment recognised to reflect irrecoverable amounts.

Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus or deficit arising thereon is kept in a separate account shown in the statement of financial position within equity and is taken to the profit and loss account when realised upon disposal or when the investments are considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. The Group may also use unaudited or management accounts to determine if any additional impairment needs to be charged beyond amounts already changed based on audited financial statements. Investments in other unquoted securities are valued at cost less impairment, if any.

Associates

Associates are accounted for using the equity method of accounting. Under the equity method of accounting, the investment are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profit and losses of the investee in profit and loss, and the Group's share of movement in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

6.4.4 Impairment

Available for sale and held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in the fair value of a listed equity investment below its cost is also considered an objective evidence of impairment. The determination of significant or prolonged decline requires judgement.

Provision for diminution in the value of term finance certificates and sukuk certificates is made as per the requirements of the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that has been recognised in surplus / deficit on revaluation of securities on the statement of financial position within equity is removed therefrom and recognised in the profit and loss account.

Investment in associate

In respect of investment in associates, the Group reviews their carrying values at each reporting date to assess whether there is an indication of impairment. The amount of impairment loss would be determined based on the higher of values in use and fair value less cost to sell. Impairment loss is recognised in the profit and loss account.

6.5 Islamic financing and related assets

6.5.1 Financing is stated net of specific and general provisions. Specific provision for financing is made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP which is based on the time based criteria and subjective evaluation of the credit worthiness of the borrowers. The amount of provision is charged to the

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

profit and loss account. The amount of general provision is determined in accordance with the relevant regulations and the management's judgment as explained in note 11.5.1 to these financial statements. Financing is written off in accordance with Group policy by extinguishing them against the provision held. These write-offs do not, in any way, prejudice the Group's right of recovery from these customers. The Group offers various Islamic financing products, the details of which are as follows:

(a) Murabaha

In Murabaha transactions, the Holding Company purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

(b) Diminishing Musharaka

It is a form of Partnership in which the Holding Company and the customers create co-ownership in the assets by purchasing it jointly. The Holding Company then rent out its share of the assets to the customer. Beside the payment of the rentals, the customer also purchases the assets from the Holding Company in installments. Hence at the end of the tenure, customer becomes sole owner of the assets.

(c) Running Musharaka

In Running Musharakah financing, the Holding Company will enter into financing with the customer based on Shirkat-ul-Aqd (Business Partnership) in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Holding Company subject to its Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / period the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual audited accounts of the customer.

(d) Ijarah

Ijarah is a contract whereby the owner of an asset (other than consumables) transfers its usufruct to another person for an agreed period and for an agreed consideration.

Ijarah assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged from the date of recognition of ijarah assets on a straight line basis over the period of Ijarah. Impairment of Ijarah assets is determined on the same basis as that of operating fixed assets.

Ijarah rental income is recognised on an accrual basis as and when the rental becomes due. Impairment of ijarah rental is determined in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP from time to time and charged to the profit and loss account.

In Service Ijarah financing, the Holding Company provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Holding Company appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

(e) Istisna

Istisna is a mode of sale at an agreed price, whereby the buyer places an order to or cause to manufacture, assemble or construct anything to be delivered at a future date.

The funds disbursed under Istisna are recorded as 'Advance against Istisna'. On execution of goods receiving note and receipt of manufactured goods, the same are recorded in the statement of financial position as inventories of the Group at cost price and after sale of goods by customer to its ultimate buyers, Istisna financing is recognised.

(f) Musawamah

In Musawamah financing, the Holding Company purchases the goods and after taking the possession, sells them to customer either in spot or credit transaction, without disclosing the cost.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

(g) Salam / Bai Salam

Salam / Bai Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot.

The funds disbursed under Salam / Bai Salam are recorded as advances against Salam / Bai Salam. On execution of goods receiving note and receipt of Salam / Bai Salam goods, the same are recorded in the statement of financial position as inventories of the Holding Company at cost price and after the sale of goods by customer to its ultimate buyers, Salam / Bai Salam financing is recognised.

(h) Tijarah

Tijarah is a financing mode under which the Holding Company purchases finished goods from the customer / seller against spot payment and delivery. Thereafter, the Holding Company appoints customer as an agent to sell the Tijarah goods in the market.

The funds disbursed under Tijarah are recorded as advances against Tijarah. On execution of goods receiving note and receipt of Tijarah goods, the same are recorded in the statement of financial position as inventories of the Holding Company at cost price and after the sale of goods by customer to its ultimate buyers, Tijarah financing is recognised.

(i) Tawarruq

Tawarruq means "to sell a commodity at spot after its purchase on deferred basis to the party other than from whom it was purchased."

In practice "Tawarruq is an arrangement in which Holding Company sells a commodity at a higher price from its market value to the customer on deferred payment at cost plus profit. The customer, then sells the commodity to a third party on cash with a purpose of having access to liquidity".

6.5.2 Net investment in finance lease

Leases where the Group transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance lease. A receivable is recognised on the commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Specific and general provisions for net investment in finance lease are made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the consolidated profit and loss account.

6.6 Fixed assets and depreciation

(a) Tangible assets

Operating fixed assets other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any.

Depreciation on operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 12.2 to these financial statements after taking into account residual value, if significant. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

the item can be measured reliably. All other repair and maintenance expenditures are charged to the consolidated profit and loss account as and when incurred.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the profit and loss account in the period in which these arise except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

(b) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

(c) Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The intangible assets include directly attributable costs that are capitalised as part of the intangible asset. Amortisation, except for customer relationship, is charged by applying the straight-line method over the useful lives of the assets. Amortisation is calculated so as to write-off the assets over their expected economic lives at rates specified in note 13 to these consolidated financial statements. Amortisation is charged from the month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed of. The intangible asset comprising customer relationship is being amortised over the life expectancy of the deposits. The residual values and useful lives of intangible assets are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Intangible assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any.

Gains and losses on disposals, if any, are taken to the profit and loss account in the period in which these arise.

6.7 Impairment

The carrying amounts of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount, except in the case of an intangible asset with an indefinite useful life or an intangible asset not yet available for use and goodwill acquired in a business combination for which impairment is tested annually irrespective of whether there is any indication of impairment. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of asset.

An impairment loss is reversed except for impairment loss relating to goodwill, if there has been a change in the estimate used to determine the recoverable amount. Such reversals are only made to the extent that the asset's carrying amount does not exceed the amount that would have been determined if no impairment loss had been recognised.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

6.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Provision for current taxation is based on taxable income for the year. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

Prior

The charge / reversals for prior years represent adjustments to the tax charge / reversals for prior years, arising from assessments, changes in estimates, and retrospectively applied changes to the law, made during the current year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Group also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

6.9 Assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and accumulated impairment, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying values do not differ materially from their fair values. Legal fee, transfer costs and direct costs of acquiring title to the non-banking assets are charged to the consolidated profit and loss account and these are not capitalised as part of non-banking assets. A surplus arising on revaluation of non-banking assets acquired in satisfaction of claims is credited to the 'surplus on revaluation of assets' account. Any deficit arising on revaluation is first set off against the surplus account for that particular non-banking asset, if any, or if no surplus exists, is charged to the consolidated profit and loss account. These assets are disclosed in other assets as specified by the SBP.

Surplus on revaluation of non-banking assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

6.10 Provisions and contingent assets and liabilities

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

6.11 Staff retirement benefits

a) Defined contribution plan

The Holding Company and the Subsidiary Company both operate a contributory provident fund for all its permanent employees to which equal monthly contributions at the rate of 10 percent of basic salary are made both by the Group and the employees.

b) Defined benefit scheme

The Holding Company operates an approved funded gratuity scheme for all its permanent eligible employees and eligible employees who are on contractual service and are employed under non-management cadre. The Subsidiary Company also operates a funded gratuity plan for all permanent eligible employees who have completed the specified minimum qualifying period of service. Contributions are made by each company to the respective funds on the basis of actuarial recommendations.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Projected Unit Credit Method is used for the actuarial valuation.

Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the differences between the actual investment returns and the return implied by the net interest cost are recognised in the consolidated statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which these occur.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

6.12 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Term deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity of the Holding Company for the purpose of profit calculation. Usually no restriction on withdrawals or number of transactions in current and savings accounts. In case of term deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit-sharing ratio between Rab-ul-Maal and Mudarib. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Pools are created at the Holding Company discretion and the Holding Company can add, remove or transfer an asset to any other pool in the interests of the deposit holders.

6.13 Pool management

The Holding Company's Islamic Banking Division (FBL IBD) has maintained the following pools:

- i. General Pool for local and foreign currency deposits;
- ii. Islamic Export Refinance Pool';

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

- iii. Interbank Treasury Musharaka Pool'';
- iv. Islamic Investment Pool' (Mudarabah based) - LCY & FCY;
- v. Islamic Saving Pool' (Mudarabah based);
- vi. Islamic Equity Pool'';
- vii. Haj Pool'';
- viii. Treasury Mudarabah Pool;
- ix. Pakistan Mortgage Refinance Company Musharakah Pool;
- x. Open Market Operation; and
- xi. Mudarabah based Financing Facility

Key features and risk & reward characteristics of all pools

- The 'General Pool' for both local and foreign currency is catered for all FBL depositors and provide profit / loss based on Mudarabah and Musharaka.
- The Islamic Export Refinance Pool caters the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.
- The 'Interbank Treasury Musharaka Pool' is to provide Shariah compliant mechanism for Interbank Money Market transactions and manage the liquidity position of FBL statement of financial position by creating individual pools against each FBL money market deals.
- The 'Islamic Investment Pool' (Mudarabah based) - LCY & FCY pools are created to cater the needs of high net worth clients.
- The Islamic saving pools are created to cater the needs of high net worth clients / institutions.
- The Islamic equity pool is created to mainly cater the funding requirement of project / long term financing assets during non accrual period.
- The Haj pool is created to give returns to Ministry of religious affairs deposits.
- The Treasury Mudarabah Pool is created to cater the liquidity requirement of the Holding Company.
- Pakistan Mortgage Refinance Company Musharakah Pool is created to promote expansion of affordable housing finance.
- Shariah Compliant Mudarabah Based Open Market Operations (OMO) Pool was created to enhance monetary policy transmission and improve management of market liquidity.
- Shariah Compliant Standing Ceiling Facility- Mudarabah based Financing Facility (MFF) Pool was created with a view to provide liquidity management framework for the Holding Company and enhance the effectiveness of monetary policy implementation. As per the guidelines provided by State Bank of Pakistan, MFF shall be available as a standing facility on overnight basis.
- The risk characteristics of each pool mainly depends on the asset and liability profile of each pool.

6.13.1 Profit / (loss) distribution to depositor's pool

Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Gross income generated from relevant assets, calculated at the end of the month is first divided between FBL and investors / depositors in the ratio of FBL equity commingled in a pool on pro rata basis, and then amongst FBL the depositors as per agreed mudarib fee and weightages declared before start of a month, respectively. All Mudarabah and Musharaka based deposits are fully invested in respective Pools to produce returns for them. In case where FBL is unable to utilise all funds available for investment, priority is given to the deposit account holders.

All remunerative accounts such as remunerative current accounts, saving accounts, investment certificates, etc. are opened on the basis of Mudarabah, Musharaka, Wakalah or a combination of Mudarabah and Musharaka. The return on these deposits is calculated on the basis of Profit and Loss sharing (PLS). Unless specified, all remunerative local currency and foreign currency deposits are taken as General Mudarabah and Musharaka pool.

Profit share is determined by using weightages and profit sharing ratio assigned to each category of deposit within a pool. These weightages and profit sharing ratios are declared by FBL in compliance with the requirements of the Shariah and the SBP.

The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. The direct expenses are charged to respective pool. The indirect expenses including the establishment cost are borne by FBL as Mudarib. The direct expenses charged to the pool include depreciation of Ijarah assets, cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee, documentation charges, brokerage fee for the purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools etc. Provisions against any non-performing assets of the pool are not passed on to the pool except on the actual loss / write-off of such non-performing asset and suspension of income against non-performing assets. The profit of the pool is shared between the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

Particulars	2023		2022	
	Rupees '000	Percent	Rupees '000	Percent
- Mudarib share amount and percentage of distributable income	43,412,039	37.65	14,936,903	30.51
- Amount and percentage of Mudarib share transferred to depositors through Hiba	13,604,438	31.34	4,136,622	27.69
- Profit rate earned (annualised)	-	18.53	-	11.78
- Profit rate distributed (annualised)	-	11.33	-	7.34

6.14 Subordinated Sukuk

Subordinated sukuk are initially recorded at the amount of proceeds received. Profit on subordinated sukuk is charged to the consolidated profit and loss account over the period on an accrual basis and is recognised separately as part of other liabilities.

6.15 Revenue recognition and other items

- Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis.
- Rentals on Ijarah contracts are recognised as income on an accrual basis.
- Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale to its ultimate buyer.
- Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- Profit on Running Musharakah financing is recognised on an accrual basis and is adjusted upon final declaration of profit by Musharakah partners.
- Profit on Istisna / Salam / Bai Salam / Tijarah transactions are recognised on an accrual basis commencing from time of sale of goods till the realisation of sale of proceeds by the Group.
- Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the consolidated profit and loss account over the remaining maturity.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

- Financing method is used in accounting for income from lease financing. Under this method, the unearned finance income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in lease.
- Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fee and other lease income are recognised as income when these are realised.
- Premium or discount on acquisition of debt investments is capitalised and amortised through the consolidated profit and loss account over the remaining period till maturity.
- Dividend income from investments is recognised when the Group's right to receive the dividend is established.
- Fee, commission on letters of credit / guarantee, other commission and brokerage income is recognised on an accrual basis.
- Financial advisory fee is recognised when the right to receive the fee is established.
- Rent and other income is recognised on an accrual basis.
- Profits on Bai Muajjal lendings are recognised on an accrual basis using straight line method.
- Profit suspended in compliance with the Prudential Regulations issued by the SBP is recognised on receipt basis. Profit on rescheduled / restructured financing and investments is recognised as permitted by the SBP.
- Management fee from collective investment schemes and voluntary pension schemes is calculated by charging the specified rates within the limit allowed under the NBFC Regulations to the net assets of such schemes as at the close of business of each calendar day. The performance obligation is satisfied at the close of business day for each scheme and payment is generally due at the end of each month.
- Investment advisory fee from the discretionary portfolios is calculated on a daily basis by charging specified rates to the net assets of the portfolios as stated in the respective agreements with the clients. The performance obligation is satisfied at the close of business day for each portfolio and payment is generally due either at the end of each quarter or six months based on the agreement terms.
- Load income is recognised once the services are provided to the unit holders in connection with their investments in collective investment schemes managed by the Subsidiary Company. The performance obligation is satisfied at the time of providing the service to the unit holders and payment becomes due at the end of each month.
- Performance based remuneration for investment advisory services and management of discretionary portfolio are accrued once the terms of the contract are honoured and the Subsidiary Company achieves the performance condition at the end of the period. The performance obligation is, therefore, satisfied at the end of agreement period or at the time of termination of agreement and payment becomes due at the end of the aforementioned period.
- Profit on bank deposits and investments is recognised on an accrual basis.
- REIT advisory income is recognised on an accrual basis.

6.16 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by the law, made subsequent to the reporting date are considered as non-adjusting events and are recorded in the consolidated financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the reporting period' in the year in which they are approved / transfers are made.

6.17 Foreign currencies

(a) Foreign currency transactions

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward commitments (promises) are reported in Rupees at exchange rates prevalent on the reporting date.

Forward commitments other than those with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange commitments. Forward commitments

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

with the SBP relating to foreign currency deposit, are valued at spot rate prevailing at the reporting date. Exchange gains and losses are included in the current year profit and loss account.

(b) Translation gains and losses

Translation gains and losses are included in the consolidated profit and loss account.

6.18 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the consolidated financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

6.19 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in these consolidated statement of financial position both as assets and liabilities.

6.20 Financial instruments

Financial assets and financial liabilities

Financial instruments carried on the consolidated statement of financial position include cash and balances with treasury banks, balances with other banks, due from financial institutions, investments, financing, certain other assets, bills payable, due to financial institutions, deposits, liabilities against assets subject to finance lease and certain other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

Wa'ad / Promissory Contracts

Wa'ad/ Promissory contracts are initially recognised at fair value on the date on which the contract is entered into and are subsequently remeasured to fair value using appropriate valuation techniques. All wa'ad/promissory contracts are carried as assets when the fair value is positive and the liability when the fair value is negative. Any change in the fair value of wa'ad/ promissory contracts is taken to the consolidated profit and loss account.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements only when the Group has a legally enforceable right to set off and the Group intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the consolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

6.21 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

6.22 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating decision maker. The Chief Executive Officer (CEO) of the Holding Company has been identified as the Chief Operating decision maker.

(a) Business Segments

(i) Retail banking

Retail banking provides services to small borrowers i.e. commercials, consumers, small enterprises, medium

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

enterprises and agriculture sector. It includes financing, deposits, other transactions and balances with retail customers.

(ii) Corporate and investment banking

This includes strategic partnership with corporate entities to provide working capital financing, trade financing, cash management services, project finance, export finance, leasing, guarantees, bills of exchange, deposits and other short term and long term finance. Further, this includes investment banking activities such as mergers and acquisitions, underwriting, privatisation, securitisation, Initial Public Offerings (IPOs), secondary private placements, etc.

(iii) Treasury and equity capital market (ECM)

It includes fixed income, equity, foreign exchanges, funding, own position securities and placements.

(iv) Special asset management (SAM)

This includes recoveries from borrowers' accounts which became delinquent or have defaulted in their loan repayment obligations.

(v) Others

It includes functions which cannot be classified in any of the above segments.

(b) Geographical segment

The operations of the Group are currently based only in Pakistan.

6.23 Provision of claims under guarantees

A provision for claim under guarantees is recognised when intimated and reasonable certainty exists that the Group will settle the obligation. The charge to the consolidated profit and loss account is stated net of expected recoveries as the obligation is recognised in other liabilities.

6.24 Lease liability and right-of-use assets

At the inception of the contract, the Group assesses whether a contract is, or contains, a lease. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 12 and are subject to impairment in line with the Group's policy as described in note 6.7.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental fund acceptance rate to measure lease liabilities.

6.25 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

6.26 Reserves

Reserves being held by the Group in these consolidated financial statements include the following;

- Non- distributable capital reserve - gain on bargain purchase option (note 3.2).
- Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		18,287,512	17,453,406
- foreign currencies		1,716,544	881,183
		20,004,056	18,334,589
With State Bank of Pakistan in			
- local currency current accounts	7.1	47,120,181	32,768,340
- foreign currency current accounts	7.2	2,684,723	2,536,026
- foreign currency deposit accounts	7.3	4,323,955	2,280,616
		54,128,859	37,584,982
With National Bank of Pakistan in			
- local currency current accounts		9,902,199	206,502
Prize bonds	7.4	1,450	4,525
		<u>84,036,564</u>	<u>56,130,598</u>

7.1 These include local currency current accounts maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in a current account with the SBP at a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.

7.2 This represents cash reserve of 5% maintained with the SBP in US dollars current account on deposits held under the New Foreign Currency Accounts (FE-25 deposits) as per BSD Circular No. 14 and 15 dated June 21, 2008.

7.3 These represent special cash reserve of 10% maintained with the SBP in US dollars deposit account on deposits held under the new foreign currency accounts (FE-25 deposits) as per DMMD Circular No.8 dated April 17, 2020, local US dollars clearing account maintained with the SBP to facilitate US dollars clearing and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic Banking Branches under the requirements of BSD Circular No. 15 dated June 21, 2008. Profit rate on these balances is Nil (2022: Nil) per annum which is notified on monthly basis by the SBP.

7.4 These represent the national prize bonds received from customer for onward surrendering to SBP. The Holding Company as a matter of Shariah principle, does not deal in prize bonds.

	Note	2023	2022
-----Rupees '000-----			
8 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		10,251	20,019
- in deposit account	8.1	96	66
		10,347	20,085
Outside Pakistan			
- in current account		1,802,160	2,683,513
- in deposit account		-	81,515
		1,802,160	2,765,028
		<u>1,812,507</u>	<u>2,785,113</u>

8.1 The return on these balances is 11.51% (2022: 9.78%) per annum.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
		Rupees '000	
9 DUE FROM FINANCIAL INSTITUTIONS			
Musharaka placement		-	4,000,000
Repurchase agreement lendings (reverse repo)	9.1	-	5,815,098
		<u>-</u>	<u>9,815,098</u>

9.1 Securities held as collateral against due from financial institutions

	2023			2022		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	Rupees '000					
- Market Treasury Bills	-	-	-	6,000,000	-	6,000,000

10 INVESTMENTS

10.1 Investments by type:

	Note	2023				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									
Shares		3	-	-	3	234,475	-	591	235,066
		3	-	-	3	234,475	-	591	235,066
Available-for-sale securities									
Federal Government securities		522,195,325	-	1,949,879	524,145,204	406,535,788	-	(4,225,759)	402,310,029
Shares		5,514,707	(1,905,557)	2,245,115	5,854,265	12,259,254	(1,297,552)	(1,355,582)	9,606,120
Non Government debt securities		47,917,827	(519,291)	2,371,729	49,770,265	48,004,551	(519,291)	2,380,000	49,865,260
		575,627,859	(2,424,848)	6,566,723	579,769,734	466,799,593	(1,816,843)	(3,201,341)	461,781,409
Held-to-maturity securities									
Non Government debt securities		8,174,964	(1,409,394)	-	6,765,570	6,329,593	(1,467,507)	-	4,862,086
		8,174,964	(1,409,394)	-	6,765,570	6,329,593	(1,467,507)	-	4,862,086
Associates *	10.5	3,419,532	-	-	3,419,532	2,429,473	-	-	2,429,473
Total Investments		<u>587,222,358</u>	<u>(3,834,242)</u>	<u>6,566,723</u>	<u>589,954,839</u>	<u>475,793,134</u>	<u>(3,284,350)</u>	<u>(3,200,750)</u>	<u>469,308,034</u>

* related parties

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

10.2 Investments by segments

Note	2023				2022				
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	
Rupees '000									
Federal Government securities									
	-	-	-	-	14,716,926	-	(310,800)	14,406,126	
- Pakistan Investment Bonds									
- Ijarah Sukuks	10.2.1	516,492,289	-	1,949,879	518,442,168	387,017,282	-	(3,914,959)	383,102,323
- Other Federal Government securities	10.2.2	5,703,036	-	-	5,703,036	4,801,580	-	-	4,801,580
		522,195,325	-	1,949,879	524,145,204	406,535,788	-	(4,225,759)	402,310,029
Shares									
- Listed companies		4,770,794	(1,238,834)	2,214,770	5,746,730	11,749,813	(647,886)	(1,385,336)	9,716,591
- Unlisted companies		743,916	(666,723)	30,345	107,538	743,916	(649,666)	30,345	124,595
		5,514,710	(1,905,557)	2,245,115	5,854,268	12,493,729	(1,297,552)	(1,354,991)	9,841,186
Non Government debt securities									
- Listed	10.2.3	45,000,000	-	2,383,000	47,383,000	45,000,000	-	2,380,000	47,380,000
- Unlisted		11,092,791	(1,928,685)	(11,271)	9,152,835	9,334,144	(1,986,798)	-	7,347,346
		56,092,791	(1,928,685)	2,371,729	56,535,835	54,334,144	(1,986,798)	2,380,000	54,727,346
Associates *									
	10.5	-	-	-	-	97,449	-	-	97,449
Faysal Government Securities Fund		40,178	-	-	40,178	33,633	-	-	33,633
Faysal Islamic Pension Fund - Debt		43,254	-	-	43,254	28,439	-	-	28,439
Faysal Islamic Pension Fund - Equity		1,560,101	-	-	1,560,101	-	-	-	-
Faysal Halal Amdani Fund		3,046	-	-	3,046	-	-	-	-
Faysal Islamic Sovereign Fund - FISF-I		40,893	-	-	40,893	33,639	-	-	33,639
Faysal Islamic Pension Fund - Money Market		1,289,001	-	-	1,289,001	844,471	-	-	844,471
Faysal Islamic Savings Growth Fund		1,702	-	-	1,702	107,601	-	-	107,601
Faysal Islamic Special Income Fund - FISIP-I		125,253	-	-	125,253	96,437	-	-	96,437
Faysal Islamic Stock Fund		39,562	-	-	39,562	33,215	-	-	33,215
Faysal Pension Fund - Debt		42,204	-	-	42,204	27,905	-	-	27,905
Faysal Pension Fund - Equity		39,972	-	-	39,972	33,791	-	-	33,791
Faysal Pension Fund - Money Market		-	-	-	-	720,379	-	-	720,379
Faysal Savings Growth Fund		13,170	-	-	13,170	-	-	-	-
Faysal Special Savings Fund - FSSP-I		114,230	-	-	114,230	-	-	-	-
Faysal Islamic Financial Growth Fund - FIFGP-I		30,201	-	-	30,201	-	-	-	-
Faysal Islamic KPK Government Pension Fund - Money Market Sub Fund		503	-	-	503	-	-	-	-
Faysal Islamic KPK Government Pension Fund - Equity Sub Fund		503	-	-	503	-	-	-	-
Faysal Islamic KPK Government Pension Fund - Debt Sub Fund		503	-	-	503	-	-	-	-
Faysal Islamic KPK Government Pension Fund - Equity Index Sub Fund		503	-	-	503	-	-	-	-
Faysal Special Savings Fund - FSSP-II		12,672	-	-	12,672	-	-	-	-
Faysal Special Savings Fund - FSSP-III		15,739	-	-	15,739	108,161	-	-	108,161
Faysal Stock Fund		6,845	-	-	6,845	264,353	-	-	264,353
		3,419,532	-	-	3,419,532	2,429,473	-	-	2,429,473
Total Investments		587,222,358	(3,834,242)	6,566,723	589,954,839	475,793,134	(3,284,350)	(3,200,750)	469,308,034

* related parties

10.2.1 GoP Ijara Sukuk have tenure ranging from 1 to 5 years. The Group's return on these instruments ranges from 6.36% to 23.71% per annum (2022: 6.36% to 16.04% per annum) with maturities from April 2024 to December 2028.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

10.2.2 The Group has invested in PKR and foreign currency denominated Mudarabah based pools maintained by the Islamic Naya Pakistan Certificate Company Limited (INPCCL), a special purpose vehicle formed by the Government of Pakistan. As at December 31, 2023, the Bank's investment in PKR, USD, EURO and GBP denominated pools amounted to Rs. 477.759 million (2022: Rs. 682.037 million), USD 15.494 million with PKR equivalent of Rs 4,367.162 million (2022: Rs. 3,586.996 million), EURO 0.570 million with PKR equivalent of Rs.177.522 million (2022: Rs 157.629 million) and GBP 1.898 million with PKR equivalent of Rs. 680.593 million (2022: Rs. 374.918 million) respectively. The actual profit rates on these pools are calculated in line with the Islamic principle of Mudarabah and communicated to the Group at the end of each month. The profit earned by the Group on these investment pools during the year ranges between 11% to 17% for PKR denominated pool, 4.50% to 5.75% for USD denominated pool, 3.50% to 5.25% for GBP denominated pool and 1.75% to 4% for EURO denominated pool. These investments are perpetual in nature and have no fixed maturity.

10.2.3 These include Sukuks having tenures ranging from 4 to 11 years. The Group's return on these instruments ranges from 21.14% to 24.01% per annum (2022: 15.76% to 18.18% per annum) with maturities up to December 2032.

	2023	2022
	-----Rupees '000-----	
10.3 Investments given as collateral - at market value		
- Ijarah Sukuk	73,587,500	29,866,500
- Pakistan Investment Bonds	-	5,307,116
	<u>73,587,500</u>	<u>35,173,616</u>
10.4 Provision for diminution in value of investments		
10.4.1 Opening balance	3,284,350	3,451,987
Charge / (reversals)		
Charge for the year	1,811,871	7,067
Reversals for the year	(58,113)	(85,824)
Reversals on disposals	(1,203,866)	(88,880)
	549,892	(167,637)
Closing balance	<u>3,834,242</u>	<u>3,284,350</u>

10.4.2 Particulars of provision against debt securities

Category of classification	2023		2022	
	Non-performing investments	Provision	Non-performing investments	Provision
	----- Rupees '000 -----			
Domestic				
- Loss	1,928,685	1,928,685	1,986,798	1,986,798

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

10.5 Investment in associates

10.5.1 Movement of investment in associates

Associates

Faysal Government Securities Fund
Faysal Islamic Pension Fund - Debt
Faysal Islamic Pension Fund - Equity
Faysal Halal Amdani Fund
Faysal Islamic Sovereign Fund - FISP-I
Faysal Islamic Pension Fund - Money Market
Faysal Islamic Savings Growth Fund
Faysal Islamic Special Income Fund - FISIP-I
Faysal Islamic Stock Fund
Faysal Pension Fund - Debt
Faysal Pension Fund - Equity
Faysal Pension Fund - Money Market
Faysal Savings Growth Fund
Faysal Special Savings Fund - FSSP-I
Faysal Islamic Financial Growth Fund - FIFGP-I
Faysal Islamic KPK Government Pension Fund - Money Market Sub Fund
Faysal Islamic KPK Government Pension Fund - Equity Sub Fund
Faysal Islamic KPK Government Pension Fund - Debt Sub Fund
Faysal Islamic KPK Government Pension Fund - EQUITY INDEX SUB FUND
Faysal Special Savings Fund - FSSP-II
Faysal Special Savings Fund - FSSP-III
Faysal Stock Fund

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

Associates

Faysal Islamic Stock Fund
Faysal Islamic Savings Growth Fund
Faysal Special Savings Fund - FSSP-III
Faysal Asset Allocation Fund
Faysal Special Savings Fund - FSSP-I
Faysal Government Securities Fund
Faysal Stock Fund
Faysal Islamic Special Income Fund - FISIP-I
Faysal Saving Growth Fund
Faysal Pension Fund - Debt
Faysal Pension Fund - Equity
Faysal Pension Fund - Money Market
Faysal Islamic Pension Fund - Debt
Faysal Islamic Pension Fund - Equity
Faysal Islamic Pension Fund - Money Market

As at December 31, 2022						
Country of incorporation	% Holding	Investment at the beginning of the year	Investment / (redemption) during the year	Share of profit	Dividend received	Investment at the end of the year
Pakistan	20.79	-	102,825	(6,388)	-	96,437
Pakistan	32.21	-	837,052	22,664	(15,245)	844,471
Pakistan	99.92	-	106,661	1,500	-	108,161
Pakistan	-	72,442	(72,442)	-	-	-
Pakistan	-	106,209	(106,209)	-	-	-
Pakistan	94.42	143,163	(48,390)	2,676	-	97,449
Pakistan	31.63	-	283,148	(18,795)	-	264,353
Pakistan	99.93	-	106,174	1,784	(357)	107,601
Pakistan	29.02	1,076,852	(383,499)	77,115	(50,089)	720,379
Pakistan	85.11	30,120	-	3,095	-	33,215
Pakistan	84.47	30,168	-	(2,263)	-	27,905
Pakistan	83.73	30,320	-	3,471	-	33,791
Pakistan	88.83	30,367	-	3,266	-	33,633
Pakistan	98.80	30,226	-	(1,787)	-	28,439
Pakistan	76.09	30,351	-	3,288	-	33,639
		<u>1,580,218</u>	<u>825,320</u>	<u>89,626</u>	<u>(65,691)</u>	<u>2,429,473</u>

10.5.2 Summary of financial position and performance

Associates

Faysal Government Securities Fund
Faysal Islamic Pension Fund - Debt
Faysal Islamic Pension Fund - Equity
Faysal Halal Amdani Fund
Faysal Islamic Sovereign Fund - FISP-I
Faysal Islamic Pension Fund - Money Market
Faysal Islamic Savings Growth Fund
Faysal Islamic Special Income Fund - FISIP-I
Faysal Islamic Stock Fund
Faysal Pension Fund - Debt
Faysal Pension Fund - Equity
Faysal Pension Fund - Money Market
Faysal Savings Growth Fund
Faysal Special Savings Fund - FSSP-I
Faysal Islamic Financial Growth Fund - FIFGP-I
Faysal Islamic KPK Government Pension Fund - Money Market Sub Fund
Faysal Islamic KPK Government Pension Fund - Equity Sub Fund
Faysal Islamic KPK Government Pension Fund - Debt Sub Fund
Faysal Islamic KPK Government Pension Fund - EQUITY INDEX SUB FUND
Faysal Special Savings Fund - FSSP-II
Faysal Special Savings Fund - FSSP-III
Faysal Stock Fund

Country of incorporation	% Holding	As at December 31, 2023		For the year ended December 31, 2023		
		Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive income / (loss)
Pakistan	-	7,307	1,051	19,073	16,938	16,938
Pakistan	69.89	57,824	338	8,866	8,364	8,364
Pakistan	92.23	47,475	577	17,598	16,081	16,081
Pakistan	3.66	42,865,974	215,288	7,846,006	7,392,453	7,392,453
Pakistan	0.01	32,090,310	152,007	1,828,618	1,423,416	1,423,416
Pakistan	28.81	143,267	1,307	18,692	18,117	18,117
Pakistan	52.64	2,468,411	19,922	397,466	358,441	358,441
Pakistan	5.02	38,281	4,403	31,847	29,180	29,180
Pakistan	28.62	494,748	57,173	466,339	192,667	192,667
Pakistan	87.02	45,774	311	7,865	7,339	7,339
Pakistan	89.89	47,545	593	47,131	15,905	15,905
Pakistan	71.21	56,464	332	9,093	8,569	8,569
Pakistan	-	1,764,555	27,374	279,469	245,760	245,760
Pakistan	98.72	13,937	596	45,158	41,553	41,553
Pakistan	28.72	400,514	2,830	46,688	43,544	43,544
Pakistan	100.00	30,212	11	-	-	-
Pakistan	100.00	504	0	-	-	-
Pakistan	99.96	504	0	-	-	-
Pakistan	100.00	504	0	-	-	-
Pakistan	0.31	4,117,440	10,762	133,821	119,828	119,828
Pakistan	75.27	21,370	460	7,236	6,541	6,541
Pakistan	11.16	78,703	17,369	11,676	(138)	(138)

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Country of incorporation	% Holding	As at December 31, 2022		For the year ended December 31, 2022			
		Assets	Liabilities	Revenue	Profit / (loss)	Total comprehensive income	
-----Rupees '000-----							
Associates							
Faysal Asset Allocation Fund	Pakistan	20.79	133,850	6,634	(13,428)	(22,653)	(22,653)
Faysal Saving Growth Fund	Pakistan	32.21	2,515,594	33,362	359,569	300,721	300,721
Faysal Special Savings Fund - FSSP-I	Pakistan	99.92	725,930	3,726	96,444	91,448	91,448
Faysal Government Securities Fund	Pakistan	-	104,042	838	8,361	7,346	7,346
Faysal Pension Fund - Debt	Pakistan	-	39,200	176	4,285	3,592	3,592
Faysal Pension Fund - Equity	Pakistan	94.42	33,569	533	(927)	(2,595)	(2,595)
Faysal Pension Fund - Money Market	Pakistan	31.63	40,497	138	4,710	4,081	4,081
Faysal Islamic Pension Fund - Debt	Pakistan	99.93	38,098	238	4,369	3,596	3,596
Faysal Islamic Pension Fund - Equity	Pakistan	29.02	29,121	336	(257)	(1,893)	(1,893)
Faysal Islamic Pension Fund - Money Market	Pakistan	85.11	44,451	239	4,720	3,916	3,916
Faysal Islamic Stock Fund	Pakistan	84.47	469,274	5,520	(45,227)	(70,305)	(70,305)
Faysal Islamic Savings Growth Fund	Pakistan	83.73	2,646,076	24,630	332,768	292,642	292,642
Faysal Special Savings Fund - FSSP-III	Pakistan	88.83	109,067	824	3,553	3,306	3,306
Faysal Stock Fund	Pakistan	98.80	876,891	41,190	(252,103)	(325,461)	(325,461)
Faysal Islamic Special Income Fund - FISIP-I	Pakistan	76.09	108,886	1,209	7,332	6,736	6,736

10.6 Quality of available for sale securities

Details regarding quality of available for sale (AFS) securities are as follows:

	2023	2022
	Cost	
	-----Rupees '000-----	
Federal Government securities - Government guaranteed		
Pakistan Investment Bonds	-	14,716,926
Ijarah Sukuks	516,492,289	387,017,282
Other Federal Government securities	5,703,036	4,801,580
	<u>522,195,325</u>	<u>406,535,788</u>
Shares		
Listed companies		
Automobile Assembler	272,929	2,399,685
Cement	897,154	2,539,850
Chemical	578,402	578,402
Commercial banks	405,124	161,518
Engineering	13	236,075
Fertilizer	420,758	383,319
Glass and ceramics	38	38
Investment banks / investment companies / securities	12,528	12,528
Oil and gas exploration company	1,155,963	1,732,364
Oil and gas marketing company	361,379	540,198
Open - end mutual funds	265	1,256,069
Technology & communication	52,583	-
Pharmaceuticals	-	386,132
Power generation and distribution	568,851	991,966
Real estate	16,372	16,372
Textile composite	22,546	274,930
Textile spinning	4,362	4,362
Textile weaving	1,271	1,271
Vanaspati and allied industries	243	243
Miscellaneous	13	16
	<u>4,770,794</u>	<u>11,515,338</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023		2022	
	Cost	Breakup value	Cost	Breakup value
-----Rupees '000-----				
Unlisted companies				
1Link (Private) Limited	50,000	733,214	50,000	537,279
Al Hamra Avenue (Private) Limited *	265,938	N/A	265,938	N/A
Al Hamra Hills (Private) Limited *	5	N/A	5	N/A
DHA Cogen (Private) Limited *	325,000	N/A	325,000	N/A
Himont Chemical *	1,037	N/A	1,037	N/A
Pace Barka Properties Limited *	52,000	N/A	52,000	N/A
Pakistan Export Finance Guarantee *	5,686	N/A	5,686	N/A
Naymat Collateral Management	25,000	N/A	25,000	N/A
ISE Towers REIT Management Company	-	62,264	-	53,834
Pakistan Corporate Restructuring Company Limited	19,250	N/A	19,250	N/A
	<u>743,916</u>	<u>795,478</u>	<u>743,916</u>	<u>591,113</u>

* These investments are fully provided.

Non Government debt securities

Listed

- Unrated *

Unlisted

- AA+, AA, AA-
- A+, A, A-
- BB
- Unrated

	2023	2022
	Cost	
-----Rupees '000-----		
- Unrated *	45,000,000	45,000,000
- AA+, AA, AA-	750,000	750,000
- A+, A, A-	89,000	89,000
- BB	1,562,000	-
- Unrated	516,827	2,165,551
	<u>2,917,827</u>	<u>3,004,551</u>

* These include government guaranteed securities amounting to Rs. 45,000 million (2022: Rs. 45,000 million).

10.7 Particulars relating to held to maturity securities are as follows:

Non Government debt securities

Unlisted

- AAA
- Unrated *

	2023	2022
	Cost	
-----Rupees '000-----		
- AAA	6,765,678	4,862,130
- Unrated *	1,409,286	1,467,463
	<u>8,174,964</u>	<u>6,329,593</u>

* These investments are fully provided.

10.7.1 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 6,779 million (December 31, 2022: Rs. 4,862 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

11 Islamic financing and related assets - net

Note	Performing		Non-performing		Total	
	2023	2022	2023	2022	2023	2022
----- Rupees '000-----						
Murabaha financing and related assets						
Murabaha financing	38,284,881	10,718,692	166,424	119,278	38,451,305	10,837,970
Advance against Murabaha financing	3,219,979	1,675,896	5,000	-	3,224,979	1,675,896
Inventory related to Murabaha	2,174,051	203,694	-	-	2,174,051	203,694
	43,678,911	12,598,282	171,424	119,278	43,850,335	12,717,560
Running Musharaka financing						
Running Musharaka	195,753,370	119,430,547	545,166	-	196,298,536	119,430,547
Istisna financing and related assets						
Istisna	36,501,975	31,800,700	551,792	70,000	37,053,767	31,870,700
Advance against Istisna	30,317,852	20,927,551	172,166	236,295	30,490,018	21,163,846
Inventory related to Istisna	7,382,419	6,205,350	-	-	7,382,419	6,205,350
	74,202,246	58,933,601	723,958	306,295	74,926,204	59,239,896
Tijarah financing and related assets						
Tijarah	2,455,035	2,268,921	316,722	5,500	2,771,757	2,274,421
Advance against Tijarah	766,202	467,445	-	-	766,202	467,445
Inventory related to Tijarah	4,136,549	1,346,223	3,500	-	4,140,049	1,346,223
	7,357,786	4,082,589	320,222	5,500	7,678,008	4,088,089
Musawamah financing and related assets						
Musawamah	2,788,837	143,720	100,516	6,960	2,889,353	150,680
Advance against Musawamah	4,190	-	-	-	4,190	-
Inventory related to Musawamah	7,408	3,980	-	-	7,408	3,980
	2,800,435	147,700	100,516	6,960	2,900,951	154,660
Salam financing and related assets						
Salam	100,000	100,000	1,200	1,200	101,200	101,200
Advance against Salam	9,850,771	83,236	-	-	9,850,771	83,236
	9,950,771	183,236	1,200	1,200	9,951,971	184,436
Ijarah financing and related assets						
Fixed assets Ijarah financing - net	-	32,109	-	-	-	32,109
	-	32,109	-	-	-	32,109
Diminishing Musharaka financing and related assets						
Diminishing Musharaka	210,560,169	208,760,418	5,624,139	4,374,326	216,184,308	213,134,744
Advance against Diminishing Musharaka	10,225,549	15,556,470	97,500	-	10,323,049	15,556,470
	220,785,718	224,316,888	5,721,639	4,374,326	226,507,357	228,691,214
Wakala Istithmar financing and related assets						
Wakala Istithmar	6,302,669	-	-	-	6,302,669	-
	6,302,669	-	-	-	6,302,669	-
Tawwaruq	13,673,003	13,167,553	98,423	38,717	13,771,426	13,206,270
Advance against Islamic export refinance	2,414,376	3,419,522	-	223,152	2,414,376	3,642,674
Musharaka	27,534	82,618	722	8,288	28,256	90,906
Bai salam	277,076	99,342	-	-	277,076	99,342
Islamic financing and related assets - Gross	577,223,895	436,493,987	7,683,270	5,083,716	584,907,165	441,577,703
Other financing	478,042	15,397,264	15,376,371	16,614,667	15,854,413	32,011,931
	577,701,937	451,891,251	23,059,641	21,698,383	600,761,578	473,589,634
Less: provision against financing						
- Specific	-	-	(19,172,592)	(18,557,417)	(19,172,592)	(18,557,417)
- General	(877,670)	(771,609)	-	-	(877,670)	(771,609)
	(877,670)	(771,609)	(19,172,592)	(18,557,417)	(20,050,262)	(19,329,026)
Financing - net of provision	576,824,267	451,119,642	3,887,049	3,140,966	580,711,316	454,260,608

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
11.1 Murabaha receivable - gross	11.1.2	39,623,889	11,529,227
Less: Deferred murabaha income	11.1.3	(29,223)	(350,063)
Profit receivable shown in other assets		(1,143,361)	(341,194)
Murabaha financing	11.1.1	<u>38,451,305</u>	<u>10,837,970</u>
11.1.1 The movement in Murabaha financing during the year is as follows:			
Opening balance		10,837,970	31,630,824
Sales during the year		218,668,554	111,886,384
Adjusted during the year		(191,055,219)	(132,679,238)
Closing balance		<u>38,451,305</u>	<u>10,837,970</u>
11.1.2 Murabaha sale price		39,623,889	11,529,227
Murabaha purchase price		(38,451,305)	(10,837,970)
		<u>1,172,584</u>	<u>691,257</u>
11.1.3 Deferred murabaha income			
Opening balance		350,063	275,779
Arising during the year		4,874,300	4,602,165
Less: recognised during the year		(5,195,140)	(4,527,881)
Closing balance		<u>29,223</u>	<u>350,063</u>

11.2 Ijarah

	2023						
	Cost			Accumulated depreciation			Book value as at Dec 31, 2023
	As at Jan 1, 2023	Additions / (deletions)	As at Dec 31, 2023	As at Jan 1, 2023	Charge for the year	As at Dec 31, 2023	
-----Rupees '000-----							
Plant and machinery	52,435	(52,435)	-	20,326	(20,326)	-	-
Total	<u>52,435</u>	<u>(52,435)</u>	<u>-</u>	<u>20,326</u>	<u>(20,326)</u>	<u>-</u>	<u>-</u>
	2022						
	Cost			Accumulated depreciation			Book value as at Dec 31, 2022
	As at Jan 1, 2022	Additions / (deletions)	As at Dec 31, 2022	As at Jan 1, 2022	Charge for the year	As at Dec 31, 2022	

Future Ijarah payments receivable

	2023				2022			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
-----Rupees '000-----								
Ijarah rental receivables	-	-	-	-	33,506	-	-	33,506

The difference between net investment in Ijarah and Ijarah rental receivable represents element of profit in receivable.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

11.3 Particulars of Islamic financing and related assets - net

- in local currency
- in foreign currencies

	2023	2022
	-----Rupees '000-----	
	599,815,539	472,577,857
	946,039	1,011,777
	<u>600,761,578</u>	<u>473,589,634</u>

11.4 Islamic financing and related assets - net includes Rs. 23,060 million (December 31, 2022: Rs. 21,698 million) which have been placed under non-performing status as detailed below:

Category of classification	2023		2022	
	Non-performing financing	Provision	Non-performing financing	Provision
	----- Rupees '000-----			
Domestic				
- other assets especially mentioned	204,748	448	204,426	70
- substandard	883,657	104,142	504,838	82,646
- doubtful	670,909	170,824	858,706	242,963
- loss	21,300,327	18,897,178	20,130,413	18,231,738
Total	<u>23,059,641</u>	<u>19,172,592</u>	<u>21,698,383</u>	<u>18,557,417</u>

11.5 Particulars of provision against Islamic financing and related assets

Note	2023			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	132,838	-	132,838	117,020	-	117,020
Charge for the year	1,960,357	106,061	2,066,418	1,085,432	-	1,085,432
Reversals during the year	(1,338,179)	-	(1,338,179)	(1,368,953)	(173,964)	(1,542,917)
	622,178	106,061	728,239	(283,521)	(173,964)	(457,485)
Amounts written off	(139,841)	-	(139,841)	(820,624)	-	(820,624)
Closing balance	<u>19,172,592</u>	<u>877,670</u>	<u>20,050,262</u>	<u>18,557,417</u>	<u>771,609</u>	<u>19,329,026</u>

11.5.1 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.

11.5.2 Particulars of provision against financing

	2023			2022		
	Specific	General	Total	Specific	General	Total
	----- Rupees '000-----					
In local currency	18,503,626	877,670	19,381,296	18,021,288	771,609	18,792,897
In foreign currencies	668,966	-	668,966	536,129	-	536,129
	<u>19,172,592</u>	<u>877,670</u>	<u>20,050,262</u>	<u>18,557,417</u>	<u>771,609</u>	<u>19,329,026</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

11.5.3 As allowed by the SBP, the Group has availed benefit of forced sale value (FSV) of collaterals held as security of Rs 2,457.777 million (December 31, 2022: Rs 1,862.991 million) relating to financing while determining the provisioning requirement against non-performing financing as at December 31, 2023. The additional profit arising from availing the FSV benefit (net of tax) as at December 31, 2023 which is not available for distribution as either cash or stock dividend to shareholders approximately amounted to Rs 1,253.466 million (December 31, 2022: Rs 950.125 million).

	Note	2023	2022
-----Rupees '000-----			
11.6 Particulars of write-offs - net of recoveries:			
11.6.1 Against provisions	11.5	139,841	820,624
Directly charged to profit and loss account	31	45,511	128,431
		<u>185,352</u>	<u>949,055</u>
11.6.2 Write-offs of Rs. 500,000 and above*			
- domestic	11.7	21,632	745,966
Write-offs of below Rs. 500,000 - domestic*		163,720	203,089
		<u>185,352</u>	<u>949,055</u>

*The write-offs do not, in any way, prejudice the Group's right of recovery from these customers.

11.7 Details of financing written-off of Rs. 500,000/- and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off financing or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2023 is given in Annexure - I to these consolidated financial statements. The write-offs (including written-off amount less than Rs. 500,000/-) do not, in any way, prejudice the Group's right of recovery from these customers.

	Note	2023	2022
-----Rupees '000-----			
12 FIXED ASSETS			
Capital work-in-progress	12.1	4,115,708	2,392,116
Property and equipment	12.2	36,281,187	32,804,038
		<u>40,396,895</u>	<u>35,196,154</u>
12.1 Capital work-in-progress			
Civil works		266,236	346,816
Equipment		2,968,971	1,742,100
Furniture and fixture		299,479	220,794
Vehicles		16,824	42,164
Building		564,198	40,242
		<u>4,115,708</u>	<u>2,392,116</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

12.2 Property and equipment

2023										
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets - land and building	Total	
Rupees '000										
At January 1, 2023										
Cost / revalued amount	3,353,600	7,775,976	801,796	5,517,692	1,515,015	9,103,257	365,911	5,105,048	16,446,765	49,985,060
Accumulated depreciation	-	-	-	38,423	1,040,524	7,057,668	213,100	2,728,764	6,102,543	17,181,022
Net book value	3,353,600	7,775,976	801,796	5,479,269	474,491	2,045,589	152,811	2,376,284	10,344,222	32,804,038
Year ended December 31, 2023										
Opening net book value	3,353,600	7,775,976	801,796	5,479,269	474,491	2,045,589	152,811	2,376,284	10,344,222	32,804,038
Additions	175,000	132,800	-	206,299	399,987	2,603,035	258,266	1,170,448	2,458,828	7,404,663
Lease modification (note 12.2.5)	-	-	-	-	-	-	-	-	21,292	21,292
Transfer from non-banking assets (note 12.2.2)	245,000	-	4,806	47,200	-	-	-	-	-	297,006
Disposals	-	-	-	-	(14)	(2,024)	(37,143)	(171)	(129,500)	(168,852)
Depreciation charge (note 12.2.4)	-	-	(52,255)	(298,156)	(103,009)	(1,155,009)	(48,331)	(496,873)	(1,923,327)	(4,076,960)
Other adjustments / transfers	-	-	194	-	-	662	(569)	(287)	-	-
Closing net book value	3,773,600	7,908,776	754,541	5,434,612	771,455	3,492,253	325,034	3,049,401	10,771,515	36,281,187
At December 31, 2023										
Cost / revalued amount	3,773,600	7,908,776	806,796	5,742,733	1,918,603	11,554,419	550,476	6,274,605	18,727,679	57,257,687
Accumulated depreciation	-	-	52,255	308,121	1,147,148	8,062,166	225,442	3,225,204	7,956,164	20,976,500
Net book value	3,773,600	7,908,776	754,541	5,434,612	771,455	3,492,253	325,034	3,049,401	10,771,515	36,281,187
Rate of depreciation (%) / useful life	-	-	2%-11%	2%-25%	10%	14%-50%	20%	10%-20%	11 months - 34 years	
2022										
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Leasehold property and improvement	Right-of-use assets - land and building	Total	
Rupees '000										
At January 1, 2022										
Cost / revalued amount	2,398,777	4,072,488	642,304	5,436,205	1,336,238	8,077,525	354,115	4,065,210	13,114,109	39,496,971
Accumulated depreciation	-	-	85,668	406,032	984,225	6,280,413	178,962	2,393,036	4,392,999	14,721,335
Net book value	2,398,777	4,072,488	556,636	5,030,173	352,013	1,797,112	175,153	1,672,174	8,721,110	24,775,636
Year ended December 31, 2022										
Opening net book value	2,398,777	4,072,488	556,636	5,030,173	352,013	1,797,112	175,153	1,672,174	8,721,110	24,775,636
Additions	-	139,753	-	183,661	187,114	1,051,130	16,652	1,049,066	3,473,886	6,101,262
Lease modification (note 12.2.5)	-	-	-	-	-	-	-	-	25,332	25,332
Movement in surplus on assets revalued during the year	979,909	3,563,735	275,008	477,234	-	-	-	-	-	5,295,886
Disposals	(25,086)	-	-	-	(96)	(957)	(1,033)	(1,131)	(248,584)	(276,887)
Depreciation charge (note 12.2.4)	-	-	(29,848)	(211,799)	(64,500)	(802,671)	(37,961)	(342,890)	(1,627,522)	(3,117,191)
Other adjustments / transfers	-	-	-	-	(40)	975	-	(935)	-	-
Closing net book value	3,353,600	7,775,976	801,796	5,479,269	474,491	2,045,589	152,811	2,376,284	10,344,222	32,804,038
At December 31, 2022										
Cost / revalued amount	3,353,600	7,775,976	801,796	5,517,692	1,515,015	9,103,257	365,911	5,105,048	16,446,765	49,985,060
Accumulated depreciation	-	-	-	38,423	1,040,524	7,057,668	213,100	2,728,764	6,102,543	17,181,022
Net book value	3,353,600	7,775,976	801,796	5,479,269	474,491	2,045,589	152,811	2,376,284	10,344,222	32,804,038
Rate of depreciation (%) / useful life	-	-	2%-11%	2%-25%	10%-20%	14%-50%	20%	10%-20%	11 months - 34 years	

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

12.2.1 The cost of fully depreciated fixed assets that are still in the Group's use is as follows:

	2023	2022
	-----Rupees '000-----	
Furniture and fixture	791,955	775,389
Electrical, office and computer equipment	5,389,998	4,960,129
Vehicles	171,564	6,536
Leasehold property and improvement	1,587,611	1,412,484
	<u>7,941,128</u>	<u>7,154,538</u>

12.2.2 During the year, the Group has transferred three properties to fixed assets from non-banking assets having book values of Rs 297.006 million.

12.2.3 The Group's freehold / leasehold land and buildings on freehold / leasehold land were last revalued by Joseph Lobo Co. (Private) Limited and K. G. Traders (Private) Limited on December 31, 2022 on the basis of professional assessments of the market values.

Had there been no revaluation, the carrying amount of revalued assets as at December 31, 2023 would have been Rs 5,674.80 million (2022: Rs 5,069.59 million).

	Note	2023	2022
		-----Rupees '000-----	
12.2.4 Allocation of depreciation expense of the year is as follows:			
Property expense			
- owned assets	29	848,555	586,278
- right-of-use assets	29	1,923,327	1,627,522
		2,771,882	2,213,800
Information technology expense	29	615,731	374,006
Other operating expenses	29	689,347	529,385
		<u>4,076,960</u>	<u>3,117,191</u>

12.2.5 Lease modifications

During the current year, the Group has renegotiated a number of existing lease agreements resulting in a modification of these lease agreements under IFRS 16, 'Leases'. These lease modifications pertain to:

- i) a change in consideration of the lease(s);
- ii) an increase in the scope of the lease(s) due to an extension in the contractual lease terms; or
- iii) termination of existing lease(s) due to relocation of the branches to new premises.

In case of (i) and (ii) above, the Group has remeasured the lease liabilities by discounting the revised lease payments using the revised discount rates and making a corresponding adjustment to the right-of-use assets.

In case of (iii) above, the Group has decreased the carrying amount of the right-of-use assets and the corresponding lease liabilities to reflect the full termination of the lease, taking any resultant gain or loss on such termination to the consolidated profit and loss account.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

12.2.6 Details of Disposals of Fixed Assets

The information relating to disposal of fixed assets to related parties is as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
----- Rupees '000-----						
Vehicles						
Toyota Land Cruiser	53,360	25,613	27,747	27,747	Bank's Policy	Mr. Yousuf Hussain (P & CEO)
Audi E tron	18,051	8,664	9,386	9,386	Bank's Policy	Mr. Yousuf Hussain (P & CEO)
	71,411	34,277	37,134	37,134		
Electrical Equipment						
Cellular Phone	55	55	-	11	Bank's Policy	Syed Majid Ali (Key Management Personnel)
Cellular Phone	30	30	-	6	Bank's Policy	Jaudat Hussain (Key Management Personnel)
Cellular Phone	55	50	5	11	Bank's Policy	Ali Waqar (Key Management Personnel)
Cellular Phone	30	20	10	10	Bank's Policy	Syed Shuja Haider (Key Management Personnel)
	170	155	15	38		
Total	71,581	34,433	37,148	37,171		

	Note	2023	2022
-----Rupees '000-----			
13 INTANGIBLE ASSETS			
Capital work-in-progress	13.1	799,929	711,373
Intangibles	13.2	1,652,458	1,630,479
		<u>2,452,387</u>	<u>2,341,852</u>
13.1 Capital work-in-progress			
Computer software		<u>799,929</u>	<u>711,373</u>

13.2 Intangibles

	2023				
	Goodwill	Management rights	Computer software	Customer relationship (note 13.2.2)	Total
----- Rupees '000-----					
At January 1, 2023					
Cost	238,484	114,600	3,476,412	2,557,167	6,386,663
Accumulated amortisation	-	-	2,650,362	2,105,822	4,756,184
Net book value	<u>238,484</u>	<u>114,600</u>	<u>826,050</u>	<u>451,345</u>	<u>1,630,479</u>
Year ended December 31, 2023					
Opening net book value	238,484	114,600	826,050	451,345	1,630,479
Additions - directly purchased	-	-	668,766	-	668,766
Impairment loss recognised in the profit and loss account - net (note 29)	(238,484)	-	-	-	(238,484)
Amortisation charge (note 29)	-	-	(326,172)	(82,131)	(408,303)
Closing net book value	<u>-</u>	<u>114,600</u>	<u>1,168,644</u>	<u>369,214</u>	<u>1,652,458</u>
At December 31, 2023					
Cost	238,484	114,600	4,145,178	2,557,167	7,055,429
Accumulated amortisation and impairment	238,484	-	2,976,534	2,187,953	5,402,971
Net book value	<u>-</u>	<u>114,600</u>	<u>1,168,644</u>	<u>369,214</u>	<u>1,652,458</u>
Rate of amortisation (percentage)	<u>N/A</u>	<u>N/A</u>	<u>14%-20%</u>	<u>5%-10%</u>	
Useful life	<u>N/A</u>	<u>N/A</u>	<u>5-7 years</u>	<u>10-19 years</u>	

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2022				Total
	Goodwill	Management rights	Computer software	Customer relationship (note 13.2.2)	
	-----Rupees '000-----				
At January 1, 2022					
Cost	238,484	114,600	3,041,495	2,557,167	5,951,746
Accumulated amortisation	-	-	2,428,170	2,023,691	4,451,861
Net book value	<u>238,484</u>	<u>114,600</u>	<u>613,325</u>	<u>533,476</u>	<u>1,499,885</u>
Year ended December 31, 2022					
Opening net book value	238,484	114,600	613,325	533,476	1,499,885
Additions - directly purchased	-	-	434,917	-	434,917
Amortisation charge (note 29)	-	-	(222,192)	(82,131)	(304,323)
Closing net book value	<u>238,484</u>	<u>114,600</u>	<u>826,050</u>	<u>451,345</u>	<u>1,630,479</u>
At December 31, 2022					
Cost	238,484	114,600	3,476,412	2,557,167	6,386,663
Accumulated amortisation	-	-	2,650,362	2,105,822	4,756,184
Net book value	<u>238,484</u>	<u>114,600</u>	<u>826,050</u>	<u>451,345</u>	<u>1,630,479</u>
Rate of amortisation (percentage)	<u>N/A</u>	<u>N/A</u>	<u>14%-20%</u>	<u>5%-10%</u>	
Useful life	<u>N/A</u>	<u>N/A</u>	<u>5-7 years</u>	<u>10-19 years</u>	

13.2.1 The cost of fully amortised intangible assets that are still in the Group's use is as follows:

	Note	2023	2022
		-----Rupees '000-----	
Computer software		2,210,074	1,980,879
Customer relationship	13.2.2	<u>1,099,722</u>	<u>1,099,722</u>
		<u>3,309,796</u>	<u>3,080,601</u>

13.2.2 This represents an intangible asset (customer relationship) which comprises of core deposits which were recognised at the time of acquisition of ex-RBS Pakistan. These core deposits represent the funding benefit that would be available to the Holding Company on account of availability of funding through deposit customers rather than from the wholesale or interbank market. This benefit also considers the fact that the economic life time of these deposits is longer than their contractual life. Based on this assumption, this intangible asset had been valued using certain valuation techniques and is being amortised over the life expectancy of these deposits. As more fully explained in note 13.3 to these consolidated financial statements, the SBP allowed the Holding Company to adjust the amortisation charge arising on this intangible asset against non-distributable capital reserve. The remaining amortisation period of this intangible asset is ranging from 3 to 8 years.

13.3 Non-distributable capital reserve - gain on bargain purchase

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 the intangible asset against the portion of reserve which arose on account of such asset. Accordingly, the Bank has adjusted amortisation of intangible asset amounting to Rs 68.968 million (2022: Rs. 68.149 million) (net of tax) from the non-distributable capital reserve.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
14 OTHER ASSETS			
Profit/ return accrued in local currency - net of provision		44,142,282	26,608,166
Profit / return accrued in foreign currencies - net of provision		82,278	35,156
Advances, deposits, advance rent and other prepayments		1,814,503	1,366,333
Non-banking assets acquired in satisfaction of claims	14.1	929,659	1,041,276
Mark to market gain on forward foreign exchange contracts		550,232	383,842
Acceptances	19	13,152,356	6,930,359
Credit cards and other products fee receivable		1,235,999	566,289
Receivable from brokers against sale of shares		89,252	268,523
Dividend receivable		75,348	75,348
Receivable from 1Link (Private) Limited		4,407,978	3,302,249
Rebate receivable - net		280,127	118,625
Defined benefit plan asset	36	89,545	166,681
Remittances receivable from Western Union		1,307,125	1,668,492
Others		2,357,513	838,106
		<u>70,514,197</u>	<u>43,369,445</u>
Less: provision held against other assets	14.2	<u>(328,963)</u>	<u>(326,637)</u>
Other assets net of provision		70,185,234	43,042,808
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21.2	1,735,172	2,126,204
Other assets - total		<u>71,920,406</u>	<u>45,169,012</u>
14.1 Market value of non-banking assets acquired in satisfaction of claims		<u>2,667,419</u>	<u>3,167,480</u>

The non-banking assets acquired in satisfaction of claims by the Group have been revalued by an independent professional valuer as at December 31, 2023. The revaluation was carried out by Joseph Lobo Co. (Private) on the basis of professional assessment of present market values. The SBP's Regulations for Debt Property Swap require the Group to carry out a full scope valuation of non-banking assets after every three years.

14.1.1 Non-banking assets acquired in satisfaction of claims

	Note	2023	2022
-----Rupees '000-----			
Opening balance		3,167,480	2,256,892
Additions		114,000	48,000
Revaluation		-	854,957
Transferred to fixed assets	12.2	(297,006)	-
Reversal of surplus		(273,475)	-
(Impairment) / reversal of impairment	31	(41,525)	12,596
Depreciation	29	(4,643)	(4,965)
Closing balance		<u>2,664,831</u>	<u>3,167,480</u>

14.2 Provision held against other assets

Dividend receivable		75,348	75,348
Receivable from customers		50,473	50,473
Security deposits		22,994	22,994
Others		180,148	177,822
		<u>328,963</u>	<u>326,637</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
Opening balance		326,637	356,973
Charge for the year		2,731	-
Reversals during the year		(405)	(30,336)
	31	2,326	(30,336)
Amounts written off		-	-
Closing balance		328,963	326,637
15 BILLS PAYABLE			
In Pakistan		16,550,469	21,309,950
16 DUE TO FINANCIAL INSTITUTIONS			
Secured			
To the State Bank of Pakistan (SBP) under			
- Long term financing facility for renewable power energy (RPE)	16.1	230	9,502
- Scheme of financing facility for storage of agricultural produce		-	5,400
- Islamic export refinance scheme - part I and II	16.2	30,665,904	31,795,302
- Refinance scheme for payment of wages and salaries		-	885,681
- Islamic financing for renewable energy	16.3	6,641,671	6,914,074
- Islamic long term financing facility	16.4	11,126,779	12,407,019
- Islamic temporary economic refinance scheme	16.5	31,034,309	30,853,102
- Islamic refinance facility for combating COVID-19	16.6	166,111	232,778
- Islamic refinance facility for storage of agricultural produce	16.7	513,439	370,804
- Scheme of Islamic Rupee-based discounting facility under EFS/IERS	16.8	708,777	547,230
		80,857,220	84,020,892
Repurchase agreement borrowings		-	5,318,855
Due to SBP under Open Market Operations (OMO)	16.9 & 16.12	73,594,497	29,061,914
Due to other financial institutions	16.10	3,402,344	1,440,559
Total secured		157,854,061	119,842,220
Unsecured			
Overdrawn nostro accounts		2,128,409	1,662,176
Musharaka acceptances	16.11	6,904,333	28,630,000
Total unsecured		9,032,742	30,292,176
		166,886,803	150,134,396

16.1 These represent amounts due to the SBP under scheme for long term financing facility for renewable power energy (RPE). The profit rates on these facilities range from 2% to 3% per annum (2022: 2% to 3% per annum), payable on quarterly basis, with maturities upto December 2028. As per the agreements, the Group has granted the SBP the right to recover the outstanding amounts from the Group at the maturity date of finances by directly debiting the current account of the Group maintained with the SBP.

16.2 In accordance with the Islamic export refinance scheme (IERS), the Holding Company has entered into Musharaka agreements for financing with the SBP for extending export finance to the customers. The average profit rates on this facility range from 3% to 18% (2022: 3% to 10%) payable on quarterly basis with maturities upto 180 days from the date of grant. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

- 16.3** In accordance with the Islamic financing facility for renewable energy the Holding Company has entered into mudarabah agreements for financing with the SBP for extending renewable energy finance to customers. The average profit rates on this facility range from 2% to 3% (2022: 2% to 3%) payable on quarterly basis with maturities upto May 2033. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.4** In accordance with the Islamic long term financing facility for plant and machinery the Holding Company has entered into mudarabah agreements for financing with the SBP for extending Islamic long term finance to the customers. The average profit rates on this facility range from 3% to 18% (2022: 3% to 10%) payable on quarterly basis with maturities upto December 2034. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.5** In accordance with the Islamic temporary economic refinance facility (ITERF) the Holding Company has entered into mudarabah agreements for financing with the SBP for extending long term finance to the customers. The average profit rate on this facility is 1% (2022: 1%) payable on quarterly basis with maturities upto December 2032. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.6** In accordance with the Islamic refinance facility for combating COVID-19, the Holding Company has entered into mudarabah agreements for financing with the SBP for extending medical equipment finances to the customers. The average profit rate on this facility is 0% (2022: 0%) payable on quarterly basis with maturities upto June 2026. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Holding Company at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.7** These represent balances due to the SBP under scheme of Islamic financing facility for storage of agricultural produce (IFFSAP). The profit rate on this facility is 2% per annum (2022: 2%) payable on quarterly basis with maturity upto February 2029. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from itself at the date of maturity of the finances by directly debiting the current account maintained by the Holding Company with the SBP.
- 16.8** In accordance with rupee based discounting scheme under IERS, the Holding Company has entered into Musharaka agreements for financing with the SBP for extending export finance to the customers. The average profit rates on this facility range from 0.5% to 2% payable on quarterly basis with maturities upto 180 days from the date of grant. As per the agreements, the Holding Company has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the current account maintained by the Bank with the SBP.
- 16.9** This represents borrowing from State Bank of Pakistan under open market operation. The average profit rates on these borrowing ranges from 22.10% to 23% per annum (2022 : 16.09% to 16.24% per annum) having maturity in February 2023.
- 16.10** This represents borrowing from Pakistan Mortgage Refinance Company (PMRC). The average profit rate on this borrowing ranging 8.75% to 20.86% (2022: 8.75% to 13.61%) per annum having maturity in June 2026.
- 16.11** This represents Musharaka acceptance on profit and loss sharing basis. The expected rates on these deal ranges from 21.70% to 22% (2022: 16.00% to 16.15%) per annum having maturity in January 2024.
- 16.12** Details and nature of securities pledged as collateral against due to financial institution are given in note 10.3 to these consolidated financial statements.

16.13 Particulars of due to financial institutions with respect to currencies

- in local currency
- in foreign currencies

	2023	2022
	-----Rupees '000-----	
	164,758,394	148,472,220
	2,128,409	1,662,176
	<u>166,886,803</u>	<u>150,134,396</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

17 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees '000-----						
Customers						
Current deposits	271,673,365	30,468,754	302,142,119	233,289,655	26,500,047	259,789,702
Savings deposits	246,343,937	21,489,149	267,833,086	207,105,501	23,004,040	230,109,541
Term deposits	244,250,942	1,484,842	245,735,784	154,758,216	887,679	155,645,895
Margin deposits	12,175,267	48,071	12,223,338	7,661,317	229,752	7,891,069
	774,443,511	53,490,816	827,934,327	602,814,689	50,621,518	653,436,207
Financial institutions						
Current deposits	11,726,778	275,306	12,002,084	9,405,616	65,052	9,470,668
Savings deposits	169,728,021	-	169,728,021	118,123,798	-	118,123,798
Term deposits	8,600,547	-	8,600,547	525,550	-	525,550
	190,055,346	275,306	190,330,652	128,054,964	65,052	128,120,016
	964,498,857	53,766,122	1,018,264,979	730,869,653	50,686,570	781,556,223

Note 2023 2022

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

17.1 Composition of deposits

- individuals	177,379,755	141,563,384
- government (Federal and Provincial)	29,697,729	20,622,004
- public sector entities	42,137,269	19,009,076
- banking companies	12,081,399	5,902,607
- non-banking financial institutions	178,249,253	122,217,409
- private sector	578,719,574	472,241,743
17.1.1	1,018,264,979	781,556,223

17.1.1 These include deposits eligible to be covered under insurance arrangements amounting to Rs 522,349 million (2022: Rs. 440,635 million).

18 DEFERRED TAX LIABILITIES / (ASSETS)

	2023			
	At January 1, 2023	Recognised in P&L	Recognised in OCI / Equity	At December 31, 2023
----- Rupees '000-----				
Taxable temporary differences on;				
- surplus on revaluation of fixed assets	1,957,237	(137,998)	274,669	2,093,908
- surplus on revaluation of non-banking assets	15,591	-	610	16,201
- surplus on revaluation of investments	(1,389,433)	-	4,592,841	3,203,408
- fair value adjustment relating to net assets acquired upon amalgamation	194,079	-	(13,163)	180,916
- fair value adjustment relating to net assets acquired upon business combination	52,496	-	-	52,496
- accelerated tax depreciation	38,930	310,711	-	349,641
- fair valuation of previously held equity interest in the Subsidiary Company	13,118	-	-	13,118
	882,018	172,713	4,854,956	5,909,687
Deductible temporary differences on;				
- provision for diminution in the value of investments	43,573	(891,157)	-	(847,584)
- provision against financing, off balance sheet etc.	(77,100)	60,852	-	(16,248)
- provision against other assets	(104,403)	(16,242)	14,905	(105,740)
	(137,930)	(846,547)	14,905	(969,572)
	744,088	(673,834)	4,869,861	4,940,115

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Taxable temporary differences on;

- surplus on revaluation of fixed assets
- surplus on revaluation of non-banking assets
- surplus on revaluation of investments
- fair value adjustment relating to net assets acquired upon amalgamation
- fair value adjustment relating to net assets acquired upon business combination
- accelerated tax depreciation
- fair valuation of previously held equity interest in the Subsidiary Company

2022			
At January 1, 2022	Recognised in P&L	Recognised in OCI / Equity	At December 31, 2022

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

1,528,114	(73,554)	502,677	1,957,237
14,113	-	1,478	15,591
71,350	2,870	(1,463,653)	(1,389,433)
208,056	-	(13,977)	194,079
52,496	-	-	52,496
1,462	37,468	-	38,930
13,118	-	-	13,118
1,888,709	(33,216)	(973,475)	882,018

Deductible temporary differences on;

- provision for diminution in the value of investments
- provision against financing, off balance sheet etc.
- provision against other assets

(32,236)	75,809	-	43,573
(1,059,541)	982,441	-	(77,100)
(185,426)	81,792	(769)	(104,403)
(1,277,203)	1,140,042	(769)	(137,930)
611,506	1,106,826	(974,244)	744,088

19 OTHER LIABILITIES

Return on deposits and other dues:

- payable in local currency
- payable in foreign currencies
- Unearned commission and income on bills discounted
- Accrued expenses
- Acceptances
- Dividend payable including unclaimed dividends
- Mark to market loss on forward foreign exchange contracts
- Current taxation (provision less payments)
- Provision against off-balance sheet obligations
- Charity fund balance
- Withholding tax payable
- Federal excise duty payable
- Payable to brokers against purchase of shares
- Fair value of derivatives
- Payable related to credit cards and other products
- Lease liability against right-of-use assets
- Funds held as security
- Payable to 1Link (Private) Limited
- Takaful payable
- Clearing and settlement accounts
- Others

Note 2023 2022

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

	13,233,050	6,735,294
	9,728	5,357
	1,493,017	982,430
	6,498,018	3,334,375
14	13,152,356	6,930,359
	344,271	256,594
	664,315	46,611
	3,256,604	1,013,387
19.1	126,297	87,700
19.2	148,216	44
	341,182	360,125
	159,996	90,817
	91,311	1,235,367
	1,657,226	1,507,683
	545,308	114,064
	12,865,125	11,814,937
	321,357	288,573
	595,002	359,297
	59,974	60,888
	17,570,738	14,940,611
	584,194	483,096
	73,717,285	50,647,609

19.1 Provision against off-balance sheet obligations

Opening balance

Charge for the year
Reversals during the year

Closing balance

31

87,700	104,894
38,597	3,596
-	(20,790)
38,597	(17,194)
126,297	87,700

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

19.2 Charity fund balance

Opening balance

Additions during the year

Received from customers on account of delayed payment

Profit from residual (ring-fenced) non-shariah compliant portfolio

Non-shariah compliant income on account of:

i) Dividend Purification amount

ii) Shariah non-compliant transactions

Profit on charity saving account

Payments / utilisation during the year

Education

Health

Social work

Closing balance

Note	2023	2022
	-----Rupees '000-----	
	199,678	42,956
	174,388	188,806
19.2.1	141,533	-
	4,919	-
	5,408	8,713
	15,879	5,256
	342,127	202,775
	77,000	12,000
	80,000	10,000
	50,000	24,053
	207,000	46,053
	334,805	199,678

19.2.1 For the purpose of consolidated financial statements, charity payable mentioned above includes income, net-off attributable expenses and charges, pertaining to the Subsidiary Company's conventional portfolio .

19.2.2 The balance in Charity's savings account is Rs. 186.589 million (2022: Rs 199.634 million).

19.2.3 Charity paid through savings account during the year is Rs. 207 million (2022: Rs. 46.053 million). Charity of Rs. 500,000 or higher was paid to the following organisations;

	2023	2022
	-----Rupees '000-----	
Professional Education Foundation	8,000	-
Habib University	16,000	-
IBA CEIF	5,000	-
IoBM	5,000	-
IM Sciences	10,000	-
Fatima Jinnah Medical College	5,000	-
Islamic International University	5,000	-
Jamiat Taleem ul Quran	3,000	-
SIUT	20,000	-
Alamgir Welfare Trust	15,000	5,000
The Citizens Foundation	20,000	5,500
Bait us Salam Welfare Trust	5,000	5,000
Saylani Welfare Trust	25,000	5,000
Patients' Aid Foundation	23,000	-
Patients' Behbud Society for AKUH	7,000	-
Karachi Down Syndrome Program (KDSP)	5,000	-
Dawat-e-Islami	5,000	-
CEIF IM Sciences, Peshawar	-	5,000
Pakistan Children's Heart Foundation	5,000	-
Pink Ribbon Pakistan	-	5,000
Akhuwat Foundation	-	5,000
Indus Hospital & Health Network	20,000	5,000
Rations Bags (For Flood Victims)	-	4,053
Developments in Literacy	-	1,500

There were no charity disbursement to related parties of the Bank.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

20 SHARE CAPITAL

20.1 Authorised capital

2023	2022		2023	2022
----- Number of shares -----			-----Rupees '000-----	
2,200,000,000	2,200,000,000	Ordinary shares of Rs.10 each	22,000,000	22,000,000

20.2 Issued, subscribed and paid up

2023	2022		2023	2022
----- Number of shares -----			-----Rupees '000-----	
		Ordinary shares		
201,451,420	201,451,420	Fully paid in cash	2,014,514	2,014,514
1,298,772,879	1,298,772,879	Issued as bonus shares	12,987,729	12,987,729
17,472,226	17,472,226	Issued for consideration other than cash	174,722	174,722
<u>1,517,696,525</u>	<u>1,517,696,525</u>		<u>15,176,965</u>	<u>15,176,965</u>

20.2.1 As at December 31, 2023, Ithmaar Bank B.S.C. (closed) (the parent company of the Holding Company) directly and indirectly holds 1,013,473,709 ordinary shares of Rs. 10 each (2022: 1,013,473,709 ordinary shares).

21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus/deficit on revaluation of:

- available for sale securities
- fixed assets
- non-banking assets acquired in satisfaction of claims

Deferred tax on surplus/ deficit on revaluation of:

- available for sale securities
- fixed assets
- non-banking assets acquired in satisfaction of claims

21.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at January 1

Recognised during the year

Surplus realised on disposal during the year

Transferred from surplus on revaluation of non-banking assets

Transferred to unappropriated profit in respect of incremental depreciation charged during the year

Surplus on revaluation of fixed assets as at December 31

Less: related deferred tax liability on:

- revaluation as at January 1
- revaluation recognised during the year
- impact of change in rate of tax
- transferred from surplus on revaluation of non-banking assets
- incremental depreciation charged during the year

Note	2023	2022
	-----Rupees '000-----	
	6,566,723	(3,201,341)
10.1	12,196,725	12,341,050
21.1	1,735,172	2,126,204
21.2	<u>20,498,620</u>	<u>11,265,913</u>
	(3,217,694)	1,376,577
	(2,093,908)	(1,957,237)
21.1	(16,201)	(15,591)
21.2	<u>(5,327,803)</u>	<u>(596,251)</u>
	<u>15,170,817</u>	<u>10,669,662</u>
	12,341,050	7,220,789
	19,746	5,295,886
	-	(4,977)
	117,557	-
21.2	<u>(281,628)</u>	<u>(170,648)</u>
	12,196,725	12,341,050
	(1,957,237)	(1,527,939)
	-	(502,677)
	(273,103)	-
	(1,566)	-
	137,998	73,379
	<u>(2,093,908)</u>	<u>(1,957,237)</u>
	<u>10,102,817</u>	<u>10,383,813</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		2,126,204	1,271,247
Recognised during the year	14.1.1	(273,475)	854,957
Transferred to surplus on revaluation of fixed assets	21.1	(117,557)	-
Surplus on revaluation as at December 31		1,735,172	2,126,204
Less: related deferred tax liability on:			
- revaluation as at January 1		(15,591)	(14,113)
- impact of change in rate of tax		(2,176)	-
- revaluation recognised during the year		1,566	(1,478)
		(16,201)	(15,591)
		1,718,971	2,110,613
22 CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	39,050,948	38,920,372
Commitments	22.2	225,759,797	168,295,114
Other contingent liabilities	22.3	4,122,244	4,122,244
		268,932,989	211,337,730
22.1 Guarantees:			
Financial guarantees		4,523,565	5,725,594
Performance guarantees		9,201,571	12,053,909
Other guarantees		25,325,812	21,140,869
		39,050,948	38,920,372
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		80,258,955	52,543,910
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	65,125,446	57,184,237
- forward government securities transactions	22.2.2	73,777,500	41,226,248
- promissory contracts - cross currency and swaps (notional principal)	22.2.3	1,678,515	1,510,401
- extending credit (irrevocable)	22.4	3,429,739	15,473,238
Commitments for acquisition of:			
- operating fixed assets		1,180,860	193,455
- intangible assets		308,782	163,625
		225,759,797	168,295,114
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		55,514,935	50,919,583
Sale		9,610,511	6,264,654
		65,125,446	57,184,237
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		73,777,500	35,400,890
Sale		-	5,825,358
		73,777,500	41,226,248
22.2.3 Commitments in respect of derivatives			
Sale	23	1,678,515	1,510,401

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

22.3 Other contingent liabilities

22.3.1 Holding Company:

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

Note	2023	2022
	-----Rupees '000-----	
	2,510,000	2,510,000
	457,543	457,543
(ii)	1,154,701	1,154,701
	<u>4,122,244</u>	<u>4,122,244</u>

- (i) Income tax assessments of the Holding Company have been finalised upto the tax year 2023 (accounting year ended December 31, 2022). Income tax return for tax year 2024 (accounting year ended December 31, 2023) has already been filed by the Holding Company within the stipulated timeline.
- (ii) The department and the Holding Company has disagreement on a matter relating to taxability of gain on bargain purchase on the acquisition of ex-RBS Pakistan. The additional tax liability on the matter amounts to Rs. 1,154.701 million (December 31, 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 Holding Company that gain on bargain purchase is not taxable. Subsequently, the department has challenged the order in Honourable High Court of Sindh. However, the management of the Holding Company is confident that the matter will be decided in the Holding Company's favour and accordingly, no provision has been recorded in these consolidated financial statements in respect of this matter.

22.3.2 There are certain claims against the Holding Company not acknowledged as debt amounting to Rs. 29,317 million (December 31, 2022: Rs. 29,453 million). These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Holding Company was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing, certain cases filed by ex-employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment and cases for damages towards opportunity losses suffered by 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 Holding Company for declaration, recovery of monies, release of securities, rendition of account and damages.

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

22.3.3 Subsidiary Company:

- (i) The income tax returns of the 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. 912,711 for the tax year 2005 on account of apportionment of expenses and disallowance of certain expenses. The subsidiary Company has paid Rs. 414,360 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. 498,351. 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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

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

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

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

- (iii) The Punjab Revenue Authority issued show cause notice No.PRA/AM/61/2205/ dated March 12, 2014 to Faysal Asset Management Limited requiring the subsidiary Company to obtain registration / enrolment and to pay sales tax amounting to Rs. 6,055,110 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 consolidated financial statements in respect of this liability.

- (iv) During the year ended December 31, 2020, 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. 4,964,364 for the tax year 2013 on account of apportionment of expenses, salary expenses and hardware and software expense. The management filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on the grounds of disallowances made by the Additional Commissioner Inland Revenue. The CIR(A) remanded back a few expenses while ordered against various other expenses for which the Subsidiary Company has decided to appeal before the Appellate Tribunal Inland Revenue (ATIR). The management of the Subsidiary Company is confident that the decision in respect of these matters will be decided in the Subsidiary Company's favour and accordingly no provision for the above has been made in these consolidated financial statements in respect of this liability.
- (v) During the year ended December 31, 2020, the audit of the tax year 2014 (financial year ended June 30, 2014) was completed by the taxation authorities. The tax authorities have passed an order under section 122(5A) of the Income Tax Ordinance, 2001, whereby they have determined an additional liability of Rs. 2,672,863 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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

passed by DCIR. 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.

- (vi) During the year ended December 31, 2020, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 182(1) of the Income Tax Ordinance, 2001 for the tax year 2018, whereby the DCIR imposed a penalty of Rs. 832,500 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. On August 17, 2020, the management filed an appeal before the CIR(A) on the subject matter and paid an amount of Rs 83,250, being 10% of the total amount of penalty imposed under the order and thus obtained an automatic stay on the subject matter. As on June 15, 2021 the Subsidiary Company has received an appellate order from the CIR(A), dismissing the appeal filed by the Subsidiary Company on August 17, 2020. The management has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). As a matter of abundant caution the Subsidiary Company had recognised a provision for the remaining amount of Rs. 749,250 in the consolidated financial statements.
- (vii) During the year ended December 31, 2022, one of the customers of the Subsidiary 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.

22.4 Commitments to extend credits

The Group 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. 3,430 million (2022: Rs. 15,743 million) which are irrevocable in nature.

23 DERIVATIVE INSTRUMENTS

Cross currency swaps (notional principal)

	2023	2022
	-----Rupees '000-----	
	1,678,515	1,510,401

Derivative instruments, such as forward rate agreements, cross currency swaps and FX options, are forward transactions that provide market making opportunities / hedge against the adverse movement of exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Holding Company. All derivative transactions are governed by "The Financial Derivatives Business Regulations" (FDBR) issued by the SBP.

23.1 Product analysis

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Counterparties	2022	
	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)

23.2 Maturity analysis

Remaining maturity	2023				
	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
	----- Rupees '000-----				
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	6	798,467	(1,897,025)	1,120,085	(776,940)
2 to 3 years	4	880,048	(3,975,920)	3,095,634	(880,286)
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
Total		1,678,515	(5,872,945)	4,215,719	(1,657,226)

Remaining maturity	2022				
	No. of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
	----- Rupees '000-----				
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	6	810,638	(2,232,715)	1,411,141	(821,574)
3 to 5 years	4	699,763	(4,217,089)	3,530,980	(686,109)
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
Total		1,510,401	(6,449,804)	4,942,121	(1,507,683)

23.3 Risk management policies related to derivatives are discussed in note 44.6 to these consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

24 PROFIT / RETURN EARNED

On:

Financing	
Investments	
Due from financial institutions	
Balances with banks	
Securities purchased under resale agreements	

2023	2022
-----Rupees '000-----	
92,894,379	52,774,945
95,617,084	49,475,306
936,557	1,732,956
7,534	4,160
6,865	541,061
<u>189,462,419</u>	<u>104,528,428</u>

25 PROFIT / RETURN EXPENSED

On:

Deposits	
Securities sold under repurchase agreements	
Due to financial institutions	
Lease liability against right-of-use assets	
Cost of foreign currency swaps against foreign currency deposits / dues	

87,594,003	43,553,431
143,380	6,420,297
23,387,568	9,542,246
1,525,500	1,261,371
5,741,225	3,759,788
<u>118,391,676</u>	<u>64,537,133</u>

26 FEE AND COMMISSION INCOME

Branch banking customer fees	
Consumer finance related fees	
Card related fees (debit and credit cards)	
Credit related fees	
Investment banking fees	
Commission on trade	
Commission on guarantees	
Commission on cash management	
Commission on remittances including home remittances	
Commission on bancatakaful	
Management fee on fund under management	
Sales load on sales fund under management	
Others	

1,099,862	964,381
610,434	578,091
4,143,876	3,179,024
38,206	10,904
199,745	283,990
688,918	595,804
180,385	174,220
156,281	92,721
902,831	579,014
123,196	183,465
956,881	627,810
226,897	150,698
107,151	67,344
<u>9,434,663</u>	<u>7,487,466</u>

27 LOSS ON SECURITIES

Realised:

Federal Government securities	
Shares	

(207,182)	(236,042)
(1,606,399)	(1,251,185)
<u>(1,813,581)</u>	<u>(1,487,227)</u>

28 OTHER INCOME

Rent on property	
Gain on disposal of fixed assets - net	
Notice pay	
Others	

234,027	164,498
22,406	52,722
6,330	470
921	8,200
<u>263,684</u>	<u>225,890</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

29 OPERATING EXPENSES	Note	2023	2022
		-----Rupees '000-----	
Total compensation expense	29.2	16,207,824	10,891,954
Property expense			
Rent and taxes		299,774	337,813
Takaful		124,803	86,245
Utilities cost		1,850,433	1,410,940
Security (including guards)		1,613,352	1,120,494
Repair and maintenance (including janitorial charges)		1,116,179	794,997
Depreciation on owned fixed assets	12.2.4	848,555	586,278
Depreciation on non-banking assets	14.1.1	4,643	4,965
Depreciation on right-of-use assets	12.2.4	1,923,327	1,627,522
Others		276,408	167,999
		8,057,474	6,137,253
Information technology expenses			
Software maintenance		3,832,456	2,352,596
Hardware maintenance		583,415	325,654
Depreciation	12.2.4	615,731	374,006
Amortisation	13.2	326,172	222,192
Network charges		312,967	273,271
Others		-	-
		5,670,741	3,547,719
Other operating expenses			
Directors' fees and allowances	38.2	184,480	129,120
Legal and professional charges		452,576	166,725
Outsourced services costs - staff	35.1	835,985	566,629
Travelling and conveyance		359,010	190,748
NIFT clearing charges		76,531	63,024
Depreciation	12.2.4	689,347	529,385
Training and development		110,882	23,949
Postage and courier charges		269,446	246,376
Communication		1,187,291	358,919
Marketing, advertisement and publicity		2,063,563	1,122,309
Donations	29.3	113,215	90,257
Auditors' remuneration	29.4	41,020	56,627
Takaful		767,982	761,906
Stationery and printing		665,490	569,349
Bank fees and charges		245,560	129,648
Brokerage and commission		32,881	12,836
Deposit protection premium		705,017	603,993
Credit card bonus points redemption		392,182	214,209
Others		1,119,817	952,586
		10,312,275	6,788,595
		40,248,314	27,365,521

29.1 Cost of outsourced activities is Rs. 556.103 million (2022: Rs. 207.027 million). This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is Rs. Nil (2022: Rs. Nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017. Material outsourcings done by the Group are listed below:

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

S. No.	Name of outsourced agency	Nature of service	Estimated cost (Rupees '000)
1	Euronet Pakistan Private Limited	Credit cards, debit cards, prepaid cards and ATMs switch system host	327,884

	Note	2023	2022
		-----Rupees '000-----	

29.2 Total compensation expense

Managerial Remuneration			
i) Fixed		5,924,885	4,512,714
ii) Variable			
of which;			
a) Cash bonus / awards, etc.		3,259,976	1,129,172
b) Commission incentives		1,309,773	909,898
Charge for defined benefit plan	36.8.1	279,417	236,592
Contribution to defined contribution plan		401,401	296,502
Rent and house maintenance		1,867,229	1,481,484
Utilities		460,540	363,052
Medical		365,154	291,080
Takaful		571,737	351,095
Conveyance		1,759,162	1,232,386
Others		8,550	86,779
Sub-total		16,207,824	10,890,754
Sign-on bonus *		-	1,200
Grand Total		16,207,824	10,891,954

29.3 Donations made during the year were as follows:

Donee

Waqf Faisal (Trust)	29.3.1	113,215	88,257
Al-Mustafa (Trust)		-	2,000
		113,215	90,257

29.3.1 The President and Chief Executive Officer of the Holding Company is acting as trustee of Waqf Faisal (Trust). No other interest of any of the directors or their spouses exists.

	2023	2022
	-----Rupees '000-----	

29.4 Auditors' remuneration

Statutory audit fee	8,790	5,142
Fee for the consolidated financial statements	2,622	2,052
Fee for other statutory certifications	6,498	5,962
Fee for the quarterly and the annual group reportings	15,333	16,894
Fee for the review of the half yearly financial statements	1,653	1,572
Fee for the audit of employee funds	285	189
Special certifications and sundry advisory services	-	4,254
Tax services	-	15,595
Out-of-pocket expenses	5,839	4,967
	41,020	56,627

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		119,148	37,349
Penalty imposed by Securities Exchange Commission Pakistan (SECP)		-	100
		<u>119,148</u>	<u>37,449</u>
31 PROVISIONS AND WRITE-OFFS - NET			
Provision / (reversal of provision) for diminution in value of investments	10.4	549,892	(167,637)
Provision / (reversal of provision) against financing	11.5	728,239	(457,485)
Provision / (reversal of provision) against other assets	14.2.1	2,326	(30,336)
Bad debts written off directly	11.6	45,511	128,431
Recoveries of written off / charged off bad debts		(457,163)	(383,214)
Provision / (reversal of provision) against off balance sheet obligations	19.1	38,597	(17,194)
Impairment / (reversal of impairment) for non-banking assets		41,525	(12,596)
Impairment of Goodwill		238,485	-
		<u>1,187,412</u>	<u>(940,031)</u>
32 TAXATION			
Current		21,526,602	11,181,063
Prior years		746,856	(1,036,606)
Deferred	18	(673,834)	1,106,826
		<u>21,599,624</u>	<u>11,251,283</u>
32.1 Relationship between tax expense and accounting profit			
Profit before tax		<u>41,846,298</u>	<u>22,688,945</u>
Tax calculated at the rate of 49% (2022: 49%)		20,504,686	11,117,583
Effect of:			
- permanent differences		188,525	76,307
- prior year charge		746,856	26,000
- others		159,557	31,393
Tax charge for the year		<u>21,599,624</u>	<u>11,251,283</u>
33 BASIC / DILUTED EARNINGS PER SHARE			
Profit for the year attributable to the equity holders of the Bank		<u>20,246,473</u>	<u>11,437,643</u>
		Number of shares in thousands	
Weighted average number of ordinary shares		<u>1,517,697</u>	<u>1,517,697</u>
		-----Rupees-----	
Basic earnings per share		<u>13.34</u>	<u>7.54</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

- 33.1** Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue at December 31, 2023 and December 31, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2023	2022
-----Rupees '000-----			
34 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks	7	84,036,564	56,130,598
Balance with other banks	8	1,812,507	2,785,113
Overdrawn nostros	16	(2,128,409)	(1,662,176)
		<u>83,720,662</u>	<u>57,253,535</u>
35 STAFF STRENGTH			
Holding Company			
Permanent		8,751	7,974
On contract		36	37
		<u>8,787</u>	<u>8,011</u>
Subsidiary Company			
Permanent		132	129
Probation		35	27
Contractual		2	6
		<u>169</u>	<u>162</u>

- 35.1** In addition to the above, 1,297 (2022: 1,198) employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding and janitorial services.

36 DEFINED BENEFIT PLAN

36.1 General description

Holding Company

The Group operates an approved funded gratuity scheme for all its permanent employees and employees who are on contractual service in non-management cadre. The benefits under the gratuity schemes are payable on retirement at the age of 60 years or earlier cessation of service in lumpsum. The benefits are equal to one month's last drawn basic salary for each year of eligible service or part thereof. The minimum qualifying eligible service for gratuity is 1 year for employees who became members of the Funds before November 12, 2002. In the case of other members of the Funds the minimum qualifying eligible service is 5 years. The minimum qualifying eligible service for contractual employees not employed under the management cadre is 6 months. The latest actuarial valuation of the Bank's defined benefit plan, based on the Projected Unit Credit Actuarial Cost Method, was carried out as at December 31, 2023.

The balance of conventional sub-funds has been transferred to islamic sub-fund.

Subsidiary Company

The Subsidiary Company operates an approved funded defined benefit gratuity scheme for all its permanent employees. The gratuity fund is governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund. The latest actuarial valuation of the fund was carried out at December 31, 2023.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

36.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit scheme are:

	2023	2022	2023	2022
	Number of employees Holding Company		Number of employees Subsidiary Company	
- Gratuity fund	8,787	8,011	132	129

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2023 using the following significant assumptions:

	2023		2022	
	Holding Company	Subsidiary Company	Holding Company	Subsidiary Company
Discount rate	16.00	16.00	14.50	14.50
Expected rate of return on plan assets	16.00	16.00	14.50	14.50
Expected rate of salary increase	16.00	16.00	14.50	14.50

	Note	2023	2022
-----Rupees '000-----			
36.4 Reconciliation of payable to defined benefit plans of the Group			
Present value of obligations	36.5	1,917,859	1,459,342
Fair value of plan assets	36.6	(2,007,404)	(1,626,023)
		<u>(89,545)</u>	<u>(166,681)</u>
36.5 Movement in defined benefit obligations of the Group			
Obligations at the beginning of the year		1,459,342	1,216,423
Current service cost		301,983	248,552
Return expense		224,655	153,175
Benefits paid by the Group		(110,515)	(111,931)
Re-measurement loss / (gain)		42,394	(46,877)
Obligations at the end of the year		<u>1,917,859</u>	<u>1,459,342</u>
36.6 Movement in fair value of plan assets of the Group			
Fair value at the beginning of the year		(1,626,023)	(1,334,405)
Return income on plan assets		(247,221)	(165,135)
Contribution by the Group - net		(119,464)	(237,032)
Benefits paid by the Group		110,515	111,931
Re-measurements (gain) / loss	36.8.2	(125,211)	(1,382)
Fair value at the end of the year		<u>(2,007,404)</u>	<u>(1,626,023)</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
-----Rupees '000-----			
36.7 Movement in (receivable) / payable under defined benefit schemes of the Group			
Opening balance		(166,681)	(117,982)
Charge for the year		279,417	236,592
Contribution by the Group - net		(119,464)	(237,032)
Re-measurement loss / (gain) recognised in OCI during the year	36.8.2	(82,817)	(48,259)
Closing balance		<u>(89,545)</u>	<u>(166,681)</u>
36.8 Charge for defined benefit plans of the Group			
36.8.1 Cost recognised in consolidated profit and loss account			
Current service cost		301,983	248,552
Net return expensed on defined benefit asset / liability		(22,566)	(11,960)
		<u>279,417</u>	<u>236,592</u>
36.8.2 Re-measurements recognised in consolidated OCI during the year			
(Gain) / loss on obligation			
- demographic assumptions		-	-
- financial assumptions		6,073	8,593
- experience adjustment		36,321	(55,470)
Return on plan assets over expected income		(125,211)	(1,382)
Total re-measurements recognised in OCI		<u>(82,817)</u>	<u>(48,259)</u>
36.9 Components of plan assets of the Group			
Cash and cash equivalents - net		45,098	439,546
Ijarah sukuks		1,598,473	886,379
Shares		824	402
Mutual funds		363,009	299,696
		<u>2,007,404</u>	<u>1,626,023</u>

The funds are primarily invested in GOP Ijara Sukuks and mutual funds and accordingly do not carry any credit risk. These are subject to yield rate risk. Cash and cash equivalents includes balances maintained with the Group which are subject to credit risk. Equity securities are subject to price risk which is being regularly monitored by the Trustees of the employee fund.

36.10 Historical information

	2023	2022	2021	2020	2019
-----Rupees '000-----					
Present value of defined benefit obligation	(1,917,859)	(1,459,342)	(1,216,424)	(1,057,254)	(858,334)
Fair value of plan assets	2,007,404	1,626,023	1,334,405	1,123,596	739,369
Surplus / (deficit)	<u>89,545</u>	<u>166,681</u>	<u>117,981</u>	<u>66,342</u>	<u>(118,965)</u>
Remeasurement of plan liabilities	(42,394)	46,877	101,905	77,660	50,663
Remeasurement of plan assets	125,211	1,382	(42,995)	(15,698)	42,498

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

36.11 Sensitivity analysis

The analysis based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the consolidated statement of financial position. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

	2023	2022
	-----Rupees '000-----	
1% increase in discount rate	(135,055)	(105,509)
1% decrease in discount rate	153,974	120,516
1% increase in expected rate of salary increase	156,677	122,739
1% decrease in expected rate of salary increase	(139,717)	(109,260)
1 year increase in expected life / withdrawal rate	(43,853)	(33,263)
1 year decrease in expected life / withdrawal rate	39,198	29,733

36.12 Expected maturity analysis of undiscounted obligation

Less than a year	163,763	111,448
Between 1-2 years	509,153	405,730
Between 2-5 years	1,454,162	955,088
Over 5 years	91,220,959	52,589,865
Total	93,348,037	54,062,131

2024

-- Rupees '000 --

36.13 Expected contributions to be paid to the scheme in the next financial year by the Holding Company *

353,387

36.14 Expected charge for the next financial year for the Holding Company *

353,387

* Expected contribution and charge of the Subsidiary Company are not presented here as the same are not material to the Group.

36.15 Maturity profile

The weighted average duration of the defined benefit obligation is 7.49 years for the fund of the Holding Company respectively whereas 8.13 years for the Subsidiary Company.

36.16 Funding policy

The policy followed by the Group in respect of the staff retirement benefit schemes is disclosed in note 6.11 to these consolidated financial statements.

36.17 The gratuity scheme exposes the Group to the following risks:

Asset volatility

The Defined Benefit Gratuity Islamic Fund is invested in Faysal Islamic Savings Growth Fund and Ijarah Sukuk. The investment is almost 16.71% (Rs. 328 million) for Faysal Islamic Savings Growth Fund while 81.54% (Rs. 1,598 million)

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

for Ijarah Sukuk. Islamic Fund has not such investment in any Government Bonds and Corporate Bonds hence the asset volatility risk is lower.

Changes in bond yields

There are two dimensions to the changes in bond yields: first, as described above; second, the valuation of the gratuity liability is discounted with reference to these bond yields. Any increase in bond yields will lower the gratuity liability and vice versa, but, it will also lower the asset values.

Inflation risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Group.

Life expectancy / withdrawal rate

The gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Group for the purpose of the Gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post-retirement benefit been given by the Group like monthly pension, post-retirement medical, etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

Other risks

Though, not imminent and observable, over long term there are some risks that may crystallise. These include:

- retention risk – the risk that employee will not be motivated to continue the service if no market comparable retirement benefit is provided.
- final salary risk – the risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- model risk – the defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.
- operational risk related to a separate entity - retirement benefits are funded through a separate trust fund which is a different legal entity than the Group. Generally, the protocols, processes and conventions used throughout the Group are not applicable or are not actively applied to the retirement benefit funds. This gives rise to some specific operational risks.
- compliance risk – the risk that retirement benefits offered by the Group do not comply with minimum statutory requirements.
- legal / political risk – the risk that the legal / political environment changes and the Group is required to offer additional or different retirement benefits than what the Group has projected.

37 DEFINED CONTRIBUTION PLAN

The Holding and the Subsidiary Company each operates separate approved funded contributory provident funds for all their permanent employees to which equal monthly contributions are made by the respective companies and their employees at the rate of 10% of the basic salary. The financial statements of the funds are separately prepared and are not included as part of these consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Holding Company:

2023				
Particulars	Members Shariah Board	President & CEO	Key executives	Other material risk takers / Controllers
----- Rupees '000-----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	19,220	84,081	210,796	380,437
ii) Total variable	11,448	107,898	204,378	245,781
of which				
a) Cash bonus / awards - paid	9,268	82,898	157,578	207,156
b) Cash bonus / awards - deferred	2,180	25,000	46,800	38,625
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	1,397	7,006	11,693	21,235
Contribution to defined contribution plan	-	8,408	10,354	24,512
Rent & house maintenance	269	4,875	63,144	114,234
Utilities	67	2,437	17,439	25,482
Medical	56	1,780	1,344	5,922
Conveyance	6,274	-	52,611	130,574
Sign on bonus	-	-	-	-
Others	-	4,857	2,462	32,560
Total	38,731	221,342	574,221	980,737
Number of persons	5	1	16	74

2022				
Particulars	Members shariah board	President & CEO	Key executives	Other material risk takers / controllers
----- Rupees '000-----				
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	17,176	73,195	181,795	312,789
ii) Total variable	5,628	70,000	136,500	182,428
of which				
a) Cash bonus / awards - paid	4,363	52,500	102,375	145,943
b) Cash bonus / awards - deferred	1,265	17,500	34,125	36,485
c) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	1,210	6,099	10,084	17,269
Contribution to defined contribution plan	-	7,319	7,780	20,723
Rent & house maintenance	278	4,800	54,454	93,194
Utilities	69	2,298	14,581	20,723
Medical	63	739	1,347	5,343
Conveyance	5,879	-	51,855	107,318
Sign on bonus	-	-	-	-
Others	-	1,620	2,072	887
Total	30,303	166,070	460,468	760,674
Number of persons	5	1	16	61

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Subsidiary Company:

2023				
Particulars	Members Shariah Board	Chief Executive Officer	Key executives	Other material risk takers / Controllers
	----- Rupees '000-----			
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	-	15,661	84,834	-
ii) Total variable	-	-	24,754	-
of which				
a) Cash bonus / awards	-	-	24,754	-
b) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	-	-	-	-
Contribution to defined contribution plan	-	1,566	8,501	-
Rent & house maintenance	-	3,915	21,209	-
Utilities	-	1,566	8,483	-
Medical	-	-	-	-
Conveyance	-	3,038	17,681	-
Sign on bonus	-	-	-	-
Others	-	4,549	108,338	-
Total	-	30,295	273,800	-
Number of persons	-	1	34	-

2022				
Particulars	Members Shariah Board	Chief Executive Officer	Key executives	Other material risk takers / Controllers
	----- Rupees '000-----			
Fees and allowances etc.	-	-	-	-
Managerial remuneration				
i) Fixed	-	11,853	61,385	-
ii) Total variable	-	24,000	26,573	-
of which				
a) Cash bonus / awards	-	24,000	26,573	-
b) Bonus and awards in shares	-	-	-	-
Charge for defined benefit plan	-	-	-	-
Contribution to defined contribution plan	-	1,185	5,789	-
Rent & house maintenance	-	2,963	15,346	-
Utilities	-	1,185	6,138	-
Medical	-	-	-	-
Conveyance	-	3,805	15,502	-
Sign on bonus	-	-	-	-
Others	-	3,701	44,664	-
Total	-	48,692	175,397	-
Number of persons	-	1	23	-

38.1 The President & CEO is provided with the Bank's maintained cars in accordance with the terms of employment.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

38.2 Remuneration paid to directors for participation in board and committee meetings

Holding Company

2023									
S.No.	Name of director	Board meetings	Meeting fees and allowances paid					Additional Fee to Chairman Committee	Total
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee		
Rupees '000--									
1	Mr. Farooq Rahmatullah Khan	3,200	-	2,400	-	-	-	1,120	6,720
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	8,000	6,400	4,800	4,800	-	-	1,280	25,280
3	Mian Muhammad Younis	8,000	3,200	1,600	1,600	-	1,600	1,440	17,440
4	Mr. Imtiaz Ahmad Pervez	7,200	-	1,600	-	-	3,200	640	12,640
5	Mr. Juma Hasan Ali Abul	8,000	6,400	4,800	4,800	-	-	-	24,000
6	Mr. Abdullelah Ebrahim Mohamed AlQasimi	8,000	-	-	-	4,800	4,000	-	16,800
7	Mr. Abdulla Abdulaziz Ali Taleb	8,000	-	-	-	4,800	4,000	-	16,800
8	Mr. Ali Munir	8,000	3,200	-	4,800	2,400	1,600	1,120	21,120
9	Ms. Fatima Asad	8,000	5,600	3,200	-	-	-	-	16,800
10	Mr. Mohsin Tariq	7,200	2,400	2,400	3,200	2,400	-	-	17,600
11	Ms. Sadia Khan	4,000	2,400	-	-	2,400	-	480	9,280
Total amount paid		77,600	29,600	20,800	19,200	16,800	14,400	6,080	184,480

2022									
S.No.	Name of director	Board meetings	Meeting fees and allowances paid					Additional Fee to Chairman Committee	Total
			Recruitment, Nomination & Remuneration Committee	Board Strategy Committee	Board Audit & Corporate Governance Committee	Board IT Committee	Board Risk Management Committee		
Rupees '000--									
1	Mr. Farooq Rahmatullah Khan	5,760	-	3,840	-	-	-	-	9,600
2	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery	5,600	4,800	3,200	3,200	-	-	-	16,800
3	Mian Muhammad Younis	4,800	4,000	-	3,840	-	3,200	-	15,840
4	Mr. Imtiaz Ahmad Pervez	4,800	-	-	-	-	3,840	-	8,640
5	Mr. Ali Munir	4,800	4,000	-	3,200	3,840	-	-	15,840
6	Mr. Juma Hasan Ali Abul	5,600	4,000	3,200	3,200	-	-	-	16,000
7	Mr. Abdullelah Ebrahim Mohamed AlQasimi	5,600	-	-	-	3,200	3,200	-	12,000
8	Mr. Abdulla Abdulaziz Ali Taleb	5,600	-	-	-	3,200	3,200	-	12,000
9	Ms. Fatima Asad	4,800	4,000	3,200	-	-	-	-	12,000
10	Mr. Mohsin Tariq	4,000	-	3,200	-	3,200	-	-	10,400
Total amount paid		51,360	20,800	16,640	13,440	13,440	13,440	-	129,120

Subsidiary Company

2023							
S.No.	Name of director	Meeting fees and allowances paid					Total
		Board Strategy Committee	Board meetings	Board Human Resource Committee	Board Audit Committee	Board Risk Management Committee	
Rupees '000--							
1	Mr. Yousaf Hussain	-	275	800	275	-	1,075
2	Mr. Salman Ahmed Usmani	-	-	300	-	-	300
3	Syed Majid Ali	-	-	800	550	275	1,900
4	Mr. Nadir Rehman	-	-	300	150	150	750
5	Mian Salman Ali	275	900	-	425	425	1,750
6	Syed Muhammad Fraz Zaidi	-	-	300	75	150	675
7	Ms. Samia Zuberi	-	-	900	625	275	1,800
8	Mr. Ali Waqar	-	-	900	275	-	1,600
Total amount paid		550	5,200	1,950	1,275	1,425	9,850

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

2022						
S.No.	Name of director	Meeting fees and allowances paid				Total
		Board meetings	Board Human Resource Committee	Board Audit Committee	Board Risk Management Committee	
Rupees '000						
1	Mr. Salman Ahmed Usmani	900	150	-	-	1,050
2	Mr. Osman Asghar Khan	700	150	300	300	1,450
3	Mr. Tahir Yaqoob Bhatti	600	-	-	-	600
4	Mr. Nadir Rehman	900	225	-	-	1,125
5	Mian Salman Ali	900	-	225	300	1,425
6	Syed Muhammad Fraz Zaidi	900	75	300	300	1,575
7	Ms. Samia Zuberi	200	75	-	-	275
8	Mr. Ali Waqar	200	-	-	-	200
Total amount paid		5,300	675	825	900	7,700

38.3 Remuneration paid to shariah board members

Description	2023				2022			
	Chairman	Resident member	Non-resident member	Shariah board Member	Chairman	Resident member	Non-resident member	Shariah board Member
Rupees '000								
Fees and allowances etc.	-	-	-	-	-	-	-	-
Managerial remuneration								
i) Fixed	8,022	3,980	4,427	2,791	6,946	3,370	4,200	2,660
ii) Total variable	8,736	1,204	263	1,245	4,500	700	-	428
of which								
a) Cash bonus / awards - paid	6,736	1,024	263	1,245	3,375	560	-	428
b) Cash bonus / awards - deferred	2,000	180	-	-	1,125	140	-	-
Charge for defined benefit plan	668	332	230	167	580	280	211	139
Rent & house maintenance	-	-	-	269	-	-	-	278
Utilities	-	-	-	67	-	-	-	69
Medical	-	-	-	56	-	-	-	63
Conveyance	3,600	1,685	-	989	3,600	1,407	-	872
Total	21,026	7,201	4,920	5,584	15,626	5,757	4,411	4,509
Number of persons	1	1	1	2	1	1	1	2

39 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.

39.1 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 Consolidated Financial Statements

For the year ended December 31, 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:

	2023			Total
	Level 1	Level 2	Level 3	
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	524,145,204	-	524,145,204
Shares / Units of mutual funds*	5,746,729	107,539	-	5,854,268
Non-Government debt securities	-	49,770,265	-	49,770,265
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities (note 10.7.1)	-	6,779,489	-	6,779,489
Non-financial assets - measured at fair value				
Fixed assets (land and buildings)	-	-	17,871,529	17,871,529
Non-banking assets acquired in satisfaction of claims	-	-	2,667,419	2,667,419
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	55,514,935	-	55,514,935
Forward sale of foreign exchange	-	6,264,654	-	6,264,654
Derivatives sales	-	1,678,515	-	1,678,515

Rupees '000

	2022			Total
	Level 1	Level 2	Level 3	
On-balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	402,310,029	-	402,310,029
Shares / Units of mutual funds	8,489,609	1,351,312	265	9,841,186
Non-Government debt securities (note 10.7.1)	47,380,000	2,485,260	-	49,865,260
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government debt securities (note 10.7.1)	-	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

Rupees '000

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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
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 is determined on the basis of the Net Asset Value (NAV) of the company using the latest available audited financial statements.
Sukuk Certificates	Fair values of 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 Holding Company enters into derivative contracts with various counterparties. Derivatives that are valued using valuation techniques with market observable inputs are mainly cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.
Mutual funds	Units of mutual funds are valued using the Net Asset Value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).

Valuation techniques used in determination of fair 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 note 6.6.
Non-banking assets (NBAs) acquired in satisfaction of claims	NBAs are valued by professionally qualified valuers as per the accounting policy disclosed in note 6.9.

*These represent shares of Mutual Funds Association of Pakistan which have been carried at cost since their fair value is not considered to be materially different from its carrying amount. Accordingly, the disclosures with respect to level 3 financial assets have not been given.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Group 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 Group'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 consolidated financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2023					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Consolidated Profit and loss account						
External funded revenue	(63,316,526)	63,800,840	70,805,067	174,783	(393,421)	71,070,743
Inter segment revenue - net	116,464,591	(58,890,617)	(68,229,751)	(172,641)	10,828,418	-
External non-funded revenue	7,842,522	1,749,588	4,360,875	6,741	(903,966)	13,055,760
Total income	60,990,587	6,659,811	6,936,191	8,883	9,531,031	84,126,503
Segment direct expenses	23,684,924	1,295,404	467,218	176,896	15,629,637	41,254,079
Inter segment expense allocation	13,536,254	1,175,879	247,859	222,130	(15,182,122)	-
Total expenses	37,221,178	2,471,283	715,077	399,026	447,515	41,254,079
Share of profit of associates	-	-	-	-	161,286	161,286
Provisions	519,660	364,216	607,884	(604,800)	300,452	1,187,412
Profit before tax	23,249,749	3,824,312	5,613,230	214,657	8,944,350	41,846,298
Consolidated Statement of financial position						
Cash and bank balances	30,486,904	-	55,362,053	-	114	85,849,071
Due from financial institutions	-	-	-	-	-	-
Investments	150,000	9,166,074	580,117,122	2,805,744	1,550,141	593,789,081
- Investment provision	-	-	(1,028,498)	(2,805,744)	-	(3,834,242)
Net inter segment lending	846,815,880	-	-	-	(846,815,880)	-
Financing - performing	126,927,551	442,189,965	-	-	8,584,421	577,701,937
Financing- non-performing	5,137,297	6,013,184	-	11,721,277	187,883	23,059,641
- Financing- provisions	(3,554,912)	(4,720,383)	-	(11,644,505)	(130,462)	(20,050,262)
Others	21,892,608	12,862,528	35,499,058	216,609	44,298,885	114,769,688
Total assets	1,027,855,328	465,511,368	669,949,735	293,381	(792,324,898)	1,371,284,914
Due to financial institutions	11,110,677	75,277,296	80,498,830	-	-	166,886,803
Subordinated Sukuk	-	-	-	-	-	-
Deposits and other accounts	947,772,275	70,100,426	-	392,278	-	1,018,264,979
Net inter segment borrowing	-	319,258,252	584,231,018	(99,779)	(903,389,491)	-
Others	68,972,376	875,394	1,870,858	882	23,488,359	95,207,869
Total liabilities	1,027,855,328	465,511,368	666,600,706	293,381	(879,901,132)	1,280,359,651
Equity	-	-	3,349,029	-	87,576,234	90,925,263
Total Equity and liabilities	1,027,855,328	465,511,368	669,949,735	293,381	(792,324,898)	1,371,284,914
Contingencies and commitments	45,666,205	78,801,025	140,581,461	1,797,031	2,087,267	268,932,989
	2022					
	Retail	CIBG	Treasury	SAM	Others	Total
	Rupees '000					
Consolidated Profit and loss account						
External funded revenue	(28,919,342)	36,213,873	32,840,466	229,850	(373,552)	39,991,295
Inter segment revenue - net	56,756,516	(32,274,010)	(30,122,499)	167,069	5,472,924	-
External non-funded revenue	5,973,502	1,741,537	2,085,329	(106,743)	(161,377)	9,532,248
Total income	33,810,676	5,681,400	4,803,296	290,176	4,937,995	49,523,543
Segment direct expenses	16,143,170	826,133	298,007	176,041	10,420,904	27,864,255
Inter segment expense allocation	8,918,417	803,043	167,195	161,942	(10,050,597)	-
Total expenses	25,061,587	1,629,176	465,202	337,983	370,307	27,864,255
Share of profit of associates	-	-	-	-	89,626	89,626
Provisions	(461,419)	503,105	(78,757)	(904,379)	1,419	(940,031)
Profit before tax	9,210,508	3,549,119	4,416,851	856,572	4,655,895	22,688,945
Consolidated Statement of financial position						
Cash and bank balances	19,076,053	-	39,839,531	-	127	58,915,711
Due from financial institutions	-	-	9,815,098	-	-	9,815,098
Investments	100,000	7,374,123	460,915,716	3,205,813	996,732	472,592,384
- 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)	45,503,360	82,707,018
Total assets	789,382,426	359,197,265	523,148,291	(147,255)	(596,574,258)	1,075,006,469
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	439,502	781,556,223
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	72,701,647
Total liabilities	789,382,426	359,197,265	524,993,903	(147,255)	(669,034,073)	1,004,392,266
Equity	-	-	(1,845,612)	-	72,459,815	70,614,203
Total Equity and liabilities	789,382,426	359,197,265	523,148,291	(147,255)	(596,574,258)	1,075,006,469
Contingencies and commitments	13,526,449	42,770,878	152,472,992	1,361,513	1,205,898	211,337,730

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

41 TRUST ACTIVITIES

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Group and, therefore, are not included in the consolidated statement of financial position. The following is the list of assets held under trust:

Under IPS accounts:

Category	2023					
	No. of IPS accounts	Securities held (face value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
----- Rupees '000-----						
Corporate	59	-	58,100	839,800	-	897,900
Insurance companies	2	-	-	-	-	-
Asset management companies	62	-	-	7,685,000	-	7,685,000
Employees funds	173	-	26,100	143,100	-	169,200
Charitable institution / NGOs	22	-	-	291,700	-	291,700
Individuals	15,324	-	119,200	1,219,900	2,191,988	3,531,088
Related parties	36	-	68,400	5,120,600	-	5,189,000
Others	6	-	-	-	-	-
	15,684	-	271,800	15,300,100	2,191,988	17,763,888

Category	2022					
	No. of IPS accounts	Securities held (face value)				Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Islamic Naya Pakistan Certificate	
----- Rupees '000-----						
Corporate	58	-	95,600	-	-	95,600
Insurance companies	3	-	-	-	-	-
Asset management companies	50	-	23,000	70,000	-	93,000
Employees funds	172	37,000	6,475,600	69,000	-	6,581,600
Charitable institution / NGOs	22	-	-	-	-	-
Individuals	11,415	-	171,200	419,800	1,755,743	2,346,743
Related parties	9	243,650	385,400	1,507,600	-	2,136,650
Others	7	-	-	-	-	-
	11,736	280,650	7,150,800	2,066,400	1,755,743	11,253,593

	2023	2022
Separately Managed Accounts (SMA) portfolio		
Number of portfolios	12	29
Total portfolio at cost (Rs. '000)	2,461,457	2,474,149
Total portfolio at market value (Rs. '000)	2,541,139	2,142,554

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 as at the year end, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	2023				2022					
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees '000									
Investments										
Opening balance	-	-	-	2,429,472	3,268,466	-	-	-	1,580,218	3,904,683
Investment made during the year	-	-	-	38,504,537	-	-	-	-	2,529,308	12,215,000
Investment redeemed / sold during the year	-	-	-	(37,644,184)	(1,259,427)	-	-	-	(1,703,989)	(12,851,217)
Equity method adjustment	-	-	-	129,707	-	-	-	-	23,935	-
Closing balance	-	-	-	3,419,532	2,009,039	-	-	-	2,429,472	3,268,466
Provision for diminution in value of investments	-	-	-	-	1,951,094	-	-	-	-	1,984,337
Islamic financing and related assets										
Opening balance	-	7	539,123	-	1,392,371	-	-	531,323	-	1,709,934
Addition during the year	-	49	658,335	-	16,958,966	-	7	281,835	-	617,945
Repaid during the year	-	(2)	(833,264)	-	(11,666,339)	-	-	(274,035)	-	(935,508)
Written off during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	54	364,194	-	6,684,998	-	7	539,123	-	1,392,371
Provision held against financing	-	-	-	-	407,688	-	-	-	-	457,987
Other assets										
Profit / return accrued	-	-	10,312	-	152,624	-	-	1,403	-	79,923
Commission income receivable	-	-	-	-	-	-	-	-	-	-
Defined benefit plan asset	-	-	-	-	90,806	-	-	-	-	168,825
Remuneration receivable	-	-	-	90,979	-	-	-	-	49,131	-
Receivable against reimbursement of expenses	-	-	-	203,865	-	-	-	-	115,195	-
Receivable from defined contribution plan	-	-	-	-	2,181	-	-	-	-	1,178
Front end load receivable	-	-	-	30,253	-	-	-	-	118	11,236
Preliminary expenses and floatation costs receivable	-	-	-	5,687	-	-	-	-	1,432	8,966
Others	-	-	-	-	2,320,075	-	-	-	-	3,302,249
	-	-	10,312	330,784	2,565,686	-	-	1,403	165,876	3,572,376
Deposits and other accounts										
Opening balance	182	58,656	131,791	57,393	24,347,670	182	51,148	231,277	15,350	9,800,472
Received during the year	-	232,893	1,975,111	983,701,499	49,904,616	-	88,829	2,472,226	3,243,262	601,605,779
Withdrawn during the year	-	(187,602)	(2,011,006)	(945,404,737)	(73,597,790)	-	(81,321)	(2,571,712)	(3,201,219)	(587,058,581)
Closing balance	182	103,947	95,896	38,354,155	654,496	182	58,656	131,791	57,393	24,347,670
Other liabilities										
Profit / return payable	-	931	386	684,274	24,669	-	429	669	355	319,447
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-
Payable against reimbursement of expenses	-	-	-	-	-	-	-	-	-	-
Other liabilities	4,923,232	-	-	-	1,811,176	4,595,017	-	-	-	2,049,728
	4,923,232	931	386	684,274	1,835,845	4,595,017	429	669	355	2,369,175
Contingencies and commitments										
Trade related commitments*	-	-	-	-	330,829	-	-	-	-	10,603
	-	-	-	-	330,829	-	-	-	-	10,603

* represents outstanding guarantee

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

42.1 Balances pertaining to parties that were related at the beginning of the year 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.

42.2 Details of outstanding investments and donations made during the year relating to related parties are given in notes 10 and 29.3 to these consolidated financial statements. Contributions to and accruals in respect of retirement benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan (refer notes 36 and 37 to these consolidated financial statements for the details of the plans). Remuneration of the President and Chief Executive Officer, directors' fee, and certain related information are disclosed in note 38 to these consolidated financial statements. Such remuneration is determined in accordance with the terms of their employment. Details of shares held by the parent company are disclosed in note 20.2.1 to these consolidated financial statements. Details of assets held under trust arrangement on behalf of the related parties are given in note 41 to these consolidated financial statements.

RELATED PARTY TRANSACTIONS

	2023					2022				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Income										
Profit / return earned	-	-	33,153	-	131,996	-	-	28,915	-	-
Fee and commission income	-	83	125	809,749	4,508	-	65	111	118,534	497,844
Dividend income	-	-	-	43,701	49,661	-	-	-	65,690	95,251
Net gain on sale of securities	-	-	188	29,420	734	-	-	231	(40,748)	3,777
Net gain on disposal of fixed assets	-	-	23	-	-	-	-	-	-	-
Expense										
Profit / return expensed	-	8,777	5,496	2,911,874	194,052	-	4,185	4,551	7,441	1,006,218
Reimbursement of expenses	-	-	-	512,289	-	-	-	-	39,929	318,855
Director's fee and other expenses	-	184,480	-	-	-	-	129,120	-	-	-
Remuneration	-	-	746,178	-	687	-	-	805,957	-	1,362
Subscription Fees	-	-	-	-	8,391	-	-	-	-	3,005
Charge for defined benefit plan	-	-	-	-	283,039	-	-	-	-	236,592
Contribution to defined contribution plan	-	-	-	-	401,401	-	-	-	-	12,463
Donations made during the year	-	-	-	-	113,215	-	-	-	-	88,257
(Reversal) / Provision against investment	-	-	-	-	(50,239)	-	-	-	-	(50,655)
Others										
Shares / units purchased during the year	-	-	-	38,504,537	-	-	-	-	2,529,308	18,943,915
Shares / units sold during the year	-	-	-	37,644,184	1,259,427	-	-	-	1,703,989	19,279,725
Government securities purchased during the year	-	-	43,300	-	222,900	-	-	504,715	-	2,054,560
Government securities sold during the year	-	-	75,249	-	3,617,594	-	-	406,936	-	4,151,535
Contribution to defined benefit plan	-	-	-	-	119,426	-	-	-	-	237,032
Sale proceeds from disposal of fixed assets	-	-	37,171	-	-	-	-	-	-	-

Rupees '000

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum capital requirement (MCR):

Paid-up capital (net of losses)

	2023	2022
	-----Rupees '000-----	
Paid-up capital (net of losses)	15,176,965	15,176,965
Capital adequacy ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	73,370,440	55,723,079
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	73,370,440	55,723,079
Eligible tier 2 capital	14,329,529	11,155,424
Total eligible capital (tier 1 + tier 2)	87,699,968	66,878,503
Risk weighted assets (RWAs):		
Credit risk	336,510,451	306,729,896
Market risk	56,432,669	51,822,917
Operational risk	106,918,760	72,519,488
Total	499,861,879	431,072,301
Common equity tier 1 capital adequacy ratio (in %)	14.68%	12.93%
Tier 1 Capital adequacy ratio (in %)	14.68%	12.93%
Total Capital adequacy ratio (in %)	17.54%	15.51%

Risk weighted assets (RWAs):

Credit risk

Market risk

Operational risk

Total

Common equity tier 1 capital adequacy ratio (in %)

Tier 1 Capital adequacy ratio (in %)

Total Capital adequacy ratio (in %)

Capital adequacy is regularly monitored by the Holding's Company management, employing techniques based on the guidelines developed by the Basel Committee and as per the requirements of the SBP. The required information is submitted to the SBP on a quarterly basis.

Since December 31, 2021, the SBP requires each bank or banking group to: (a) hold the minimum level of the paid-up capital of Rs 10 billion; (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum level of 10% and (c) maintain common equity tier 1 (CET1) ratio and tier 1 ratio of 6% and 7.5% respectively.

An additional capital conservation buffer (CCB) of 1.5% (to be met from CET1) has to be maintained over and above the minimum required level.

The paid-up capital of the Group for the year ended December 31, 2023, stood at Rs 15.177 billion (2022: Rs 15.177 billion). As at December 31, 2023, the Bank's CAR stood at 17.54% (December 31, 2022: 15.51%) whereas CET1 and Tier 1 ratios both stood at 14.68% (December 31, 2022: 12.93%).

The Holding Company is also in compliance with the conservation buffer requirements.

Leverage ratio (LR):

Eligible tier-1 capital

Total exposures

Leverage ratio (%)

Liquidity coverage ratio (LCR):

Total high quality liquid assets

Total net cash outflow

Liquidity coverage ratio (Ratio)

Net stable funding ratio (NSFR):

Total available stable funding

Total required stable funding

Net stable funding ratio (%)

	2023	2022
	-----Rupees '000-----	
Eligible tier-1 capital	73,370,440	55,723,079
Total exposures	1,594,121,150	1,237,985,505
Leverage ratio (%)	4.60%	4.50%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	517,942,201	368,386,611
Total net cash outflow	339,319,140	206,353,920
Liquidity coverage ratio (Ratio)	1.526	1.785
Net stable funding ratio (NSFR):		
Total available stable funding	838,043,710	706,803,978
Total required stable funding	482,990,880	416,877,978
Net stable funding ratio (%)	173.51%	169.55%

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

43.1 The link to the full disclosure is available at <https://www.faysalbank.com/en/capital-adequacy-ratio-car/>

44 RISK MANAGEMENT

Risk management group (RMG) has been organised under the Chief Risk Officer (CRO). It has been authorised by the Board of Directors (BoD) to monitor the implementation of various risk policies via implementation of an integrated risk management framework across the Holding Company. As an ongoing exercise to integrate risk related functions, RMG has been expanded, strengthened and entrusted to monitor the risk areas across the organisation, including adoption and convergence towards regulatory and Basel guidelines on risk management.

The primary objective of this architecture is to inculcate risk management into the organisation flows to ensure that risks are timely and accurately identified and assessed, properly documented, approved and adequately monitored and managed in order to ensure that risk taking activities are in line with the guidelines approved by the BoD and to protect the interests of the Group's depositors and shareholders.

The 'risk management framework' at the Group encompasses:

- scope of risks to be managed;
- process, systems and procedures to manage risk; and
- roles and responsibilities of individuals involved in risk management.

The Group has adopted an approach that gives an integrated view of the risks faced by the organisation. This calls for aligning strategic vision, policy objectives and business processes / procedures within the risk management framework. The management of risk is integrated with the Group's management of capital and strategy. This ensures that risks taken in pursuit of the Group's strategic objectives are consistent with the policies, translating into targeted shareholder return as well as the Group's desired credit rating and risk appetite.

With this in view, the risk management framework endeavours to be a comprehensive and evolving guidelines to cater to changing business dynamics. The risk management framework includes:

- clearly defined risk management policies;
- well constituted organisational structure; and
- mechanism for ongoing review of all policies and procedures and risk exposures.

The 'risk management framework' is built on the following elements:

- comprehensive risk governance; and
- effective risk processes.

The Group has developed and implemented a governance and management structure, processes surrounding each risk area, including credit risk, market risk, liquidity risk, capital management, operational risk, environmental risk and information security risk.

The essential components which contribute in effective management of all these risks are as follows:

- active board / senior management strategic direction and centralised RMG oversight;
- sufficient policies, procedures and limits;
- adequate risk measurement, monitoring and management information systems; and
- comprehensive internal controls.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

The Board of Directors (BoD) monitoring and oversight is facilitated through the Board Risk Management Committee (BRMC), comprising of directors including the President & CEO. It is appointed and authorised by the BoD to assist in the design, regular evaluation and timely updation of the risk management framework. The BRMC has further authorised management committees such as Country Credit Committee (CCC), Agriculture Credit Committee (ACC), Enterprise Risk Management Committee (ERMC) and Assets and Liabilities Committee (ALCO) to supervise risk management activities within their respective areas.

In order to have an effective and efficient risk assessment, and to closely align its functions with business, RMG has separate risk management functions for credit risk management, based on the specialised skill sets and required specific experience in various business segments. These functions comprise of corporate risk, CBSME, agri and retail risk management.

The common responsibilities of all credit risk management functions include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with compliance department of the Holding Company to ensure conformity to the relevant Government regulations, the SBP PRs as well as internal policies.
- work with relationship teams to structure exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure adequate risk coverage.

The risk management architecture is further fostered by enterprise risk management, risk policy & analytics, information security function and an independent credit administration department.

The enterprise risk management function is responsible for managing and controlling market, operational and liquidity risks at an enterprise level and monitoring regulatory capital requirements of the Group.

Credit administration department - independent from the Risk Management function - looks after the security, financing documentation, disbursement and post disbursement monitoring aspects of the credit portfolio.

Risk policy and analytics department serves as an independent check in the risk management function. It performs periodic review of all credit related portfolios (corporate, CBSME, retail, agri, SAM) and analyses portfolio compositions, risk rating distributions, emerging trends of NPLs, renewal status of Risk Approvals (RAs) as per policy and other policy related matters. It also formulates / updates credit policies (along with various limits prescribed therein) in line with regulatory environment, business strategy, the BoD approvals and the best practices.

The information security risk function is responsible for information security risk identification, monitoring and reporting.

44.1 Credit risk

Credit risk is the identification of probability that a counterparty will cause a financial loss to the Group due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

The Group's credit risk philosophy is based on the Group's overall business strategy / direction as established by the Board. The Group is committed to the appropriate level of due diligence to ensure that credit risks have been properly analysed, fully disclosed to the approving authorities, appropriately rated, appropriately structured, appropriately priced and documented.

The Group deals with many different types of obligors/customers and financing structures across the corporate, commercial, SME, agriculture and retail segments. The Group manages customer credit risk exposures within appropriate limits to ensure that it does not provide a disproportionate level of credit to a single customer or group of connected clients. The Group follows aggregation principles – summing of credit risk limits to the same customer, or group of connected clients – to identify and manage effectively all significant credit risk exposures to a single customer within an individual business and, where appropriate, across other business segments.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

The Group has well-defined credit approval and review processes under which senior officers with the requisite credit background, critically scrutinise, advise and discuss associated risks and recommend / review / approve credit facilities and financing, through respective credit committees. Besides financial, industry and transaction analysis, in order to quantify risks of counterparty, the credit evaluation also includes risk rating system to evaluate risk rating of the customers which is then monitored on a portfolio basis to gauge the Group's credit portfolio quality. To avoid risk concentration, counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

With a view to develop and effectively manage a diversified credit portfolio within each business segment (as an integral part of the credit risk management process), the Group has adopted the concept of an industry / sector-wise exposure concentration grid which dictates target market exposures.

As part of the Group's portfolio strategy and planning activity, these industry concentration limits are continually overseen by the management against the Group's approved exposures in these sectors and reviewed by the Board Risk Management Committee (BRMC) in its meetings with an aim to monitor the overall risk and to avoid high exposure to a single group or industry.

The Group is regularly conducting credit portfolio reviews to assess early warning signs, with robust post disbursement credit review mechanism to identify obligors/customers most likely to be affected in the challenging business and economic environment. The Group is confident that it has adequate capacity to withstand these difficult times.

44.1.1 Segment by class of business

Credit Risk Management (CRM) Framework (non-retail / non-individual portfolio) covers three business segments: corporate risk management, commercial banking and SME (including agri) risk management and retail risk management. Based on overall guidance provided by a recognised and established external consultant, in line with the global best practices while ensuring regulatory compliance and alleviation of any (perceived) conflict of interest, credit management process has been segregated into two distinct categories:

- independent risk advice by risk management function.
- credit approvals by credit committee(s), while taking into consideration the business unit recommendations / approvals and independent risk advice.

With this segregation, the role of risk management function in credit approval process is focused to provide risk advice only, based on key risk parameters; whereas relevant credit committees are responsible for providing credit related approvals.

The common responsibilities of corporate risk management and commercial banking and SME (including agri) risk management include:

- conduct a thorough and an independent due diligence of the proposed / existing exposures in the respective risk portfolios.
- work with relationship teams to advise on structure of exposures such that they mitigate key risks, cater to customer requirements, remain economical in terms of risk weighted assets / capital allocation to ensure risk coverage.
- work with the independent credit risk review team (under internal audit) for effective and periodic review of the credit portfolio.

Retail risk management is responsible for managing the credit risk of consumer finance credit products, with credit facilities extended to individual (non-corporate) customers. The consumer finance / retail finance function operates on a program approach, which are approved by the Country Credit Committee and subsequently by the BoD. The retail risk management provides its input on risk parameters in term of 'risk advice', at the time of approval / changes in product programs. The retail risk management also ensures that all the ongoing individual credit approvals are within pre-defined risk parameters as per the approved product programs.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

44.1.2 Credit risk: general disclosures Basel specific

The Group has adopted the standardised approach under Basel. According to the regulatory statement submitted under the standardised approach, the portfolio has been divided into claims on public sector entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 59.83% (2022: 60.12%) of the total credit risk weighted assets, 1.27% (2022: 1.00%) represents claims on PSEs and 13.99% (2022: 15.31%) exposure pertains to claims categorised as retail portfolio.

44.1.3 Credit risk: disclosures for portfolio subject to standardised approach

For domestic claims, external credit assessment institutions (ECAIs) recommended by the SBP, namely Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited are used. For claims on foreign entities, ratings assigned by Standard and Poor, Fitch and Moody's are used. Exposures not rated by any of the aforementioned rating agencies are categorised as unrated.

Exposures	PACRA	VIS	Standard and Poor's	Moody's	Fitch
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
Sovereigns	-	-	✓	✓	✓
PSEs	✓	✓	-	-	-

The SBP's indicative mapping process as instructed in the SBP's circular "Minimum capital requirements for banks and DFIs" (indicated in table below) was used to map alpha numeric ratings of PACRA, VIS, S&P's, Moody's, Fitch ratings, and numeric scores of ECAs, to the SBP's rating grades.

Long term rating grades mapping

SBP rating	ECA scores	PACRA	VIS	S & P	Moody's	Fitch
1	0,1	AA- and above	AA- and above	AA- and above	Aa3 and above	AA- and above
2	2	A+ to A-	A+ to A-	A+ to A-	A1 to A3	A+ to A-
3	3	BBB+ to BBB-	BBB+ to BBB-	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
4	4	BB+ to BB-	BB+ to BB-	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
5	5,6	B+ to B-	B+ to B-	B+ to B-	B1 to B3	B+ to B-
6	7	CCC+ & Below	CCC+ & Below	CCC+ & Below	Caa1 & Below	CCC+ & Below

Short term rating grades mapping

SBP rating	PACRA	VIS	S & P	Moody's	Fitch
S1	A-1 & above	A-1 & above	A-1 & above	P-1	F1
S2	A-2	A-2	A-2	P-2	F2
S3	A-3	A-3	A-3	P-3	F3
S4	Others	Others	Others	Others	Others

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Particulars of the Group's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.4 Due from financial institutions

Credit risk by public / private sector

	Due from financial institution - gross		Due from financial institution Non-performing		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees '000					
Public / Government	-	5,815,098	-	-	-	-
Private	-	4,000,000	-	-	-	-
	<u>-</u>	<u>9,815,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

44.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees '000					
Textile	10,981	10,981	10,981	10,981	10,981	10,981
Chemical and pharmaceuticals	1,409,393	1,467,506	1,409,393	1,467,506	1,409,393	1,467,506
Cement	500,000	500,000	500,000	500,000	500,000	500,000
Sugar	8,311	8,311	8,311	8,311	8,311	8,311
Power (electricity), gas, water, sanitary	51,765,570	49,860,108	-	-	-	-
Financial	839,000	839,000	-	-	-	-
Services	1,559,536	1,648,238	-	-	-	-
	<u>56,092,791</u>	<u>54,334,144</u>	<u>1,928,685</u>	<u>1,986,798</u>	<u>1,928,685</u>	<u>1,986,798</u>
Credit risk by public private sector						
Public / Government	51,765,570	49,862,130	-	-	-	-
Private	4,327,221	4,472,014	1,928,685	1,986,798	1,928,685	1,986,798
	<u>56,092,791</u>	<u>54,334,144</u>	<u>1,928,685</u>	<u>1,986,798</u>	<u>1,928,685</u>	<u>1,986,798</u>

44.1.6 Islamic financing and related assets

Credit risk by industry sector

	Gross financing		Non-performing financing		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees '000					
Agriculture, forestry, hunting and fishing	125,042,619	40,813,176	824,736	1,027,515	731,580	845,941
Mining and quarrying	5,907,246	8,746,866	3,451	6,231	3,451	3,683
Textile	83,560,348	83,030,104	5,993,318	5,907,748	5,700,126	5,776,564
Chemical and pharmaceuticals	24,382,400	17,360,361	510,236	586,371	508,957	518,267
Cement	17,689,081	15,398,016	41,608	41,608	39,108	39,108
Sugar	14,723,291	9,896,413	545,736	625,650	545,736	618,070
Footwear and leather garments	1,748,453	2,771,751	347,956	388,111	258,680	276,535
Automobile and transportation equipment	8,994,187	11,152,983	439,663	167,224	167,224	159,867
Electronics and electrical appliances	7,958,823	6,460,299	550,432	550,432	437,547	437,547
Construction	5,718,270	7,961,057	1,254,945	344,746	339,492	339,675
Power (electricity), gas, water, sanitary	84,832,610	73,371,182	1,827,534	1,827,534	1,827,534	1,748,555
Wholesale and retail trade	19,166,009	11,188,003	2,358,603	2,039,456	1,740,960	1,601,896
Transport, storage and communication	27,811,454	31,713,613	96,895	94,199	73,021	72,346
Financial	1,550,389	850,853	50,853	50,853	50,309	50,309
Insurance	8,477	10,250	-	-	-	-
Services	20,239,876	18,099,162	369,212	372,049	323,784	267,198
Individuals	56,094,627	55,782,330	1,752,820	1,636,282	1,149,659	1,122,073
Others	95,333,418	78,983,215	6,091,643	6,032,374	5,237,377	4,679,783
	<u>600,761,578</u>	<u>473,589,634</u>	<u>23,059,641</u>	<u>21,698,383</u>	<u>19,172,592</u>	<u>18,557,417</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Credit risk by public private sector

	Gross financing		Non-performing financing		Provision held	
	2023	2022	2023	2022	2023	2022
	-----Rupees '000-----					
Public / Government	208,587,989	96,817,234	-	-	-	-
Private	392,173,589	376,772,400	23,059,641	21,698,383	19,172,592	18,557,417
	<u>600,761,578</u>	<u>473,589,634</u>	<u>23,059,641</u>	<u>21,698,383</u>	<u>19,172,592</u>	<u>18,557,417</u>

44.1.7 Contingencies and Commitments

Credit risk by industry sector

	2023	2022
	-----Rupees '000-----	
Agriculture, forestry, hunting and fishing	-	78,065
Mining and quarrying	3,420,801	678,139
Textile	12,682,742	22,734,584
Chemical and pharmaceuticals	13,747,425	12,055,320
Cement	1,184,104	1,058,029
Sugar	287,663	205,989
Footwear and leather garments	712,450	298,884
Automobile and transportation equipment	4,376,658	1,167,955
Electronics and electrical appliances	2,664,880	1,174,849
Construction	3,108,004	2,234,021
Power (electricity), gas, water, sanitary	7,554,600	8,076,607
Wholesale and retail trade	30,667,811	6,434,119
Exports / imports	-	2,114
Transport, storage and communication	1,458,548	728,540
Financial	4,379,717	3,611,351
Services	4,416,605	4,611,413
Individuals	-	660,530
Others	29,105,438	26,111,316
	<u>119,767,446</u>	<u>91,921,825</u>

Credit risk by public / private sector

Public / Government	2,872,826	105,113
Private	116,894,620	91,816,712
	<u>119,767,446</u>	<u>91,921,825</u>

44.1.8 Concentration of exposures

The Group's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 266,946 million (2022: Rs 152,999 million) are as following:

	2023	2022
	-----Rupees '000-----	
Funded	261,026,933	146,646,588
Non-funded	5,919,270	6,351,980
Total exposure	<u>266,946,203</u>	<u>152,998,568</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 280,123 million (2022: Rs. 214,976 million).

There are no classified exposures under this category of financing.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

44.1.9 Islamic financing and related assets - province / region-wise disbursement and utilisation

Province / region	2023						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees '000						
Punjab	329,814,512	319,006,126	8,847,371	540,980	5,322	1,409,713	5,000
Sindh	505,689,386	15,647,839	489,196,382	25,202	67,439	162,100	590,424
KPK including FATA	4,646,542	-	-	4,646,542	-	-	-
Balochistan	27,444	-	27,444	-	-	-	-
Islamabad	31,020,108	1,222,368	306,794	2,236,524	6,042	27,192,450	55,930
AJK including Gilgit-Baltistan	15,000	-	-	-	-	-	15,000
Total	871,212,992	335,876,333	498,377,991	7,449,248	78,803	28,764,263	666,354

Province / region	2022						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees '000						
Punjab	177,180,673	164,005,930	4,104,856	8,445,608	-	225,727	398,552
Sindh	293,029,999	6,307,610	246,804,499	39,402,869	26,641	192,011	296,369
KPK including FATA	4,856,540	-	-	4,845,455	-	11,085	-
Balochistan	-	-	-	-	-	-	-
Islamabad	16,735,716	734,210	99,542	1,063,018	55,308	14,726,430	57,208
AJK including Gilgit-Baltistan	49,888	-	-	3,459	-	-	46,429
Total	491,852,816	171,047,750	251,008,897	53,760,409	81,949	15,155,253	798,558

44.2 Market Risk

It is the risk that the value of on-balance sheet and off-balance sheet positions of the Group will be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Group seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office, market risk management and treasury middle office perform market risk management activities within the Group. The Group has Enterprise Risk Management Committee which is responsible for recommending market risk policies and strategies for the Board approval and its subsequent implementation and review.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

44.2.1 Consolidated statement of financial position split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	----- Rupees '000-----					
Cash and balances with treasury banks	84,036,564	-	84,036,564	56,130,598	-	56,130,598
Balances with other banks	1,812,507	-	1,812,507	2,785,113	-	2,785,113
Due from financial institutions	-	-	-	9,815,098	-	9,815,098
Investments	16,708,616	573,246,223	589,954,839	12,366,221	456,941,813	469,308,034
Islamic financing and related assets	580,711,316	-	580,711,316	454,260,608	-	454,260,608
Fixed assets	40,396,895	-	40,396,895	35,196,154	-	35,196,154
Intangible assets	2,452,387	-	2,452,387	2,341,852	-	2,341,852
Other assets	71,920,406	-	71,920,406	45,169,012	-	45,169,012
	<u>798,038,691</u>	<u>573,246,223</u>	<u>1,371,284,914</u>	<u>618,064,656</u>	<u>456,941,813</u>	<u>1,075,006,469</u>

44.2.2 Foreign Exchange Risk

Foreign exchange risk / currency risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movements in currency exchange rates on the value of open foreign currency positions. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect revenues from foreign exchange dealing.

The Group undertakes currency risk mostly to support its trade services and maintains overall foreign exchange risk position to the extent of statutory Foreign Exchange Exposure Limit (FEEL) prescribed by the SBP.

Exposure limits such as counterparty, gap, net open position, dealer and bucket-wise currency delta limits are in place in accordance with the Bank's approved policies in order to manage associated risk and concentration at the acceptable tolerance levels.

	2023				2022			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	----- Rupees '000-----							
United States Dollar	14,260,891	52,058,694	36,636,382	(1,161,421)	10,061,861	50,359,791	39,414,819	(883,111)
Great Britain Pound Sterling	1,399,874	6,746,248	5,343,098	(3,276)	1,381,063	5,644,913	4,259,981	(3,869)
Euro	698,175	3,788,752	3,107,196	16,619	1,226,225	3,050,832	1,832,092	7,485
Japanese Yen	313	10,059	9,948	202	2,996	1,444	-	1,552
Other currencies	336,923	286,669	(10,862)	39,392	936,471	860,316	-	76,155
	<u>16,696,176</u>	<u>62,890,422</u>	<u>45,085,762</u>	<u>(1,108,484)</u>	<u>13,608,616</u>	<u>59,917,296</u>	<u>45,506,892</u>	<u>(801,788)</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees '000-----			
Impact of 1% change in foreign exchange rates on				
- profit and loss account	(52,253)	(10,690)	(41,195)	(7,835)
- other comprehensive income	-	-	-	-

44.2.3 Equity Position Risk

Equity position risk is the risk arising from unfavourable fluctuations in prices of shares in which the Group carries positions. It is a risk to earnings or capital that results from adverse changes in the value of equity related portfolios of the Group. Price risk associated with equities could be systematic or unsystematic. Systematic risk is due to sensitivity of portfolio's value to changes in overall level of equity prices, while unsystematic risk is associated with price volatility that is determined by the specific characteristics of the investee company.

The Group's equity position is governed by position limits imposed by the SBP for overall investment and per scrip exposure. Additionally, there are internal limits set to manage overall earnings in the form of stop loss limits and maintain a diverse portfolio through sector concentration limits.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees '000-----			
Impact of 5% change in equity prices on				
- profit and loss account	-	-	-	-
- other comprehensive income	9,752	448,547	4,633	552,833

44.2.4 Yield / profit rate risk in the banking book (IRRBB)-Basel II specific

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees '000-----			
Impact of 1% change in discount rates on				
- profit and loss account	(288,043)	3,623,102	(1,266,083)	3,124,480
- other comprehensive income	(41,658)	(3,824,231)	-	(3,109,517)

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

44.2.5 Mismatch of yield rate sensitive assets and liabilities

2023										
Exposed to yield risk										
Effective yield rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Non-yield bearing financial instruments

(%)

Rupees '000

On-balance sheet financial instruments

Assets

Cash and balances with treasury banks
Balances with other banks
Due from financial institutions
Investments
Islamic financing and related assets
Other assets

84,036,564	-	-	-	-	-	-	-	-	-	84,036,564
1,812,507	-	-	-	-	-	-	-	-	-	1,812,507
586,535,307	17,420,562	66,376,054	421,439,465	3,003,321	5,505,972	39,497,517	27,469,150	-	-	5,854,266
580,711,316	211,913,824	74,474,164	75,270,003	34,454,803	50,154,589	40,708,879	47,190,918	39,010,266	3,646,821	3,887,049
66,044,402	-	-	-	-	-	-	-	-	-	66,044,402
1,319,140,096	229,334,386	140,850,218	496,709,468	37,458,124	55,660,561	80,206,396	74,829,088	39,010,266	3,646,821	161,634,788

Liabilities

Bills payable
Due to financial institutions
Deposits and other accounts
Subordinated Sukuk
Other liabilities

16,550,469	-	-	-	-	-	-	-	-	-	16,550,469
166,886,803	81,781,500	25,785,129	4,380,308	530,236	2,424,102	1,734,466	4,537,715	43,403,752	181,185	2,128,410
1,018,264,979	119,011,904	116,354,701	48,855,484	60,910,570	66,587,526	88,318,759	54,181,121	106,453,644	284,635	357,306,635
68,340,189	-	-	-	-	-	-	-	-	-	68,340,189
1,270,042,440	200,793,404	142,139,830	53,235,792	61,440,806	69,011,828	90,033,225	58,719,836	149,857,396	465,820	444,325,703
49,097,656	28,540,982	(1,289,612)	443,473,676	(23,982,682)	(13,351,067)	(9,846,829)	15,910,232	(110,847,130)	3,181,001	(282,690,915)
41,827,607	-	-	-	-	-	-	-	-	-	-
90,925,263	-	-	-	-	-	-	-	-	-	-

On-balance sheet gap

Net non-financial assets

Total net assets

Off-balance sheet financial instruments

Commitments in respect of:
- forward foreign exchange contracts - purchase
- forward foreign exchange contracts - sale
- forward government securities transactions - purchase
- forward government securities transactions - sale
- cross currency and swaps
- forward lending

Off-balance sheet gap

Total yield risk sensitivity gap

Cumulative yield risk sensitivity gap

118,003,409	86,330,608	20,714,304	12,637,012	-	-	-	-	-	-	(1,678,515)
114,871,590	19,424,692	456,110,688	(23,982,682)	(13,351,067)	(9,846,829)	15,910,232	(110,847,130)	3,181,001	451,470,495	-
114,871,590	134,296,282	590,406,970	566,424,288	553,073,221	543,226,392	559,136,624	448,289,494	451,470,495	451,470,495	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Yield curve risk is the risk that a financial instrument will suffer either a decline in income or capital because future changes in prevailing interest rates impact assets more or less than they impact liabilities.

The profit rate risk of the Group arises when there is a mismatch between contractual maturities, which are subject to profit rate adjustment within a specified period or re-pricing of on and off-balance sheet assets and liabilities. Risk is addressed by Asset and Liability Management Committee that reviews the profit rate dynamics at regular intervals and decides re-pricing of assets and liabilities to ensure that the spread of the Group remains at an acceptable level.

Major sources of profit rate risk are;

- i) differences between the timing of rate changes and the timing of cash flows (re-pricing risk);
- ii) changing rate relationships among different yield curves affecting the Group's activities (basis risk);
- iii) changing rate relationships across the range of maturities (yield curve risk);
- iv) yield-related options embedded in the Group's products (options risk); and
- v) changes in marked-to-market value of financial instruments which occur when yield rate changes (price risk).

44.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human factors or from external events. The Group businesses are dependent on the ability to process a large number of transactions efficiently and accurately. Operational risks and losses originate from business / operational process failure, IT security failure, natural disasters, dependence on key suppliers, fraud, service quality compromises, regulatory non-compliance, loss of key staff and social and environmental impacts.

The operational risk management function is primarily responsible for the oversight of operational risk management across the Group. The operational risk management framework of the Group is governed by the operational risk management policy and procedures, while the implementation is supported by an operational risk management system and designated operational risk coordinators within different units across the Group. The framework is in line with international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organizational learning and future requirements.

The Group has implemented an effective operational risk management framework for managing operational risk. Each department has processes and system controls in place to address operational risks within their area. Operational loss data is collected through a well defined program implemented across the Group. Periodic workshops are conducted for risk and control self assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key risk indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes are subject to comprehensive operational risk assessments, before implementation. Regular updates on operational risk status is presented to Enterprise Risk Management Committee (ERMC) and the Board of Directors through the Board Risk Management Committee (BRMC).

Operational risk-disclosures Basel II specific

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Group is currently using basic indicator approach for calculating operational risk capital charge.

Under basic indicator approach the capital charge for operational risk is a fixed percentage (denoted alpha) of average positive annual gross income of the Group over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

44.4 Shariah Non-Compliance Risk (SNCR)

Shariah Non-Compliance Risk (SNCR) is the financial and reputational risk that arises from a Group's failure to comply with the Shariah rules and principles prescribed by the State Bank of Pakistan and Shariah Board of the Bank. Managing Shariah non-compliance risk is vital for the establishment of an effective Shariah governance system. Shariah compliance is critical to an Islamic Group's operations and such compliance requirements must permeate throughout the organization and its products and activities.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Group, is fully aware of the importance and implication of Shariah non-compliance risk on its business and strategy and therefore, ensures Shariah compliance in its business activities & operations. Group has also developed a comprehensive framework for Shariah Non-Compliance Risk management, which entails identification, assessment, monitoring / controlling and reporting of SNCR residing in the Bank.

44.5 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replenish funds when they are withdrawn.

Liquidity risk management framework is governed by the liquidity risk management policy. The policy provides specific directives for measuring and managing liquidity risk identifies responsible personnel; and defines their respective roles and responsibilities relating to liquidity risk management.

The management of liquidity risk is accomplished through a formal structure which includes:

- Board of Directors (BoD)
- Board Risk Management Committee (BRMC)
- Asset and Liability Committee (ALCO)
- Enterprise Risk Management Committee (ERMC)
- Treasury
- Risk management (enterprise risk management)
- Finance

The BoD approves the liquidity risk management policy including risk limits and ensures, through quarterly reviews by the BRMC, that the Group's liquidity risk is being managed prudently. The BRMC plays a strategic role in liquidity risk management by overseeing the liquidity risk profile of the Group. ERMC defines the risk tolerance levels and setting risk limits for effective liquidity risk management. ALCO ensures adherence with policy requirements and risk limits so that the Group remains sufficiently liquid at all times.

The market and liquidity risk under enterprise risk management function overseas liquidity risk. The Group's Asset and Liability Committee manages the liquidity position on a continuous basis.

The Group ensures to maintain a diversified portfolio of liquid assets and funding base. Sources of funding comprise of a good mix of core deposits. Concentration in deposit, especially large volume deposits, is closely monitored to anticipate any potential liquidity issues in case of their withdrawals.

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like liquid assets to liquid liabilities, liquid assets to total deposits, large volume deposits to total deposits, financing to deposit, liquid assets to volatile funding; on a regular basis against defined limits. Further, liquidity gaps over different time bands, are also monitored through maturity profiling of assets and liabilities. The Group also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, the Group has also implemented the SBP's Basel III liquidity standards for ensuring compliance with the requirements of LCR, NSFR and other monitoring tools.

The Group performs liquidity stress testing on periodic basis in order to ensure sufficient liquidity is always available to meet financial obligations / commitments. Stress testing aims to quantify the potential impact of extreme yet plausible events or movements on the value of portfolio. Shocks include withdrawal of deposits, withdrawal of wholesale / large deposits, withdrawal of top deposits, etc. The results of liquidity stress testing are shared with relevant authorities / committees, on periodic basis.

Contingency Funding Plan (CFP) is a part of liquidity risk management policy of the Group. CFP provides a set of several early warning indicators of a possible liquidity shortfall situation; describes the actions to be taken to manage it and identifies the roles and responsibilities of ALCO, CFP team or other relevant authorities.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

44.5.1 Maturities of assets and liabilities - based on contractual maturities

2023													
Rupees '000													
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets													
Cash and balances with treasury banks	84,036,564	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,812,507	1,812,507	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	589,954,839	-	-	-	1,159,222	1,159,225	16,780,088	28,497,492	2,389,669	38,378,177	173,328,722	274,729,730	53,532,514
Islamic financing and related assets	580,711,316	73,190,828	24,999,051	63,739,812	37,064,998	36,519,305	73,771,925	17,400,802	13,072,756	45,526,264	35,302,916	47,190,919	46,544,136
Fixed assets	40,396,895	958,055	240,095	548,977	1,030,845	1,037,006	1,043,746	71,649	115,529	499,656	1,606,114	3,894,522	29,145,117
Intangible assets	2,452,387	6,650	40,125	106,433	199,563	199,570	204,861	1,463	23,445	165,277	907,280	551,137	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	71,920,406	3,069,126	4,183,156	8,848,187	12,218,464	8,020,447	26,280,058	1,774,241	1,594,554	1,980,641	45,441	-	800,996
	1,371,284,914	154,457,989	78,354,139	29,468,885	73,243,409	51,673,092	118,080,678	47,745,647	17,195,963	86,550,015	211,190,473	326,366,308	130,022,763
Liabilities													
Bills payable	16,550,469	551,682	3,310,084	3,861,776	8,826,917	-	-	-	-	-	-	-	-
Due to financial institutions	166,886,803	302,706	80,929,512	797,112	1,880,579	16,065,695	4,380,308	14,502	515,734	2,424,102	1,734,466	4,537,715	43,584,938
Deposits and other accounts	1,018,264,979	764,249,681	28,635,973	13,543,964	42,720,646	42,910,499	33,525,834	11,262,191	15,817,427	64,164	41,120	19,069	-
Subordinated Sukuk	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	4,940,115	-	-	-	-	-	-	-	-	-	4,940,115	-	-
Other liabilities *	73,717,285	505,537	4,395,762	3,147,780	10,120,637	13,924,070	14,249,219	5,458,229	6,613,915	8,037,280	48,969	1,463	-
	1,280,359,651	765,609,606	117,271,341	21,350,832	61,182,586	85,314,482	52,155,361	16,734,922	22,947,076	10,585,526	6,764,670	4,558,247	43,584,938
Net assets	90,925,263	(611,151,607)	(38,917,202)	8,118,253	12,060,823	(33,641,390)	65,925,317	31,010,725	(5,751,123)	75,964,489	204,425,803	321,808,061	86,437,825
Share capital	15,176,965	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	15,616,188	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	15,170,817	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	44,961,035	-	-	-	-	-	-	-	-	-	-	-	-
Total equity attributable to the equity holders of the Bank	90,925,005	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	258	-	-	-	-	-	-	-	-	-	-	-	-
	90,925,263	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities													
Lease liabilities	12,865,125	-	-	-	-	-	-	5,225	213,093	232,256	654,328	2,010,273	9,749,950

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

2023													
Rupees '000													
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
12,865,125	-	-	-	-	-	-	-	5,225	213,093	232,256	654,328	2,010,273	9,749,950

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

2022													
Rupees '000													
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets													
Cash and balances with treasury banks	56,130,598	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,785,113	2,785,113	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	9,815,098	9,815,098	-	-	-	-	-	-	-	-	-	-	-
Investments	469,308,034	-	-	9,093,505	1,557,727	1,551,728	7,905,036	7,111,439	3,103,455	1,304,583	34,085,999	352,683,849	50,916,703
Islamic financing and related assets	454,260,608	37,040,685	23,008,062	56,288,565	16,739,520	34,460,468	41,330,899	13,508,603	14,789,861	43,227,548	38,138,574	48,307,902	52,655,167
Fixed assets	35,196,154	44,540	119,606	318,949	598,728	600,630	615,336	697,696	49,035	560,358	918,548	3,004,622	27,528,566
Intangible assets	2,341,852	5,328	35,569	94,850	177,843	178,155	177,843	6,254	42,987	47,183	607,102	569,630	357,011
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	45,169,012	3,087,281	2,413,101	5,456,129	5,264,821	4,526,933	15,699,975	1,085,712	1,602,493	2,942,649	26,895	-	469,509
	1,075,006,469	93,465,101	52,209,172	71,251,988	24,332,639	41,317,914	65,729,089	22,409,704	19,587,831	48,082,331	73,775,118	404,566,003	131,928,956
Liabilities													
Bills payable	21,309,950	710,333	4,281,990	11,365,306	4,972,321	-	-	-	-	-	-	-	-
Due to financial institutions	150,134,396	3,181,672	16,782,635	7,562,339	31,418,445	15,585,950	11,926,013	35,535	27,219	5,553,188	1,652,133	4,209,566	45,737,395
Deposits and other accounts	781,556,223	625,649,585	19,570,683	22,341,735	26,417,044	46,630,258	20,145,315	6,665,682	6,265,135	180,983	38,365	69,129	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated Sukuk	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities *	50,647,609	335,632	2,486,113	574,199	4,751,305	7,738,669	9,407,642	3,772,954	5,675,198	8,343,089	73,487	1,451	-
	1,004,392,286	629,877,222	43,081,221	47,011,339	62,866,794	69,954,877	41,478,970	10,474,171	11,987,952	14,077,260	2,508,073	4,280,146	45,737,395
Net assets	70,614,203	(538,412,121)	9,127,951	5,015,367	24,240,659	(38,254,155)	24,250,119	11,935,533	7,600,279	34,005,071	71,267,045	400,285,857	86,189,561
Share capital	15,176,965	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	11,675,988	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	10,660,662	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	33,091,551	-	-	-	-	-	-	-	-	-	-	-	-
Total equity attributable to the equity holders of the Bank	70,614,146	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	57	-	-	-	-	-	-	-	-	-	-	-	-
	70,614,203	-	-	-	-	-	-	-	-	-	-	-	-
	11,814,937	-	-	-	514	818	3,227	10,342	107,249	129,713	441,652	1,596,179	9,525,243
Liabilities													
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-

* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

2022													
Rupees '000													
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Total	-	-	-	-	514	818	3,227	10,342	107,249	129,713	441,652	1,596,179	9,525,243

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

44.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

In line with the SBP BSD Circular Letter No. 02 and 03 of 2011 on "Maturity and Profit rate sensitivity gap reporting", deposit withdrawal pattern analysis on current and saving accounts (CASA) is conducted on at least ten years weekly data. The outliers (seasonal variations) are adjusted from data using fourth spread statistical methodology. The regression methodology is used to estimated deposits withdrawal pattern of both current and saving deposits. This methodology is in line with industry best practices and regulatory guidelines.

	2023								
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets									
Cash and balances with treasury banks	6,752,344	1,676,529	2,470,675	5,210,267	10,521,377	23,332,750	12,962,639	21,072,167	37,816
Balances with other banks	145,733	36,157	53,285	112,369	226,912	503,213	279,563	454,459	816
Due from financial institutions	-	-	-	-	-	-	-	-	-
Investments	17,830,810	68,591,940	423,655,354	7,435,099	5,505,972	39,497,517	27,438,147	-	-
Islamic Financing & Related Assets	211,913,824	74,474,164	75,270,003	34,454,803	50,154,589	40,708,879	47,190,918	39,010,266	7,533,870
Fixed assets	923,731	9,892	14,766	2,245,138	2,557,616	1,606,114	3,894,522	10,952,327	18,192,789
Intangible assets	17	-	7	405,886	422,570	165,277	907,280	551,350	-
Deferred tax assets	-	-	-	-	-	-	-	-	-
Other assets	19,757,410	20,238,911	26,280,058	3,368,795	1,980,641	45,441	-	249,150	-
	1,371,284,914	257,323,869	165,027,593	527,744,148	53,232,357	71,369,677	105,859,191	92,673,069	25,765,291
Liabilities									
Bills payable	16,550,469	-	-	-	-	-	-	-	-
Due to financial institutions	83,909,909	25,785,129	4,380,308	530,236	2,424,102	1,734,466	4,537,715	43,403,752	181,186
Deposits and other accounts	146,741,008	123,608,578	56,395,227	75,489,789	97,604,100	209,169,052	116,821,737	192,106,556	328,932
Subordinated Sukuk	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities *	15,803,522	23,444,708	14,249,219	12,072,144	8,097,260	48,969	1,463	-	-
	1,280,359,651	263,004,908	172,838,415	89,092,169	108,125,462	215,892,602	121,360,915	235,510,308	510,118
Net assets	(5,681,039)	(7,810,822)	(452,719,394)	(34,859,812)	(36,755,785)	(110,033,411)	(28,687,846)	(163,220,588)	25,255,173
Share capital	15,176,965	-	-	-	-	-	-	-	-
Reserves	15,616,188	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	15,170,817	-	-	-	-	-	-	-	-
Unappropriated profit	44,961,035	-	-	-	-	-	-	-	-
Total equity attributable to the equity holders of the Bank	90,925,005	-	-	-	-	-	-	-	-
Non-controlling interest	258	-	-	-	-	-	-	-	-
	90,925,263	-	-	-	-	-	-	-	-

This contains maturity analysis of lease liabilities based on expected maturities which is shown below:

	2023								
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Liabilities									
Lease liabilities	-	-	-	219,318	232,256	654,328	2,010,273	8,401,441	1,348,509
	-	-	-	219,318	232,256	654,328	2,010,273	8,401,441	1,348,509

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

2022									
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Rupees '000									
Assets									
Cash and balances with treasury banks	4,765,484	979,478	1,509,912	3,567,096	7,136,999	16,378,894	9,443,965	12,323,462	25,308
Balances with other banks	236,451	48,599	74,917	176,989	354,117	812,673	468,582	611,454	1,331
Due from financial institutions	9,815,098	-	-	-	-	-	-	-	-
Investments	23,112,451	3,103,455	331,134,499	10,214,894	1,304,593	5,695,344	43,826,095	50,916,703	-
Islamic Financing & Related Assets	63,679,626	64,700,019	62,384,716	74,707,138	46,407,073	41,419,967	48,307,902	44,835,199	7,819,968
Fixed assets	35,196,154	2,601	17,307	1,942,789	1,756,416	918,548	3,003,841	9,395,038	18,134,307
Intangible assets	25,307	2,601	17,307	1,942,789	1,756,416	918,548	3,003,841	9,395,038	18,134,307
Deferred tax assets	-	-	313	361,941	398,674	47,183	607,102	300,933	625,706
Other assets	13,550,025	9,791,754	15,699,975	2,688,205	2,942,649	26,897	-	-	469,507
	1,075,006,469	115,184,442	410,821,639	93,659,052	60,300,521	65,298,506	105,667,487	118,382,789	27,076,127
Liabilities									
Bills payable	21,309,950	-	-	-	-	-	-	-	-
Due to financial institutions	33,988,952	47,004,394	11,926,013	62,754	5,553,188	1,652,133	4,209,566	45,632,011	105,385
Deposits and other accounts	102,066,763	83,866,919	36,613,751	52,063,505	78,388,434	184,527,893	106,208,636	137,547,258	273,064
Subordinated Sukuk	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	744,088	-	-	-
Other liabilities *	10,883,811	12,489,975	9,407,642	9,448,152	8,274,763	141,831	1,435	-	-
	1,004,392,266	168,249,476	57,947,406	61,574,411	92,216,385	187,065,945	110,419,637	183,179,269	378,449
Net assets	(53,065,034)	(64,735,382)	(352,874,233)	(32,084,641)	(31,915,864)	(121,767,439)	(4,762,150)	(64,796,480)	(26,687,678)
Share capital	15,176,965								
Reserves	11,675,968								
Surplus on revaluation of assets - net	10,669,662								
Unappropriated profit	33,091,551								
Total equity attributable to the equity holders of the Bank	70,614,146								
Non-controlling interest	57								
	70,614,203								
2022									
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Rupees '000									
Liabilities									
Lease liabilities	-	1,332	93,558	27,260	129,713	441,652	1,596,179	8,164,671	1,360,572
	11,814,937	1,332	93,558	27,260	129,713	441,652	1,596,179	8,164,671	1,360,572

This contains maturity analysis of lease liabilities based on expected maturities which is shown below:

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

44.6 Derivative risk management

The Group's derivatives risk management is performed under market risk management which is an independent unit reporting to the Chief Risk Officer. The risk management policies are governed by the regulatory and internal guidelines. The risk management department of the Group reviews credit risk, market risk and other risks associated with the derivative transactions or related area of the activity and assigns limits within which the transactions / area of activity can be carried out. Furthermore, Group's derivative portfolio is on run off basis due to conversion. Adherence to these limits is ensured through independent monitoring and control functions.

There are a number of risks undertaken by the Group, which need to be monitored and assessed. The management of risks includes the following primary components:

- comprehensive risk measurement approach;
- detailed structure of limits, guidelines and other parameters used to govern risk taking; and
- strong management information system for controlling, monitoring and reporting risks.

Major risks associated with the derivative instruments are market risk, credit risk and liquidity risk. The Group uses SunGard-Sierra to measure and manage these risks which provides end-to-end capability with respect to transaction life cycle.

Market risk

Market risk is the risk that the value of a derivative contract will be adversely affected by movements in equity prices, profit rates, currency exchange rates and commodity prices. The authority for approving policies, limits and periodic reviews rest with the Board of Directors. The critical measures used to manage market risks are profit rate delta and currency delta basis. These measures involve extreme shifts in a variety of parameters, such as FX rates, profit rates, equity prices, implied volatility levels and combinations of the above. These measures are calculated through the relevant systems.

Credit risk

Credit risk is the risk that a party to a derivative contract will fail to perform its obligation. There is a settlement risk associated with the derivative transactions. Settlement risk is monitored on a daily basis. Risk management department of the Group sets the policies and limits for counterparty risk based on a pre-defined criteria linked with the internal risk rating of the customer.

Liquidity risk

Liquidity risk is managed as part of the overall liquidity risk of the Group. The risk management policies related to liquidity risk are explained in note 44.5 to these consolidated financial statements.

45 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 7, 2024 by the Board of Directors of the Group.

46 GENERAL

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

47 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Holding Company in its meeting held on February 7, 2024 has proposed a final cash dividend of Rs. 2 per share (20%) for the year ended December 31, 2023. This is in addition to Rs. 2 already paid during the year bringing the total dividend for the year to Rs. 4 per share (2022: Rs. 7). These consolidated financial statements for the year ended December 31, 2023 do not include the effect of this appropriation which will be accounted for subsequent to the year end.



President & CEO



Chief Financial Officer



Chairman



Director



Director

Annexure I to and forming part of the Consolidated Financial Statements

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2023 as referred in note 11.7 to these consolidated financial statements.

S. No.	Name of the borrower	Address	Name of individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Profit/ Return written-off	Other Financial Reliefs	Total (11+12+13)
						Principal	Profit/ Return	Others	Total (7+8+9)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Nisar Ahmed	6 Kot Fazil Main Bazar Babu Sabu	Nisar Ahmed	35202-3865181-1	Muhammad Akram	-	45,857	-	45,857	-	45,857	-	45,857
2	Al Makkah Traders	Gill Wala Chak No 42 N.B Tehsil & Dist. Sargodha	Muhammad Amjad Rafiq	38403-2237603-3	Muhammad Rafique	295	845	-	1,140	-	793	-	793
3	Fai Rice Mills	Banghar Sanwar Road Banghar	Mujahid Abbas	34301-1762733-7	Nazir Ahmad	11,600	58,443	-	70,043	-	50,144	-	50,144
4	Abdullah Rice Mills	290 Asso Ahnsnt Near Mustafabad	Imtiaz Ahmed Cheema	34101-2333424-1	Muhammad Nazzer Cheema	207	1,226	-	1,433	-	833	-	833
5	Al Barakat Filling Station	Shamali 521-E.B, Dist	Ch. Mohammad Asif	34202-6454703-1	Ch Barkat Ali	3,725	3,584	-	7,309	-	2,349	-	2,349
6	Ab Textile Corporation	188-E-1 O Johar Town	Syed Hamid Hussain Subzwari	35202-2781980-3	Syed Sharif Hussain Subzwari	4,900	31,415	-	36,315	-	29,136	-	29,136
7	Usman Rice Corporation	Ghalla Mandi Koreykey	Zia Ullah	34104-3465261-1	Muhammad Ibrahim	800	883	-	1,683	-	592	-	592
8	Gulshan Poly Pack Pvt Ltd	Apt. 48, 3RD Floor, Hafeez Centre, Main Gulberg III Lahore. 173-H, Model Town, Lahore.	Muhammad Younas Muhammad Ayub Mrs. Gulshan Meraj	35202-2940371-7 35202-2975337-9 35202-7805136-2	Mian Mehraj Din Mian Mehraj Din Mian Mehraj Din	-	40,989	-	40,989	-	39,665	-	39,665
9	Crestpack	House # 28, Block E-2, Model Town, Lahore	Amir Latif	35202-0637454-5	Mohammad Abdul Latif	-	5,292	-	5,292	-	4,552	-	4,552
10	Itefaq Rice Mills	Itefaq Rice Millal Pur Road Gujranwala	Sabeen Naveed Jamal Nasir Cheema Akhtar Jamil Awan	34101-8711545-2 34101-9497912-5 34104-9580643-9	Naveed Azam Cheema Muhamad Nasir Cheema Muhammad Jamil	-	48,081	-	48,081	-	48,081	-	48,081
11	H.M Khali Wearing Factory	Itefaq Wearing State Kalra Gt Road Sammabad	Muhammad Khali	34101-0977648-5	Muhammad Hussain	3,213	10,322	-	13,535	-	10,404	-	10,404
12	Meiro International	Kacha Khali Rd Gardian Town School	Mian Imran Altaf	34201-2707788-9	Mian Altaf Hussain	14,920	44,259	616	59,795	-	37,820	12	37,832
13	Afsan Brothers (Fas Group)	119/2, Main Quaid-E-Azam Industrial Estate, Kot Lakhpat, Lahore	Ahsan Mehmood Butt	35201-1606258-9	Ashiq Hussain Butt	-	9,356	-	9,356	-	7,689	-	7,689
14	Shatrugh & Company (Fas Group)	119/2, Main Quaid-E-Azam Industrial Estate, Kot Lakhpat, Lahore	Shatrugh Mehmood Butt	35201-1606263-1	Ashiq Hussain Butt	-	28,650	-	28,650	-	26,872	-	26,872
15	Farrukh Brothers (Fas Group)	119/2, Main Quaid-E-Azam Industrial Estate, Kot Lakhpat, Lahore	Farrukh Mehmood Butt	35201-5379249-3	Ashiq Hussain Butt	-	9,356	-	9,356	-	7,689	-	7,689
16	Dynamic Freight Systems (Pvt) Ltd.	Commercial Area Cavalary Ground Lahore	Syed Muhammad Shoaib Zaidi Syed Sajjad Kamal Zaidi	35201-1525476-5 35201-8798598-9	Syed Saker Ali Zaidi Syed Saker Ali Zaidi	-	1,974	-	1,974	-	1,774	-	1,774
17	M Asim Aziz & Sons Al Nor	H.No.99 Block-F Erum Enterprises, Al Nor	Asim Aziz	96603-1392847-1	Sheikh Aziz Ur Rehman	3,243	7,015	-	10,258	-	6,851	-	6,851
18	Nutt Brothers	Small Industrial District Kasur	Numan Sharif	34201-2664160-7	Muhammad Sharif	7,498	9,711	-	17,209	-	8,210	-	8,210
19	New Awami Tractors	Chah Jathu Wala Chak No 198 E/B Po Khas T Faisalabad	Muhammad Munawar	96602-4262362-1	Sardar Baksh	3,499	2,378	-	5,877	-	2,089	-	2,089
20	Malik Rice Mills	Near Bridge Sarooki Patoki Kasur Kunjah	Nadir Hussain Malik	34201-2656985-5	Malik Mubarak Ahmad	3,394	4,282	-	7,676	-	3,793	-	3,793
21	Metal Masters	240A Phase II Gujranwala	Irfan Afzal Chatha	34101-7849211-9	Muhammad Afzal Chath	1,313	2,043	-	3,356	-	1,941	-	1,941

Annexure I to and forming part of the Consolidated Financial Statements

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Principal written-off	Profit / Return written-off	Other Financial Reliefs	Total (11+12+13)
						Principal	Profit / Return	Others	Total (7+8+9)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
22	Sayid Paper Mills Pvt Ltd	21-Km, Lahore-Sheikhupura Road, Lahore	Wajid Mahmood Sayid Faisal M Sayid Roohi Sayid Atzad H Sayid	35202-0757479-7 35202-4120799-1 35202-4465084-0 35202-7567288-9	Syed Mahmood Shah Wajid Mahmood Sayid Wajid Mahmood Sayid Wajid Mahmood Sayid	67,618	28,130	-	95,748	-	21,656	-	21,656
23	N.S. Plastic Industry	Silanwali 105 Sargodha	Shabir Ahmad	38403-8202587-3	Khurshid Ahmad	4,848	3,385	-	8,233	-	3,758	-	3,758
24	Speciality Chemical Industries (Pvt) Ltd.	30 Km Main Faisalabad-Lahore Road, Near Adda Ghaseepura At Chak No. 69 R.B The, Jaranwala Distt. Faisalabad.	Shi Muhammad Javed	245-88-204286	Shi Taj Din	7,999	29,220	-	37,219	-	29,334	-	29,334
25	Shahbaz Noor	House # 165, Block-S, D.H.A., Lahore.	Shahbaz Noor	35202-8385383-5	Noor Muhammad	-	37,844	-	37,844	-	27,844	-	27,844
26	Ashraf Sammani Steel Works	Chak No. 62 Office Kabir Wala Raiwind Road	Muhammad Mukarram Ali Ashrafi	35202-8298746-1	Muhammad Tufail	1,661	1,136	-	2,797	-	923	-	923
27	Asghar Commission Shop	Ghala Mundi Havelli Lakha Depalpur	Muhammad Asghar Wahgra	35301-8438397-7	Muhammad Amin Wahgra	6,500	15,394	-	21,894	-	14,438	-	14,438
28	Ashfaq Ahmed Construction Company	22 Bahawalpur Phase 1 University Road	Ishfaq Ahmed	31202-0367664-1	Anwar Ali	920	864	-	1,784	-	732	-	732
29	Green Force Pvt Ltd	7- Sharni Road, Lahore Centt.	Asif Bashir Farooqi Daniyal Khalid Farooqi Ayela Abbas Farooqi	35202-6425757-9 35202-8922545-1 35201-8684090-8	Muhammad Bashir Farooqi Asif Bashir Farooqi Arjumand Khan Niazi	12,850	83,910	-	96,760	-	74,744	-	74,744
30	Asif Bashir Farooqi	House No.12, Canal Park, Gulberg, Lahore	Asif Bashir Farooqi	35202-6425757-9	Muhammad Bashir Farooqi	-	37,641	-	37,641	-	30,781	-	30,781
31	Modern Rice & General Mills	Tower Ghala Mancil Near Deen Plazaqat Road Gujranwala	Rana Iftikhar Ali Rana Fahad Mushtaq Rana Mushtaq Ahmed Rana Zahid Mushtaq	34101-2403709-9 34101-6281465-5 34101-8330474-5 34101-8331329-5	Rana Naz Ahmed Rana Mushtaq Ahmed Rana Naz Ahmed Rana Mushtaq Ahmed	9,469	19,353	223	29,045	-	14,065	-	14,065
32	Nazir Plastic Industries	Nazir Plastic Industries, Baradari Road Opp. Fazal Park, Shadara Lahore	Nazir Hussain	35202-2876592-3	Siraj Uddin	7,997	7,519	-	15,516	-	7,250	-	7,250
33	Kn Lumber Land	104, Block E-1, Valancia Town, Lahore.	Rana Saad Ali	35202-9754070-3	Muhammad Tufail	2,167	3,532	-	5,699	-	3,281	-	3,281
34	Malik Brothers Zari Service Khan	Ghazi Roadchowk Chorhattad.G Khan	Muhammad Fayyaz Muhammad Sajjad	32102-0894990-9 32102-0894938-3	Muhammad Ramzan Muhammad Ramzan	1,292	1,545	-	2,837	-	1,230	-	1,230
35	Mian Brothers	Mian Brothers, Flat No.9, 2Nd Floor, Shabnam Centre, Shalimar Link Road, Lahore	Amir Ismaeel	35202-8098423-3	Muhammad Ismaeel	351	2,452	-	2,803	-	2,031	-	2,031
36	Ayesha Textile Mills Limited	97/B Gulber II Lahore	Haron Abdullah Abdullah Rafi Abdus Samad Usman Elahi Anjum Rafi Yousaf Anjum Abdul Rahim	35200-1416576-3 35200-1416576-7 35200-9039312-5 35202-0105917-1 35202-2434949-9 35202-2461304-3 35302-4463133-9	Abdullah Rafi Muhammad Rafi Abdullah Rafi Sheikh Muhammad Saeed Muhammad Rafi Anjum Rafi Anjum Rafi	52,316	43,947	-	96,263	-	51,394	-	51,394

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						Principal	Profit / Return	Others	Total (7+8+9)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
						Rupees '000							
37	Bestow Pharma	Office 2/A Karam Building Multan	Ulfiat Perveen Farooq Ahmad	36302-0268129-0 36302-0287000-3	Farooq Ahmad Muhammad Jumma Khan	1,500	3,642	-	5,142	-	3,239	-	3,239
38	Friends Traders	Hanira House muslim Townvehari	Shamim Akhtar Khawar Nazir	35200-1385548-8 36603-1393933-9	Ch Muhammad Bashir Ch Muhammad Nazir	8,457	1,890	-	10,347	-	2,513	-	2,513
39	Tabani Enterprises	Address: 09 Trad E Tower Abdullah Har Roon Road Karachi	Noman Tabani	42101-6620363-7	Muhammad Raqib Tabani	-	3,536	-	3,536	-	3,367	-	3,367
40	United Industries	Plot No. 148 Sector No. 27 Korangi Industrial Area Karachi	Mohammad Asghar Khan	42201-0721216-5	Mohammad Saleem	-	33,863	-	33,863	-	33,863	-	33,863
41	Polycloth (Pvt) Ltd	7/29 Ameer Mansion, 2nd Floor Muhammad Feroz St Off Rambharti Street Karachi	1-Danish Saheed 2-Shafiq Ahmed 3-Saeed Ahmed	42201-3223558-3 42201-5158386-5 42201-8293913-5	1-Saeed Ahmed 2-Mohammad Ahmed 3-Mohammad Ahmed	-	69,600	-	69,600	-	66,082	-	66,082
42	Irfan Ahmed	Society Sector 19 F Neger Khas Fd Area Karachi	Irfan Ahmed	42101-8819775-3	Furqan Ahmed	215	1,322	-	1,537	-	1,258	-	1,258
43	Cordial Trading Corporation	404 Gul Tower, I1 Chundrigar Road, Karachi	1-Mehmood Abu Baker 2-Heji Abu Baker 3-Mehboob Abu Baker	42201-5470470-5 42201-0757624-7 42201-5008155-7	1-Haji Abu Baker 2-Haji Salman 3-Haji Abu Baker	3,180	25,724	-	28,904	-	23,759	-	23,759
44	Star Enterprises	S-1 A Bujlah Haroon Road Guilshan E Maymar Karachi	Mustata Haider	42501-9635200-3	Syed Urooj Haider	5,100	12,386	-	17,486	-	12,992	-	12,992
45	National Absorbent Cotton	A/37 Site, Manghopir Road, Site, Karachi.	1-Iqbal Hussain 2-Ashfaq Hussain 3-Kashif Iftikhar 4-Altaz Hussain 5-Akhtar Hussain	42301-8012600-7 42301-2617632-3 42201-1503654-5 42101-0134833-9 42101-0103899-1	Fazal Hussain Fazal Hussain Ifikhar Hussain Fazal Hussain Fazal Hussain	16,192	20,065	-	36,257	-	18,833	-	18,833
46	People Fisheries (Pvt) Limited.	C-3, Fish Harbour, West Warf Karachi	1-Syed Mohd. Iftikhar Zaidi 2-Syed Hasan Iftikhar Zaidi 3-Mrs. Zahoor Fatma 4-Syed Anwar Iftikhar Zaidi	42301-4006293-9 42301-9751357-5 42301-0642292-4 42301-1096180-5	Syed Iftikhar Ahmed Syed Iftikhar Ahmed Syed Iftikhar Ahmed Syed Iftikhar Ahmed	855	23,320	-	24,175	-	21,074	-	21,074
47	Shoukat Ali Lashari	Deh Gar Abad Housing Societywapda Town Ghar Makand Taluka	Shoukat Ali Lashari	45401-6084703-1	Mohammad Yousif Lashari	2,800	4,483	-	7,283	-	4,321	-	4,321
48	Sardar Muhammad	House No. 1 Tehsil Housing Scheme Tehsil Burewala Distt Vehari	Sardar Muhammad	36601-6159373-3	Rehmat Ali	-	4,599	21	4,620	-	4,599	21	4,620
49	Babar Hussain	Niki Maneki P/O Khas Tehsil Depapur Distt Okara	Babar Hussain	35301-1922392-7	Mian Muhammad Hassan	-	1,499	13	1,512	-	1,499	13	1,512
50	Mubarak Ali	House No. 4A-4C, Mubalaha Raja House, Gulshan-E-Umar Town Mirpurkhas.	Mubarak Ali	44103-3527854-3	Batal	4,004	6,827	32	10,863	-	6,361	32	6,393
51	Malik Sajjad Zahoor	Malik Sajjad Za F.O. Ashraf Sugar Mills Arain P/O Ahmed Pur East Mouza	Malik Sajjad Zahoor	31201-7765474-7	Malik Zahoor Ahmed	-	946	-	946	-	946	-	946
52	Muhammad Akbar/ Muhammad Atza/M.Ajmal	Muhammad Akbar Po Khas Jhangji Islam Nagar Darn Wala P/O & T	Muhammad Akbar	31201-0267114-3	Muhammad Ramzan	1,579	1,577	-	3,156	-	1,360	-	1,360

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						Principal	Profit / Return	Others	Total (7+8+9)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Rupees '000													
53	Amjad Nawaz	Mouza Arora Mian Khan, Tehsil Depalpur District Okara	Amjad Nawaz	35301-1994144-3	Muhammad Nawaz	3,798	1,671	60	5,529	-	1,910	110	2,020
54	Ali Mardan	Village Haji Mithro K Safari Villas Phase 1	Ali Mardan	45402-4688737-9	Rasool Bakish	368	530	-	898	-	509	-	509
55	Khan Cold Storage	3- Km Sargodha Road, Kot Muhammad Yar Tehsil & Dist. Chiniot	Abdul Naveed Khan	33201-1584461-7	Abdul Muqueet Khan	9,267	27,699	-	36,966	-	24,611	-	24,611
56	Kausar Parveen	253 Oaknew Garden 0	Kausar Parveen	35201-1315347-0	Fareem Haider	1,634	11,111	96	12,841	-	10,609	-	10,609
57	Chaudhary M Akram / M Abid Akram Cheema	House No.117, 0 Cavalay Ground	Chaudhary Muhammad Akram Cheema	35201-5197353-5	Ch. Ghulam Rasool Cheema	974	1,054	-	2,028	-	997	-	997
58	Aleem Shehzad	P/O Same Baqani Tehsil Jatoi District Muzaffar Garh.	Aleem Shehzad	32302-4057044-1	Fateh Muhammad	-	2,857	6	2,863	-	2,857	6	2,863
59	Umer Communication	Chak No 447/Eb Murad Po Khas Tehsil Burewala, Dist. Vehari	Choudary Ehsan Ullah Cheema	36601-1336731-3	Nazir Ahmad	5,499	1,341	-	6,840	-	1,923	-	1,923
60	Zahoor Ullah	P.O Khas Chourasta Mian Khan Tehsil Depalpur Distt Okara	Zahoor-Ullah	35301-1984701-7	Mian Abdul Haq	-	1,210	-	1,210	-	1,210	-	1,210
61	Abdullah	Chak 55 Wb T Society Sector 19 Po Area Karachi	Abdullah	36603-8732569-3	Mughala	-	621	-	621	-	621	-	621
62	Babar Proteen Farm	19-Km Lahoreskp Road Mandla, Tehsilferozwala, District Shekhupura	Babar Ali Muhammad Ali Joyia	35201-5451411-1 35202-3048117-7	Nawazish Ali Rana Muhammad Anwar	2,300	9,200	195	11,695	-	8,605	-	8,605
63	Abdul Ghaffar	Ghalar Abdul Qar Nsion Streetno 113/13 0	Abdul Ghaffar	35103-0847103-9	Kamal Din	350	659	130	1,139	-	676	-	676
64	Tariq Javed/Khuram Yar Javed	138 Sd Canal City Gulberg	Tariq Javed	37203-1441576-5	Malik Yaran Khan	4,890	1,929	-	6,819	-	2,382	-	2,382
65	Khalid Hussain	Jamal Kor P/O Khas Tehsil Depalpur Distt Okara	Khalid Hussain	35301-1968667-9	Mian Muhammad Hussain	429	3,201	45	3,675	-	2,709	-	2,709
66	Muhammad Munir	Village Malik P Basti Rana	Muhammad Munir	35402-1765984-9	Mathala	661	1,165	61	1,887	-	1,202	-	1,202
67	Muhammad Naeem Uddin	P/O Khas Pipi Panarad Tehsil Depalpur Distt Okara	Muhammad Naeem Uddin	35301-9465049-7	Haji Muhammad Jahangir	-	3,010	-	3,010	-	2,527	-	2,527
68	Syed Arif Ali Bukhari	H # 244/A Mohalla G.O.R-5, Faysal Town Lahore.	Syed Arif Ali Bukhari	35202-2098027-1	Syed Bakar Ali Bukhari	-	9,899	-	9,899	-	9,104	-	9,104
69	Salman Ahmad	Allah Bukhsh La Iteiaq Colony Lajpat	Salman Ahmed	35200-3403762-5	Zahoor Ahmed	2,520	9,698	-	12,218	-	8,471	-	8,471
70	Ahmed Nawaz Khan	Chah Sher Wala Bheero Dakhana Khas Teh And Distt Jhang	Ahmed Nawaz Khan	33202-1406199-3	Malik Khoda Bux	3,560	4,710	18	8,288	-	4,225	58	4,283
71	Al Riaz Cold Storage	Aliaz Cold House No 79	Mushtaq Ahmad	35301-1975038-7	Mian Riaz Ahmad	7,451	11,881	183	19,515	-	12,631	-	12,631
72	Asghar Ali Asim	H No 61 A Gulsh VIII Banek Maken P O Same 0	Asghar Ali Asim	36602-6818429-7	Ch Ali Ahmed	-	1,284	-	1,284	-	1,034	-	1,034
73	Muhammad Azam	Chak No 16 Jb P Pankey Tehsil Jhunnra Dist. Faisalabad	Muhammad Azam	33101-6898830-7	Saeed Ahmed	-	4,330	9	4,339	-	4,330	9	4,339
74	Madina Poultry Farm	Chak No 257/E/B Tehsil Burewala And Distt. Vehari	Farooq Ahmed	36601-6188743-5	Ali Ahmad	3,035	3,782	8	6,825	-	3,967	-	3,967

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						Principal	Profit / Return	Others	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
75	Muhammad Boota	Paloki Wara Dog Gulshan Ravines Lhr L Null	Muhammad Boota	35201-1457950-5	Sharf Ud Din	-	779	-	779	-	629	-	629	
76	Mubarak Ahmad Bajwa	Vill Data Zaidkay Tehsil Pasnur & Dist. Sialkot.	Mubarak Ahmad Bajwa	34602-1702094-9	Ch Bashir Ahmad	-	2,063	-	2,063	-	2,063	-	2,063	
77	Saituj Seeds	Bahawalpurroad Hasilpur Dist Bahawalpur	Athar Hussain Azhar Hussain Mazhar Hussain	31203-6784694-9 31203-8442840-5 31203-9516008-5	Ramzan Ahmad Ramzan Ahmad Ramzan Ahmad	-	6,721	-	6,721	-	6,721	-	6,721	
78	Al Raheem Corporation	Al Raheem Oil Mill, 6 Km, Haroonabad Road, Bahawalnagar	Sheikh Muhammad Nadeem	36302-3680564-3	Sheikh Muhammad Shafi	-	4,846	-	4,846	-	2,294	-	2,294	
79	Lords Enterprises	House No. 09,10, House No. 2 Street 25/A District Shaheed Benazirabad	Khan Bahadur Bhatti	41306-5792005-5	M Juman Bhatti	-	6,546	-	6,546	-	4,146	-	4,146	
80	Buland Khan Bugti	H No 12, Mohallah Satellite Town, Mirpurkhas.	Buland Khan Bugti	44103-2067135-1	Zahid Hassan Bugti	3,000	4,549	27	7,576	-	4,302	-	4,302	
81	Muhammad Afzal	H No 94 Lala Zar Colony # 1, Satellite Town Jhang	Muhammad Afzal	33100-0984217-3	Muhammad Aslam	4,702	5,914	-	10,616	-	5,750	-	5,750	
82	Sajid Ali	Chak# 47-3R Po Basti Arain P/O Ahmed Pur	Sajid Ali	31104-8012611-9	Ali Ahmed	695	1,052	19	1,766	-	937	-	937	
83	Muhammad Awais	Waso House 11 C, Civil Lines, Jhng	Muhammad Awais	33202-9633759-1	Mian Muhammad Habib Ullah Anjum	1,900	4,823	-	6,723	-	4,544	-	4,544	
84	Malik Amanat Hussain	Jhalyari Bhai Khyy-E-Ghazi, Nara Gujran Khan	Malik Amanat Hussain	37401-5023411-3	Malik Gulam Qadir	6,019	2,954	-	8,873	-	2,700	-	2,700	
85	Dewan Shahzaib Ahmad	Panah Nagar Po Khas Tehsil Depapur Dist Okara	Dewan Shahzaib Ahmad	35301-2658230-3	Dewan Ishiaq Ahmad	7,997	2,928	-	10,925	-	3,326	-	3,326	
86	Muhammad Alla Ud Din	Muhammad Alla U Housing Scheme Renala 48 A-1 Punjab Employees	Muhammad Alla Ud Din	35201-5161663-5	Ch Shams Ud Din	-	2,652	118	2,770	-	2,170	-	2,170	
87	Ghulam Rasool Rind	1Ge Qurban Ali Rind Scheme 33 Gulzar Hijri Ahib Teh Dour Dist S.Jhelum	Ghulam Rasool Rind	45402-0901254-5	Shah Ali Khan Rind	-	805	-	805	-	805	-	805	
88	Mirza Naseer Ahmad Baig	Near Grid Station P.O Khas Haveli Lakha Tehsil Depapur Dist Okara	Mirza Naseer Ahmad Baig	35301-4940530-7	Mirza Bashir Ahmad Baig	2,102	7,041	38	9,181	-	5,817	-	5,817	
89	Ali Hyder Shah	132 Citizen, Null Qasimabad Hyderabad.	Ali Hyder Shah	41301-6199484-1	Syed Ghous Ali Shah	400	1,581	30	2,011	-	1,354	-	1,354	
90	Shakeel Ahmed Shaikh	H# B77 Mohala Haji Pura Halanaka	Shakeel Ahmed Shaikh	41303-8812454-3	Muhammad Sidique Shaikh	-	3,702	-	3,702	-	3,702	-	3,702	
91	Bajhi Khan Lashari	Village Muhammad Dha Ill Banchhi Makhand	Bajhi Khan Lashari	45401-0657160-9	Muhammad Sultan Lashari	2,950	4,903	10	7,863	-	4,617	-	4,617	
92	Mian Fazal Abbas Pirzadah	Mian Fazal Abba Sugar Mill Riaz Abad, Jhok Haji P.O Khas	Azhar Hussain	31202-1768362-1	Mian Sajjad Hussain Pirzada	1,576	3,035	-	4,611	-	2,532	-	2,532	
93	Anser Begum	177 E Garden Town Po Chakrala College	Ansar Begum	36302-2769917-2	Khurshid Ahmad Khan	-	5,188	-	5,188	-	4,788	-	4,788	
94	Muhammad Shahbaz	Dera Shamus Din, Juriyan, Tetsil & Dist. Hafizabad.	Muhammad Shahbaz	34301-9788339-7	Hayat	-	2,440	5	2,445	-	2,140	10	2,150	

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						Principal	Profit/ Return	Others	Total (7+8+9)	Principal					
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
95	M/S Al-Abbas Poultrys	Thatha Azam, Tehsil & Dist. Gujranwala	Asmet Ullah Riasat Ali	35202-4953178-5 35202-5646105-7	Riasat Ali Allah Ditta	-	2,146	-	2,146	-	2,146	-	-	2,146	
96	Ejaz Ahmed	Basti Haveli Ameen Hoot Wala P/O Janoo Wali Tehsil Jalal Pur Pir Wala District Multan.	Ejaz Ahmad	36301-7068784-9	Muhammad Bux	594	1,279	30	1,903	-	1,061	-	-	1,061	
97	Syed Iftikhar Ali Shah	Village Goll Po Khas	Syed Iftikhar Ali Shah	35202-4846647-9	Syed Muhammad Taqi Shah	180	1,218	55	1,453	-	1,029	-	-	1,029	
98	Bushra Tariq Bajwa	257 #1 House #3Lakho Dail 0	Bushra Tariq Bajwa	35202-4914043-2	Tariq Mehmood Bajwa	-	3,231	-	3,231	-	2,331	-	-	2,331	
99	Muhammad Zafar Iqbal Bajwa	House No 309 Centre Chooni Allama Iqbal Town	Muhammad Zafar Iqbal Bajwa	35202-2815891-1	Muhammad Younis Bajwa	6,995	703	-	7,698	-	1,024	-	-	1,024	
100	Mumtaz Hussain Ghallu	Mouza Sabra, Tehsil Jalal Pur Pir Wala, District Multan	Mumtaz Hussain Ghallu	36301-4297514-9	Malik Niaz Ahmed Ghalbo	1,859	4,661	35	6,575	-	4,186	-	-	4,186	
101	Fatek Sher	Mouza Bhadi Wahian, Tehsil & District Lodhran	Mazhar Hussain	36202-0366597-5	Ahmad Beksh	-	1,028	-	1,028	-	1,028	-	-	1,028	
102	Mushtaq Ahmed Khan	Chak No. 271 W.B. Gul Muhamm Farn	Mushtaq Ahmed Khan	36603-0809156-9	Allah Bux	459	1,866	-	2,325	-	1,868	-	-	1,868	
103	Mian M. Fahim Haider	12 Sham Road	Fahim Haider	35201-1405891-9	Ghulam Haider	-	10,750	22	10,772	-	10,172	-	-	10,172	
104	Btal Ahmed	H.No 17-C Govt Isamia Grl College Renala Khurd	Btal Ahmed	35301-0755235-3	Mustafa	-	1,237	-	1,237	-	1,237	-	-	1,237	
105	Hakim Ali	Jandran Kalan, Po Hujra Shah Mukem Tehsil Depalpur, District Okara.	Hakim Ali	35301-1969015-9	Sultan	-	2,705	85	2,790	-	2,389	-	-	2,389	
106	Rehana Yasmin	Chak # 161/Eb, Tehsil Arifwala, District Pakpattan	Rehana Yasmin	36401-0863794-0	Mian Sajid Hassan	138	759	-	897	-	605	-	-	605	
107	Hamid Ullah Sheikh/Zain H	Mouza Ther Po Ahmed Pur Lamma Tehsil Sadqabad District Rahim Yar Khan	Hameed Ullah Sheikh Zain Hafeez	31304-2029505-9 31304-8838176-9	Sheikh Nabi Bukhsh/Sheikh Muhammad Hafeez Ullah	4,438	13,866	-	18,304	-	13,174	-	-	13,174	
108	Mehar Ghulam Shabbir	Moza Budhoana P/O Qaimbarwana, Tehsil Shorkot Dist. Jhang	Mehar Ghulam Shabbir	33203-8047477-9	Perhwan	-	2,960	15	2,975	-	2,960	15	-	2,975	
109	New AH-Farid Cold Storage	Chak No 90/6 Raada Maiwali Masjid Sahwal	Muhammad Iqbal Allah Ditta Naveed Iqbal Asif Iqbal	33100-6783237-9 36502-2182659-5 36602-4610172-9 36502-5773307-5	Allah Ditta Jan Muhammad Allah Ditta Allah Ditta	3,445	13,807	5	17,257	-	14,173	-	-	14,173	
110	Mian Ashiq Hussain Dahan	Basti Dahan Bepaini - P/O Bepaini - li Tehsil Jatoi District Muzaffar Garh.	Mian Ashiq Hussain Dahan	32302-7811588-9	Mian Khuda Bux Dahan	-	4,824	-	4,824	-	4,824	-	-	4,824	
111	Zafar Hayat	Moza Behak Maken, Tehsil & District Sargodha	Zafar Hayat	36403-2223029-7	Wali Muhammad	525	1,230	-	1,755	-	960	-	-	960	
112	Mhammad Ashraf	Chak # 659 Gb Tehsil & Dist. Faisalabad	Mhammad Ashraf	33100-4023038-7	Mehar Khan	-	1,347	-	1,347	-	857	-	-	857	

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						Principal	Profit/ Return	Others	Total (7+8+9)						
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
						Rupees '000									
127	Muhammad Ijaz Nasir	C/O Pakheim Intl Pharma 21 - Km Ferozpur Rd Nr Kps School Lahore Pakistan	Muhammad Ijaz Nasir	35201-1521450-7	Muhammad Sharif	574	11	-	585	-	621	-	621		
128	Muhammad Zafar	H# 239 P Munalah Shadab Colony Main Bazar Faisalabad Pakistan	Muhammad Zafar	33100-9980620-1	Muhammad Sharif	754	467	-	1,221	-	542	-	542		
129	Zafar Abdullah	H/No 25 Defence Villas Kps School Korangi Crossing Near KPS School Karachi Pakistan	Zafar Abdullah	42501-5973622-7	Mushtaq Ahmed	909	366	-	1,275	167	668	-	835		
130	Malik Sultan Khan	H#215 S#67 G-8-1 Pakistan	Malik Sultan Khan	61101-1810152-5	Malik Mohammad Nawaz	500	25	3	528	500	110	8	618		
131	Shabbir Ahmed	H# 12/A, S# 05, Main Bazar Saddique Colony Timber Mkt Ravi Road Lahore	Shabbir Ahmed	35202-1688440-1	Fajir Muhammad	9	87	-	96	-	1,291	-	1,291		
132	Abdul Basit Uppal	H # 21, Block -F /A-Model Town, Gujranwala.	Abdul Basit Uppal	34101-8576910-5	Sardar Ahmed Uppal	1,444	275	-	1,719	-	717	-	717		
133	Abid Khurram	C/O Pak British Institute, Fl-4/18, Block 5 Main Rashtid Minhas Rd Gh E Iqbal Karachi Pakistan	Abid Khurram	42101-1761703-7	Muhammad Nawaz	769	99	-	868	-	759	-	759		
134	Muhammad Kamran	Kausar Oil Mill Wali Gali Chah Noor Khan Wala Suraj Kund Road Multan.	Muhammad Kamran	36302-1326360-3	Muhammad Iqbal	2,310	505	-	2,815	-	724	134	858		
135	Asif Qayum	House # 757/1, Block B, Satellite Town, Rawalpindi	Asif Qayum	37405-1678957-9	Abdul Qayum	3,045	908	-	3,953	-	2,481	-	2,481		
136	Liaquat Ali	Khewat No. 03, Salam Khata 100-Kanal, Share Transferred 16272000, Admeasuring 04-Marla & 4-1/2-Sarsai, Situated At Mouza Mandi Mian Channu, Sultan Colony Near Saizzi Mandi, Tehsil Mian Channu & Distt. Khanewala.	Liaquat Ali	36104-8432724-3	Ghulam Abbas	2,053	217	-	2,270	-	724	116	840		
137	Fiaz Khan Khakwani	Khewat No. 1329/1321, Khatooni No. 2023, Khewat No. 1337/1329, Khatooni No. 2031, House No. 22, Situated In Mouza Neel Kot, Gazalbash Street No. 08, New Shalimar Colony, Bosaan Road Multan	Fiaz Khan Khakwani	36302-8723790-3	Nasir Khan Khakwani	3,407	4,912	-	8,319	-	3,451	116	3,567		
138	Vishal	Vishal Plot 34-C Flat 6 3Rd Floor 15Th Comm Street Dha Phase2 Karachi 03337271127	Vishal	43304-6734993-7	Tara Chand Tareja	3,698	345	-	4,043	-	569	-	569		

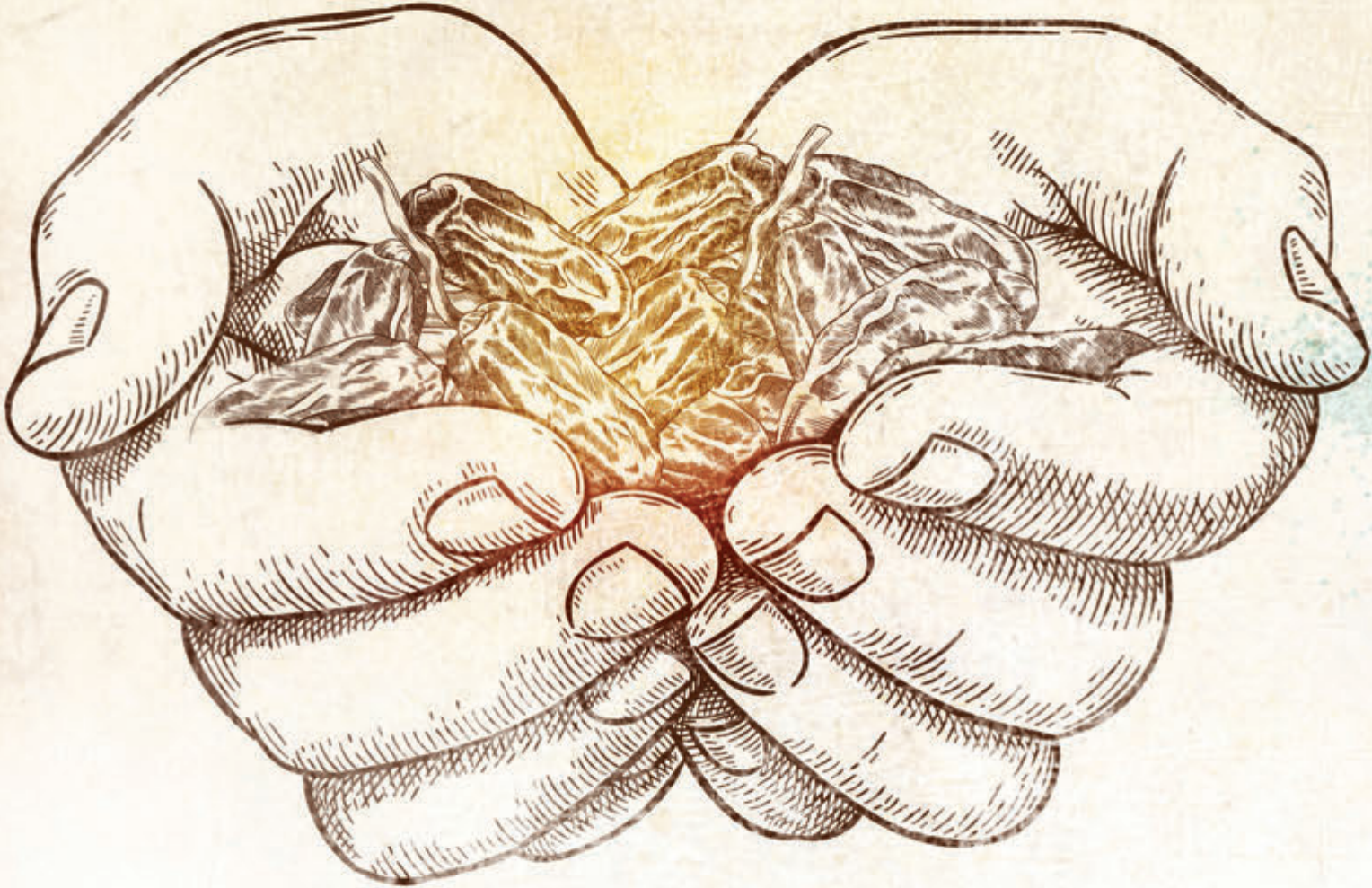
Annexure I to and forming part of the Consolidated Financial Statements

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Profit / Return written-off	Principal written-off	Profit / Return written-off	Other Financial Reliefs	Total (11+12+13)
						Principal	Profit / Return	Others	Total (7+8+9)					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
139	Dawood Imran	House# 1257 St # 94 Bangali Mohala Sada R Cantt Lahore Cantt 03219488123 House# 1257 St # 94 Bangali Moh	Dawood Imran	35201-9867700-5	Muhammad Nazir Ahmad	796	358	-	1,154	-	679	-	679	
140	Jawad Ali Qureshi	B-45 Central Govt Society Blk#10-A Gulshan-E-Iqbal Karachi	Jawad Ali Qureshi	42201-092037-7	Shahid Ali Qureshi	531	45	-	576	-	570	-	570	
141	Muhammad Shamim	House# A-52 Street# 5 Block-H North Nazimabad Nr Taimoria Masjid Khti 03644009802 House# A-52 Street# 5 Block-H North	Muhammad Shamim	42101-1704226-1	M Shamim Abideen	294	238	4	536	293	304	4	601	
142	Noman Yousuf	D-16 Dawood Colony Opp Ptv Jamal Uddin Alghrani Road Opp Ptv Karachi Pakistan D-16 Dawood Colony Opp Ptv Jamal Uddin Algh	Noman Yousuf	42201-9990755-5	Muhammad Yousuf	488	402	19	909	484	511	19	1,014	
143	Syed Muhammad Fahad	House#1729/992 Gujrat Colony Baldia Town 3 Near Bliat Mosque Karachi, Karachi	Syed Muhammad Fahad	42401-7932003-3	Syed Muhammad Javed	481	36	-	517	481	62	-	543	
144	Syed Imtiaz Ahmed	House# R-851 Blk-8 Azzabab F: B Area Nr Comprehensive School Karachi	Syed Imtiaz Ahmed	42101-9315933-7	Syed Nihal Ahmed	743	97	-	840	-	935	-	935	
145	Abdul Ghafoor	House # 11D Z Block Scheme 2 Street 4 Cha H Merah Lahore Pakistan House # 11D Z Block Scheme 2 Stree	Abdul Ghafoor	35202-5179500-5	Abdul Haleem	270	20	24	314	270	253	24	547	
146	Narnet Ullah Khan	H# 101 St#01 Mian Wali Bhtakkar Goods Transport Company By Pas Rd Khurnia Faisalabad	Narnet Ullah Khan	38101-0637564-5	Shah Behram Khan	493	53	-	546	-	548	-	548	
147	Muhammad Afzal Shahzad	House # B-15, Sector W-1, Gulshan-E-Maymar, Karachi	Muhammad Afzal Shahzad	42201-9115916-5	Muhammad Aslam	5,354	374	-	5,728	-	1,619	-	1,619	
148	Ali Shahzad	Fiat # 4 74-B Shahid Street, Near Wapda Office Sanda Kalan, Lahore	Ali Shahzad	35202-0422074-5	Shahzad Maik	895	150	-	1,045	-	474	129	603	
149	Waqas Ahmad Yousaf	H # 88, F-Block, Phase-2, Al Rehman Garden, Lahore.	Waqas Ahmad Yousaf	35402-2765033-5	Muhammad Yousaf	2,175	759	-	2,934	-	926	-	926	
150	Imtiaz Hussain Qaiser	House # 163, Street # 24, I-9/1, Islamabad	Imtiaz Hussain Qaiser	61101-1862981-7	Akbar Hussain	453	159	-	612	-	980	-	980	
151	Syed Khalid Jamil	House # B-43, Block-9, KDA Scheme 24, Gulshan-E-Iqbal, Karachi	Syed Khalid Jamil	42201-6485744-7	Syed M Jameel Ul Rehman Shah	4,833	7,765	-	12,598	-	5,829	-	5,829	
152	Tariq Saleem Khan	378 G Rehmanpura Ferozpur Road Lahore	Tariq Saleem Khan	35202-2578444-5	Mushtaq Ahmed Khan	171	4	385	560	169	11	445	625	
153	Muhammad Arif Mithani	Hno A52 Blk-1 Gulshan E Iqbal Nr Caltex Petrol Pump Karachi	Muhammad Arif Mithani	42201-5647365-7	Haji Abdul Ghaflar Mithari	575	56	-	631	-	592	-	592	

Annexure I to and forming part of the Consolidated Financial Statements

S. No.	Name of the borrower	Address	Name of Individuals / Partners/Directors	CNIC	Father's / Husband's Name	Outstanding Liabilities at beginning of year				Total (7+8+9)	Principal written-off	Profit/ Return written-off	Other Financial Reliefs	Total (11+12+13)
						Principal	Profit / Return	Others	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
154	Shahzada Saleem Baig	21 Garden Blockgarden Town,Lahore	Shahzada Saleem Baig	35202-2726973-5	Shahzada Abdul Azz	4,451	1,649	-	6,100	4,451	1,649	-	6,100	
155	Waqas Ismail	397-H1 Jhajar Town,Lahore	Waqas Ismail	35202-2632845-3	Muhammad Ismail	492	187	-	679	492	187	-	679	
156	Muhammad Shahbaz Yaqoob Malik	47 New Officers Colony,Seoddar Baz,Lahore	Muhammad Shahbaz Yaqoob Malik	35201-1678121-9	Muhammad Yaqoob Malik	386	123	-	509	386	123	-	509	
157	Ali Awais	Sai Jewellers St # 02 Anarkalibazar Shakhot Faisalabad	Ali Awais	35502-0173751-1	Muhammad Amjad Javed	498	75	7	580	498	75	7	580	
158	Hafiz Usman Tahir	H# 55 St No-12 Mohalla Islam Nagamear Suni Shahi Masjid Gabristan Faisalabad	Hafiz Usman Tahir	33100-1864163-3	Tahir Iqbal	498	75	7	580	498	75	7	580	
159	Muhammad Atique Rana	H# No 37 F Mohalla Mediaomavenue Kashmir Pull 208 Chak Road Near Zia Town	Muhammad Atique Rana	41303-9078127-3	Muhammad Nawaz Rana	466	65	7	538	466	65	7	538	
160	Malik Aamir Gulzar	H # 249 Eden Avenueairport Road Cantt Lahore	Malik Aamir Gulzar	38403-9998635-7	Gulzar Ahmad Malik	107	65	-	172	-	510	5	515	
161	S Anzar Hussain	House No C-26 Block-N North Nazimabad near Marriage Golden Garden Karachi	S Anzar Hussain	42101-7398960-3	Syed Irfan Hussain	917	121	11	1,049	917	121	10	1,048	
162	Muhammad Wasif Ali	H# No B-100 Block 06Gulshan E Iqbal Nr Dhaka Sweets Karachi	Muhammad Wasif Ali	42301-6673511-5	Muhammad Ali	888	93	7	988	888	125	7	1,020	
163	Murtaza Abdul Rehman Rehman	House # 272 -1-Fir Aminabad Corporativesociety Offmattin Road Pib Colony Karachi	Murtaza Abdul Rehman Rehman	42201-5942220-7	Abdul Rehman	369	48	17	434	485	37	-	522	
164	Hamad Rahim	Sulfanabad Stp Alari Sakoba Miro Stationdot Care Pvt.Ltd , 18-Km Ferozpur Rd Nr Lahore	Hamad Rahim	35201-5837944-7	Muhammad Alta Ur Rahim	430	33	12	475	500	48	15	563	
165	Syed Ali Asghar	Great Deal Associates , 250 - F1 , Commercial Area 1St Flr , Phase-04 Dha Lahore	Syed Ali Asghar	35201-7764180-5	Syed Shahanshah Asghar	765	746	15	1,526	746	51	8	805	
166	Faisal Javed	Fiat #102, Sami Classic, Block-F,North Nazimabad, Near Fathe Park, Karachi	Faisal Javed	42000-0486605-3	Javed Haroon	7	-	-	7	840	92	6	938	
167	Shaikh Shiraz Mubash	Honda Shahrah E Faisal Shop#13 BangloreTown Shahra E Faisal Nr Balochi Pull Karachi	Shaikh Shiraz Mubash	42301-5749545-5	Sheikh Mubashir Maqbool	454	-	-	454	573	119	8	700	
168	Nadeem Shahid	P-123 First Floor Ghalla Mandiinear Bhola Commission Shop Faisalabad	Nadeem Shahid	34401-0580198-9	Sakhawat Hussain	536	497	34	1,067	482	67	15	564	
169	Muhammad Gohar	H # 10 , St # 13 , Jinnah Parksultan Pura Road Lahore	Muhammad Gohar	35202-7917688-9	Muhammad Tariq	28	-	-	28	969	155	13	1,137	
170	Muhammad Bilal	G-Links,Off#72-A Block-A Smohts Near Foods Inn Post Production Dept Karachi	Muhammad Bilal	42401-3235415-9	Muhammad Saleem	20	1	7	28	948	89	9	1,046	

Other Information



اَسْئَلُكَ خَيْرًا

آپ ﷺ نے فرمایا: ”تم میں سے جو کوئی اپنے بھائی کو فائدہ پہنچا سکتا ہو تو وہ ایسا کرے۔“
(صحیح مسلم)

Consumer Grievances Handling Mechanism

With the vision to 'Be the leading Islamic Bank in Pakistan', Faysal Bank believes in making continuous efforts towards enhancing Customer Experience across touchpoints, such as but not limited to; branch banking, contact center and digital channels. It is our differentiating edge to proactively anticipate our customers' needs and wants and modify our model accordingly, to provide service going above-and-beyond.

We at Faysal Bank believe in providing an impeccable experience to our customers and as part of our service excellence mandate, we have established pillars of visibility, accountability, customer feedback and grievance handling, which enable us to better empathize with the customer and put our efforts towards enhancing their experience at every step.

It is our priority to ensure that the Bank's conduct with its customers is fair and absolutely transparent, imparting awareness to take informed decisions and at the same time delivering upon our committed standards. With this resolve, the Bank has been investing in state-of-art technology to not only improve the Service Delivery & Digital Experience, but also to gauge internal processes to ensure delivery as per standards.

To meet our pledge of rendering the best in class service, we have implemented the following initiatives; resulting in optimal customer experience:

Consumer Protection Policy: In order to inculcate customer centricity in the culture and dynamics of Faysal Bank, we have framed an extensive consumer protection policy, which outlines comprehensive guidelines for customer management throughout the customer journey and product lifecycle.

Voice of Customer Program: The in-house Voice of Customer (VoC) programme enables us to capture customers' feedback, requirements and expectations via surveys and other strategic initiatives. The programme gathers customer feedback on all available customer touchpoints to capture customers' satisfaction on the Bank's services/products/processes/digital offerings/brand equity/lifestyle and complaints through interviews of our valued customers

Service Standards Monitoring Spectrum: The Bank has an automated process monitoring platform that spans across various products, channels including but not limited to Digital Channels, Branch Banking, Consumer Finance, Centralized Operations and support segments with an aim to identify gaps and drive efforts to meet our committed service standards.

Knowledge Initiatives: We drive a robust knowledge enhancement programme focused towards increasing our staff awareness levels on products, processes and customer handling techniques. To inculcate the service mind-set, not only do we take the contemporary approach, but we also utilise mediums such as Service Snippets, Infograms, Online Portal, etc.

Process Optimization: Process Optimization at Customer Experience thoroughly keeps in focus all the facts and figures emanating from the platforms mentioned above and the complaint management unit, and yields strategies and plans to make the experience better for our customers.

Complaint Management Unit: The Complaint Resolution process at Faysal Bank is to ensure due diligence and high quality complaint closures under the umbrella of a clear FTC (Fair Treatment of Customers) framework.

In 2023, the Bank directly received a total of 82,312 complaints which were resolved in an average time of 4 working days. In addition, we at Faysal Bank conduct thorough root cause analysis to facilitate / drive continuous improvement in tandem with the business and product management teams via various avenues as elaborated above.

Customer Satisfaction Surveys: At Faysal Bank, we conduct regular Customer Satisfaction Surveys from renowned vendors to get an independent external view on the customer experience across products and delivery channels.

Market Competition Scan: With the resolve to understand the key drivers behind industry best practices, both locally and internationally, Faysal Bank continuously carries out competitive scans on various service standards and process journeys.

Video Mystery Shopping Program: We have a robust and unique Video Mystery Shopping Program (VMSP), which is conducted by an external, independent agency. Especially designed to capture a range of aesthetics and customer interactive elements, with a view to identify weak areas and validate strengths. This programme is a testament to our customer commitment where the Bank continuously seeks ways to improve the customer experience with a 360-degree view.

Combined Pattern of CDC and Physical Shareholding as on December 31, 2023

S.No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage %
1	Associated Companies, Undertakings and Related Parties			
	Ithmaar Bank B.S.C	6	729,367,723	
	Faisal Finance (Luxembourg) S.A.		129,830,225	
	MFAI (Jersey) Limited		38,995,485	72.07
	MFAI (Jersey) Limited		50,365,166	
	DMI (Jersey) Limited		64,915,110	
	State Life Insurance Corporation of Pakistan		80,368,941	
2	Directors, Chief Executive Officer, and their Spouse(s) and Minor Children			
	Mian Muhammad Younis	12	726	
	Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery		723	
	Mr. Juma Hasan Ali Abul		723	
	Mr. Imtiaz Ahmad Pervez		133,344	
	Mr. Abdulelah Ebrahim Mohamed AlQasimi		575	
	Mr. Abdulla Abdulaziz Ali Taleb		575	1.70
	Mr. Ali Munir		755	
	Ms. Fatima Asad Khan		500	
	Mr. Mohsin Tariq		25,672,975	
	Ms. Sadia Khan		1,000	
	Mr. Yousaf Hussain- President & CEO		-	-
3	Executives/Employees	3	12,410	0.00
4	NIT and ICP	4	17,914	0.00
5	Banks, Development Financial Institutions, Non-Banking Financial Institutions	17	42,973,336	2.83
6	Insurance Companies	11	14,688,319	0.97
7	Modarabas and Mutual Funds	42	23,837,974	1.57
8	General Public			
	a. Local	16,500	236,643,098	15.59
	b. Foreign	160	22,220,018	1.46
9	Others			
	a. Foreign Companies	14	1,867,133	0.12
	b. Joint Stock Companies	98	23,582,315	1.55
	c. Provident Funds, Pension Funds, Gratuity Funds and other entities	71	32,199,462	2.12
Total		16,938	1,517,696,525	100.00
		Total Paid-up Capital	1,517,696,525 Shares	
		10% of the Paid-up Capital	151,769,652 Shares	
S.No.	Shareholders holding 10% or more Shares			
1	Ithmaar Bank B.S.C		729,367,723	48.06

Combined Pattern of CDC and Physical Shareholding as on December 31, 2023

S.No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage %
1	Associated Companies, Undertakings and Related Parties	6	1,093,842,650	72.07
2	Directors, Chief Executive Officer and their Spouse(s) and Minor Children	12	25,811,896	1.70
3	Executives/ Employees	3	12,410	0.00
4	NIT and ICP	4	17,914	0.00
5	Banks, Development Financial Institutions, Non-Banking Financial Institutions	17	42,973,336	2.83
6	Insurance Companies	11	14,688,319	0.97
7	Modarabas and Mutual Funds	42	23,837,974	1.57
8	General Public			
	a. Local	16,500	236,643,098	15.59
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9	Others			
	a. Foreign	14	1,867,133	0.12
	b. Joint Stock Companies	98	23,582,315	1.55
	c. Provident Funds, Pension Funds, Gratuity Funds and other entities	71	32,199,462	2.12
	Total	16,938	1,517,696,525	100

Pattern of Shareholding

As on December 31, 2023

Number of Shareholders	Shareholding Slab			Total Shares Held	Number of Shareholders	Shareholding Slab			Total Shares Held
4214	1	to	100	128,272	4	240001	to	245000	972,049
5866	101	to	500	1,761,020	7	245001	to	250000	1,746,582
1445	501	to	1000	1,068,588	2	250001	to	255000	502,381
3455	1001	to	5000	9,239,197	2	255001	to	260000	514,170
699	5001	to	10000	5,164,639	1	260001	to	265000	264,302
305	10001	to	15000	3,798,643	3	270001	to	275000	823,500
169	15001	to	20000	3,049,721	1	280001	to	285000	280,947
118	20001	to	25000	2,725,271	8	295001	to	300000	2,395,577
73	25001	to	30000	2,030,474	1	305001	to	310000	308,283
51	30001	to	35000	1,658,281	3	310001	to	315000	939,624
34	35001	to	40000	1,292,700	1	320001	to	325000	321,815
24	40001	to	45000	1,032,861	4	325001	to	330000	1,315,881
42	45001	to	50000	2,063,396	1	335001	to	340000	338,350
13	50001	to	55000	674,362	2	340001	to	345000	688,640
26	55001	to	60000	1,502,005	3	345001	to	350000	1,044,412
19	60001	to	65000	1,196,840	1	350001	to	355000	352,000
17	65001	to	70000	1,149,751	1	355001	to	360000	355,214
19	70001	to	75000	1,388,349	1	370001	to	375000	372,000
9	75001	to	80000	693,652	4	375001	to	380000	1,506,152
10	80001	to	85000	828,901	1	380001	to	385000	385,000
11	85001	to	90000	964,941	2	385001	to	390000	777,407
9	90001	to	95000	832,425	2	390001	to	395000	783,078
22	95001	to	100000	2,191,614	1	395001	to	400000	396,000
6	100001	to	105000	610,212	2	405001	to	410000	812,013
4	105001	to	110000	435,112	2	410001	to	415000	827,594
8	110001	to	115000	896,802	1	420001	to	425000	421,000
4	115001	to	120000	475,812	2	430001	to	435000	866,678
8	120001	to	125000	987,094	1	435001	to	440000	438,543
4	125001	to	130000	511,320	3	440001	to	445000	1,322,393
5	130001	to	135000	657,235	1	470001	to	475000	471,500
6	135001	to	140000	830,389	5	495001	to	500000	2,496,818
5	140001	to	145000	714,628	2	500001	to	505000	1,005,596
13	145001	to	150000	1,935,239	1	505001	to	510000	506,000
2	150001	to	155000	304,195	1	545001	to	550000	545,290
5	155001	to	160000	795,283	1	555001	to	560000	558,000
4	160001	to	165000	653,213	3	575001	to	580000	1,735,000
2	165001	to	170000	337,500	1	590001	to	595000	590,541
3	170001	to	175000	521,017	3	595001	to	600000	1,800,000
5	175001	to	180000	891,224	1	605001	to	610000	606,000
5	180001	to	185000	914,297	1	610001	to	615000	610,215
4	185001	to	190000	755,082	1	640001	to	645000	644,469
4	190001	to	195000	768,648	1	650001	to	655000	651,908
13	195001	to	200000	2,596,086	1	665001	to	670000	669,000
2	200001	to	205000	408,600	2	685001	to	690000	1,377,962
1	205001	to	210000	205,861	1	695001	to	700000	700,000
3	210001	to	215000	637,967	1	700001	to	705000	705,000
2	215001	to	220000	438,300	1	725001	to	730000	727,481
3	220001	to	225000	673,672	1	735001	to	740000	736,755
4	225001	to	230000	913,000	2	745001	to	750000	1,500,000
1	230001	to	235000	235,000	1	750001	to	755000	750,358

As on December 31, 2023

Number of Shareholders	Shareholding Slab			Total Shares Held	Number of Shareholders	Shareholding Slab			Total Shares Held
2	765001	to	770000	1,537,842	1	2890001	to	2895000	2,890,047
1	770001	to	775000	774,812	1	3200001	to	3205000	3,204,539
1	775001	to	780000	779,506	1	3540001	to	3545000	3,543,320
1	780001	to	785000	781,633	1	3775001	to	3780000	3,778,730
1	825001	to	830000	829,950	1	4485001	to	4490000	4,485,247
1	830001	to	835000	832,380	1	4695001	to	4700000	4,700,000
1	905001	to	910000	905,973	1	4720001	to	4725000	4,724,429
1	950001	to	955000	950,346	1	5545001	to	5550000	5,547,919
1	975001	to	980000	975,855	1	5735001	to	5740000	5,737,890
2	995001	to	1000000	2,000,000	1	6090001	to	6095000	6,090,780
2	1015001	to	1020000	2,032,599	1	6185001	to	6190000	6,187,641
1	1035001	to	1040000	1,035,039	1	6825001	to	6830000	6,829,500
1	1065001	to	1070000	1,065,130	1	7085001	to	7090000	7,086,648
1	1070001	to	1075000	1,075,000	1	7600001	to	7605000	7,605,000
1	1075001	to	1080000	1,076,350	1	9745001	to	9750000	9,747,500
1	1170001	to	1175000	1,175,000	1	10060001	to	10065000	10,063,926
1	1245001	to	1250000	1,250,000	1	13095001	to	13100000	13,099,818
1	1390001	to	1395000	1,390,400	1	14830001	to	14835000	14,833,000
1	1520001	to	1525000	1,521,000	1	20060001	to	20065000	20,060,309
1	1530001	to	1535000	1,535,000	1	25670001	to	25675000	25,672,975
1	1555001	to	1560000	1,558,500	1	38995001	to	39000000	38,995,485
1	1565001	to	1570000	1,570,000	1	43935001	to	43940000	43,938,825
2	1700001	to	1705000	3,406,500	1	50365001	to	50370000	50,365,166
1	1710001	to	1715000	1,712,529	1	59215001	to	59220000	59,215,466
2	1995001	to	2000000	4,000,000	1	64915001	to	64920000	64,915,110
2	2065001	to	2070000	4,138,319	1	80365001	to	80370000	80,368,941
1	2100001	to	2105000	2,100,697	1	129830001	to	129835000	129,830,225
1	2290001	to	2295000	2,293,500	1	729365001	to	729370000	729,367,723
1	2505001	to	2510000	2,508,337	16938				1,517,696,525

PUBLIC WARNING BEWARE OF FRAUD

DO NOT LOSE YOUR MONEY TO

- Illegal Hawala Hundi operators for transfers of funds from abroad
- Brokers or their agents offering investment products promising high rates of return
- Modarabas operating without authorization from SECP
- Foreign brokerage houses not covered under local laws
- Real Estate Schemes/Projects that promise you high gains and residency permits abroad
- Illegal loan schemes requiring you to pay non-refundable upfront fees
- Deposits schemes promising unusually high markup/profit
- Unsolicited investment offers through social media , emails and SMS

ALWAYS ASK ?

Is your company registered and licensed with Securities and Exchange Commission of Pakistan (SECP)

ALWAYS CONFIRM

The registration status of Company, Modaraba, Broker or Agent by visiting the SECP website or the Jamapunji portal www.jamapunji.pk

You can also confirm status using SECP SMS* verification services

Company verification:

SMS < incorporation ID> to 8181

License Verification:

SMS LV <space> < incorporation ID> to 8181

Agent Verification

SMS <Agent ID> to 8181

Modaraba Verification:

SMS MV<space><Modaraba authorization ID> to 8181

COMPLAINTS

DIAL

0800-88008

or use our new Service Desk Management System (SDMS)

<https://sdms.secp.gov.pk>

www.jamapunji.pk

An investor education initiative of the SECP

[jamapunji.pk](https://www.facebook.com/jamapunji.pk)

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

Notice of the Twenty Ninth Annual General Meeting

Notice is hereby given that the 29TH Annual General Meeting (“AGM”) of Faysal Bank Limited (“FBL”) will be held on March 6, 2024, at 10:00 a.m. at Grand Ballroom, Pearl Continental Hotel, Club Road, Karachi to transact the following businesses:

Ordinary Business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on May 11, 2023.
2. To receive and adopt Unconsolidated & Consolidated Financial Statements and Statement of Compliance with Code of Corporate Governance of FBL for the year ended December 31, 2023, together with the Directors’ and Auditors’ Reports thereon.
3. To consider and approve as recommended by the Board of Directors 20% Final Cash Dividend for the year ended December 31, 2023 in addition to 10% Interim Cash Dividend for the Second Quarter (half year) ended June 30, 2023 and 10% Interim Cash Dividend for the third quarter ended September 30, 2023 already paid to the Shareholders.
4. To appoint External Auditors KPMG Taseer Hadi & CO, Chartered Accountants for the ensuing financial year 2024 at PKR 16,750,000/- (excluding sales tax and out of pocket expenses capped at 10%) of statutory audit, reviews, and certification fees.
5. Any other business with the permission of the Chair.

Special Business:

6. **To consider and approve Transmission of Annual Audited Financial Statements /Annual Report to the Shareholders through QR Enabled Code and Weblink in that connection to pass the following Resolutions as Special Resolutions, with or without modification, addition, or deletion.**

“**RESOLVED** that in terms of SRO 389(1)/2023 dated March 21, 2023 of Securities and Exchange Commission of Pakistan, transmission of Annual Audited Financial Statements to the Shareholders of the Bank through QR enabled code and weblink be and is hereby approved.

RESOLVED that with the adoption of more advanced mode, the transmission of Annual Audited Financial Statements through CD/DVD/USB be and hereby be discontinued.

RESOLVED that the Bank shall provide hard or soft copies of complete Annual Audited Financial Statements along with the other requisite documents free of cost to those Shareholders who have made a written request to the Bank in this regards.

FURTHER RESOLVED that the Company Secretary and/or Chief Financial officer of the Bank be and are hereby singly authorized to do all acts, deeds and things in connection and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolutions.”

7. **To consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2023 for attending the Board/Sub-Committees Meetings and in that connection to pass the following resolution as Special Resolution, with or without modification, addition or deletion.**

“**RESOLVED** that the remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note No. 38.2 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2023 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved.”

8. To transact any other Business with the permission of the Chairman.

Karachi dated: February 13, 2024

By the order of the Board



Aurangzeb Amin

Company Secretary & Head of Legal

Notes:

1. The Share Transfer Books of the Bank shall remain closed from **February 29, 2024 to March 6, 2024** (both days inclusive). Transfer received at the Share Registrar of the Bank, by the close of business on February 28, 2024, will be treated in time.
2. A member entitled to attend and vote at the Meeting may appoint another person as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Bank not later than 10:00 a.m. on March 4, 2024.

3. Participation in the AGM through Video link

The General Meeting is being conducted as per guidelines circulated by SECP following arrangements have also been made by the Bank to facilitate the maximum participation of the shareholders in the AGM through video link facility, either in-person or through appointed proxies:

The shareholders interested to participate through video link are requested to please provide below information at Email: **cdcsr@cdcsrsl.com** and WhatsApp No. **0321-8200864** at the earliest but not later than close of business on March 5, 2024.

Full Name of Shareholder / Proxy Holder	Company	CNIC Number	Folio / CDC A/c No.	Email ID	Mobile Phone No.
	Faysal Bank Limited				

Please note that video link and login credentials will be shared with only those members / designated proxies whose e-mail and other required information are received in required time as mentioned above.

- a) Video-link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.
 - b) Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the meeting proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.
 - c) Shareholders may send their comments and suggestions relating to the agenda items of the AGM at least two (2) working days before the meeting, at the given email address **cdcsr@cdcsrsl.com** WhatsApp on **0321-8200864**. Shareholders are requested to mention their full name, CNIC # and Folio/CDC Account # for this purpose.
 - d) Shareholders are encouraged to participate in the meeting to consolidate their attendance and participation through proxies.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For appointing proxies

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CINC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. Procedure for E-Voting

In accordance with the Companies (Postal Ballot) Regulation, 2018, ("the Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017, ("the Act") in the manner and subject to conditions contained in the Regulations.

- a. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on February 28, 2024.
- b. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- c. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote online at any time from March 1, 2024, 9:00 a.m. to March 5, 2024. Voting shall close on March 5, 2024, at 5:00 p.m. Once the vote on the resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

6. Procedure for Voting Through Postal Ballot

Pursuant to Regulations, the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for all businesses classified as special business under the Act in the manner and subject to conditions contained in the Regulations in accordance with the requirements and procedure contained in the aforesaid Regulations.

- a. The members shall ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, Faysal Bank Limited Faysal House, St-02, Commercial Lane, Main Shahrah-e-Faisal, Karachi, Pakistan or email at companysecretary@faysalbank.com one day before the AGM, i.e., on March 5, 2024, during working hours. The signature on the Ballot Paper shall match with signature on the CNIC.

This postal Poll paper is also available for download from the website of FBL at www.faysalbank.com or use the same as published in newspapers.

Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

7. Members are required to timely notify any change in their address to their respective Participants (if shares are held electronically) or to the Share Registrar of the Bank (if shares are held in physical form) M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

8. Mandatory Requirement for Provision of IBAN and Valid CNIC for payment of Cash Dividend through Electronically:

In compliance with requirements of Companies Act, 2017 and Companies (Distribution of Dividends) Regulation, 2017, the Bank has withheld dividend of those shareholders who have not yet provided correct and complete bank account details including valid IBAN of their own bank accounts.

In order to receive cash dividend(s) withheld by the Bank as stated above, shareholders are requested to contact Bank's Share Registrar at the above given address or Participant / Investor Account Services of Central Depository Company of Pakistan (as the case may be) along with legible copy of their respective valid CNIC and provide their complete and correct bank account details including valid IBAN.

9. Deduction of Withholding Tax:

Please note that the withholding tax will be deducted at the following rate based on "Active Taxpayer List" (ATL) available at FBR website:

1. Persons appearing in Active Taxpayers List: 15%
2. Persons not appearing in Active Taxpayers List: 30%.

Further, in case of joint shareholders, tax will be deducted as per their ratio/share (if any) intimated by the same to the Bank's Share Registrar, otherwise their shareholding treated as equal.

10. Requirement of Valid Tax Exemption Certificate for Claim of Exemption U/S 150 of the Income Tax Ordinance 2001:

If the FBL is available with valid exemption certificate issued u/s 159 of Income Tax Ordinance, 2001 or has filed a petition against the FBR for acquiring exemption certificate, in any relevant court, a copy of valid exemption certificate or certified true copy of the Stay Order of Honorable Court along with latest court proceedings (if any) would be required latest by February 28, 2024 in lieu of valid exemption certificate for non-deducting of withholding tax. In case of non-availability of the same or court order, tax shall be deducted accordingly.

11. Deduction of Zakat on Dividend issue:

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat Declaration Form (CZ 50) under Zakat and Ushr Ordinance 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 to the Bank's Share Registrar. Shareholders who hold shares with participants / CDC are advised to provide the above Forms through the concerned brokers / CDC.

12. Availability of Audited Financial Statements on Company's Website

The Company has placed the Audited Annual Financial Statements for the year ended December 31, 2023 along with Auditor's and Director's Reports thereon on its website: www.faysalbank.com

13. Transmission of Financial Statements to the Members through e-mail

In pursuance of SECP notification S.R.O 787 (I)/2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through e-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi for which form may be downloaded from the Company's website: www.faysalbank.com

14. Deposit / Conversion of Physical Shares into Book-Entry Form:

The Securities and Exchange Commission of Pakistan ("SECP") through its letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised listed companies to adhere with the provision of the Section 72 of the Companies Act, 2017 (the "Act") requiring all the existing companies to replace shares issued by them in physical form with shares into Book-Entry form in a manner as may be specified and from the date notified by the SECP but not exceeding four (04) years from the date of the promulgation of the Act. Considering the aforesaid directive, FBL has also published a request on dated May 28, 2021 to ensure compliance with requirement of the Act and advised to open Investor Account directly with the Central Depository Company of Pakistan Limited ("CDC") or CDC-Sub-Account with any of the TREC Holder registered with Pakistan Stock Exchange Limited to place their physical shares into Book-Entry form. It will not only to secure the compliance of relevant rules and regulations but will also speed up the process of disbursement of entitlement to the respective shareholders.

15. Claiming of Unclaimed / Unpaid Dividends and Share Certificates:

In compliance of Section 244 of the companies Act 2017, the Bank has already requested through individual letters to shareholders who have not yet claimed their outstanding cash dividends/ bonus shares, Shareholders are once again requested to lodge their claims for cash dividends, right /bonus shares kept with the Share Registrar and Transfer Agent of the Bank. On the address given above.

16. Registration on CDC's e-Services Web Portal:

Central Depository Company (CDC) has developed Centralized Cash Dividend Register (CCDR), an e-Services web portal which contains details pertinent to cash dividend paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to shareholder by listed companies and access of all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies in retrieving detail of cash dividends from centralized register and using the same for their record purposes. Shareholders may access CCDR via <https://eservices.cdcaccess.com.pk> in addition, the Dividend / Zakat & Tax Deduction Report can also be obtained directly from participant (Stock Broker) which has been provided to them on their CDS terminals. Moreover, shareholders may also receive copy of this report on their provided email addresses.

Statement of Material Facts Under Section 134(3) of the Companies Act, 2017 in Respect of Special Business

Agenda Item No. 6:

To consider and approve Transmission of Annual Audited Financial Statements /Annual Report to the Shareholders through QR Enabled Code and Weblink in that connection to pass the following Resolution as Special Resolutions, with or without modification, addition, or deletion.

In view of the technological advancements, the Securities and Exchange Commission of Pakistan (SECP) has, vide S.R.O. 389(I)/2023 dated March 21, 2023, allowed Listed Companies to circulate the Annual Report (including the Audited Financial Statements, Auditor's Report, Director's Report, Chairman Review Report) to the Shareholders of the Company through QR enabled code and weblink.

The Board of Directors has recommended that the resolution in its Meeting held on February 7, 2024, as set out in the AGM notice for approval by the Shareholders for circulation of the Annual Report to the Shareholders of the Company through QR enabled code and weblink.

If any Shareholder wishes to obtain a printed copy of the Annual Report, he/she is requested to write to the undersigned at Registered Office, Faysal House, ST-02, Commercial Lane, Main Shahrah-e-Faisal, Karachi. The requested hard copy will be provided free of cost at the shareholder's registered address in accordance with the aforementioned SRO.

Agenda Item No. 7:

To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2023 for attending the Board/Sub-Committees Meetings and in that connection to pass the following resolution as a Special Resolution, with or without modification, addition or deletion.

RESOLVED that the remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note No. 38.2 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2023 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved."

Ballot Paper For Voting Through Post

For poll at the Annual General Meeting to be held on Wednesday, March 6, 2024, at 10:00 a.m. at Grand Ballroom, Pearl Continental Hotel, Club Road, Karachi.

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: companysecretary@faysalbank.com

Name of shareholder/joint shareholder(s):	
Registered Address:	
CDC Participant / Investor ID with sub-account No.	
Number of shares held	
CNIC / Passport No. (in case of foreigner) (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	
Name of Authorized Signatory:	
CNIC / Passport No. (in case of foreigner) of Authorized Signatory – (copy to be attached)	

I/we hereby exercise my/our vote in respect of the following special resolutions through postal ballot by giving my/our assent or dissent to the following special resolution by placing tick (✓) mark in the appropriate box below:

Special Resolutions
<p>Agenda Item No. 6:</p> <p>To consider and approve Transmission of Annual Audited Financial Statements /Annual Report to the Shareholders through QR Enabled Code and Weblink in that connection to pass the following Resolutions as Special Resolutions, with or without modification, addition, or deletion.</p> <p>“RESOLVED that in terms of SRO 389(1)/2023 dated March 21, 2023 of Securities and Exchange Commission of Pakistan, transmission of Annual Audited Financial Statements to the Shareholders of the Bank through QR enabled code and weblink be and is hereby approved.</p> <p>“RESOLVED that with the adoption of more advanced mode, the transmission of Annual Audited Financial Statements through CD/DVD/USB be and hereby be discontinued.</p> <p>“RESOLVED that the Bank shall provide hard or soft copies of complete Annual Audited Financial Statements along with the other requisite documents free of cost to those Shareholders who have made a written request to the Bank in this regards.</p> <p>FURTHER RESOLVED that the Company Secretary and/or Chief Financial officer of the Bank be and are hereby singly authorized to do all acts, deeds and things in connection and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolutions.”</p> <p>Agenda Item 7:</p> <p>To consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2023 for attending the Board/Sub-Committees Meetings and in that connection to pass the following resolution as Special Resolution, with or without modification, addition or deletion.</p> <p>“RESOLVED that the remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note No. 38.2 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2023 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved.”</p>

Ballot Paper For Voting Through Post

Instructions For Poll		
1. Please indicate your vote by ticking (✓) the relevant box.		
2. In case if both the boxes are marked as (✓), your poll shall be treated as "Rejected".		
I/we hereby exercise my/our vote in respect of the above special resolutions through ballot by conveying my/our favor or against to the resolution by placing tick (✓) mark in the appropriate box below;		
Resolutions	In favor of the Resolution	Against the Resolution
Agenda Item 6		
Agenda Item 7		
<p>NOTES:</p> <ol style="list-style-type: none"> Dully filled postal poll paper should be sent to the Chairman of Faysal Bank Limited at Faysal House, 4th Floor, St-02, Commercial Lane, Main Shahrah-e-Faisal, Karachi or Email: companysecretary@faysalbank.com Copy of CNIC/ Passport No. (In case of foreigner) should be enclosed with the postal ballot form. Postal poll paper should reach the Chairman within business hours by or before March 5, 2024. Any postal ballot received after this date, will not be considered for voting. Signature on postal poll paper should match with signature on CNIC/ Passport No. (In case of foreigner). Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected. 		
<p>_____</p> <p>Shareholder / Proxy holder Signature/Authorized Signatory (in case of corporate entity, please affix company stamp)</p>		<p>Date _____</p>

Form of Proxy

I/We _____ of

a member (s) of FAYSAL BANK LIMITED and holding _____ ordinary shares, as per Register Folio No. / Participant's ID/CDC sub Account No. _____

hereby appoint _____ Folio No. / Participant's ID/CDC sub Account No _____ or

failing him/her _____ of _____ as

my / our proxy to vote and act for me / us on my / our behalf at the Annual General Meeting of the Bank will be held on March 6, 2024 and at any adjournment thereof.

Signed _____ day of _____, 2024

Witness:

1. _____

Revenue Stamp
Rs. 5/-

2. _____

Signature of Member (s)

NOTES:

1. The Share Transfer Books of the Bank shall remain closed from February 29, 2024 to March 6, 2024 (both days inclusive). Transfer received at the Shares Registrar of the Bank, by the close of business on February 28-, 2024 will be treated in time for attending Annual General Meeting will be held on March 6, 2024 at Karachi.
2. A member entitled to attend and vote at the Meeting may appoint another Member as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member, but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Meeting.
3. Members are required to timely notify any change in their address to Bank's Shares Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CINC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم

میں / ہم _____

رہائشی _____

فیصل بینک لمیٹڈ کے ممبر (ز) کی حیثیت سے رجسٹرڈ فلیو نمبر / پارٹی سپنٹ شناختی نمبر / سی ڈی سی سب اکاؤنٹ نمبر کے مطابق _____

عمومی شیئرز کے مالک ہیں اور بذریعہ ہذا _____

فلیو نمبر / پارٹی سپنٹ شناختی نمبر / سی ڈی سی سب اکاؤنٹ نمبر _____ یا ان کی غیر موجودگی میں _____

رہائشی _____ کو پراکسی کے طور پر مقرر کرتا ہوں / کرتے ہیں جو کہ میرے / ہمارے پراکسی کے طور پر میری / ہماری غیر موجودگی میں

بینک کے 6 مارچ، 2024 کو منعقد ہونے والے سالانہ اجلاس عام میں میری / ہماری جانب سے شرکت کرنے اور ووٹ دینے کے اہل ہوں گے۔

دستخط _____ دستخط کی تاریخ _____

گواہ

پانچ روپے کارپوریٹ اسٹامپ چسپاں کریں

_____ 1-

ممبر (ز) کے دستخط

_____ 2-

نوٹ:

1. بینک کے شیئر ٹرانسفر بکس 29 فروری، 2024 سے 6 مارچ، 2024 تک (بشمول دونوں دن) بند رہیں گی۔ بینک کے شیئرز رجسٹرڈ کو 28 مارچ، 2024 کو کاروبار کے اختتام تک موصول ہونے والے ٹرانسفر کو 6 مارچ، 2024 کو کراچی میں منعقد ہونے والے سالانہ اجلاس عام کے لئے بروقت قرار دیا جائے گا۔
2. اجلاس میں شرکت اور ووٹ دینے کا اہل ممبر کسی دوسرے ممبر کو اپنی جگہ شرکت کرنے اور ووٹ دینے کے لئے پراکسی مقرر کر سکتا ہے جبکہ کسی ادارے کی جانب سے مقرر کردہ پراکسی کا ممبر ہونا لازمی نہیں ہے، لیکن اس کے پاس ادارے کی جانب سے تقرری کا ثبوت ہونا چاہیے۔ پراکسی لازمی طور پر اجلاس سے کم از کم 48 گھنٹے قبل بینک کے رجسٹرڈ آفس میں وصول ہونی چاہیے۔
3. ممبر اپنے پتے کی تبدیلی سے متعلق اطلاع بینک کے شیئر رجسٹرڈ میسرز سی ڈی سی ہاؤس لمیٹڈ، سی ڈی سی ہاؤس، B-99 بلاک بی، ایس ایم سی ایچ ایس مین شاہراہ فیصل، کراچی کو بروقت دیں۔
4. سی ڈی سی اکاؤنٹ ہولڈرز سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 26 جنوری، 2000 کو جاری شدہ سرکلر 1 میں دی گئی رہنما ہدایات پر عمل کریں۔

A اجلاس میں شرکت کے لیے:

1. انفرادی ممبر کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ آدمی جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات قواعد کے مطابق اپلوڈ ہو چکی ہیں، انہیں اپنی شناخت کے لیے اجلاس میں شرکت کے وقت قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرنا پڑے گا۔
2. کارپوریٹ ادارے کی صورت میں اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی (اگر پہلے فراہم نہیں کیا گیا ہے) نامزد کرنے والے کے مجاز دستخط کے ساتھ پیش کرنا ہو گا۔

B پراکسی کی تقرری کے لئے

1. انفرادی ممبر کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ آدمی جس کی سکیورٹیز گروپ میں ہیں اور اس کی رجسٹریشن کی تفصیلات قواعد کے مطابق اپلوڈ ہو گئی ہیں، انہیں درج بالا ضروریات کے مطابق پراکسی فارم جمع کرنا ہو گا۔
2. پراکسی فارم پر دو افراد کی گواہی درکار ہوگی جن کے نام، پتہ اور سی این آئی سی نمبر درج ہوں گے۔
3. پراکسی فارم کے ساتھ اصل ممبر اور پراکسی کے سی این آئی سی پاسپورٹ کی مصدقہ نقول منسلک ہوں گی۔
4. میٹنگ کے وقت پراکسی کو اپنا اصل کمپیوٹر انٹرنیٹ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ضروری ہو گا۔
5. کارپوریٹ ادارے کی صورت میں کمپنی کے پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی (اگر پہلے فراہم نہیں کیا گیا ہے) مجاز دستخط شدہ منسلک ہو گا۔



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