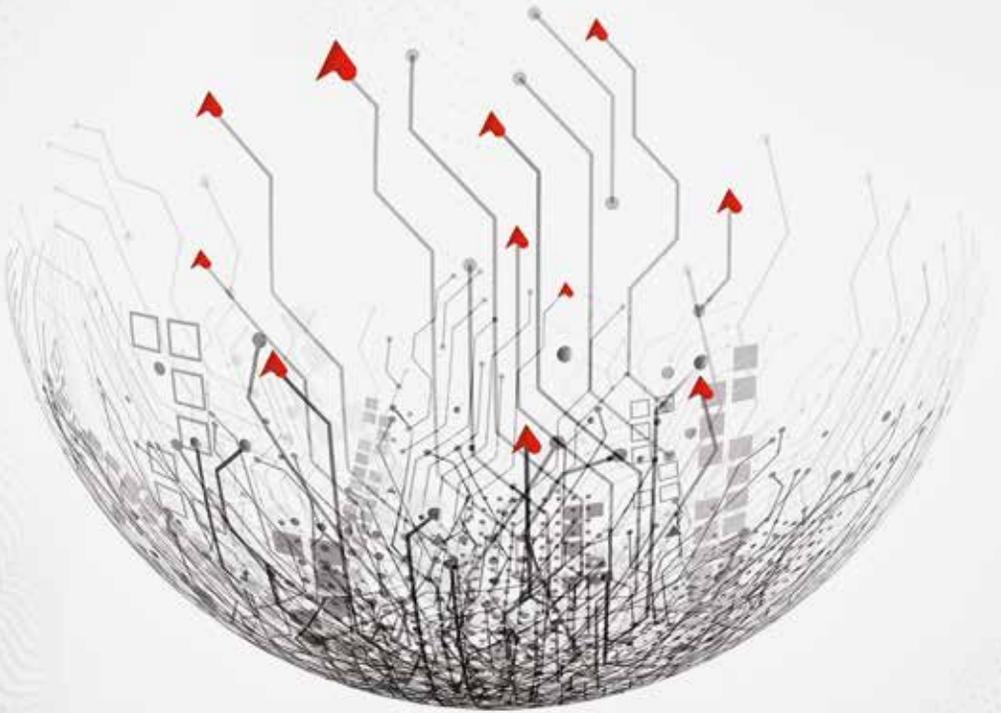




LEADING WITH INNOVATION, INCLUSION AND DIGITISATION



QUARTERLY REPORT - SEPTEMBER 30, 2022
(UN-AUDITED)

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Company Information

Board of Directors

HH Sheikh Nahayan Mubarak Al Nahayan
Chairman/Director

Abdulla Nasser Hawaileel Al Mansoori
Director

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Khalid Qurashi
Director

Dr. Gyorgy Tamas Ladics
Director

Dr. Ayesha Khan
Director

Atif Aslam Bajwa
President/CEO and Director

Senior Management Team

Atif Aslam Bajwa

President and Chief Executive Officer

Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

Anjum Hai

Chief Financial Officer

Faisal Farooq Khan

Group Head, Human Resource and Learning

Faisal Rabbani

Chief Risk Officer

Haroon Khalid

Group Head, Compliance and Control

Khawaja Muhammad Ahmad

Group Head, Operations and Corporate Services

Mehreen Ahmed

Group Head, Retail Banking

Mohib Hasan Khan

Chief Information Officer

Muhammad Akram Sawleh

Company Secretary and Group Head, Legal and Corporate Affairs

Dr. Muhammad Imran

Group Head, Islamic Banking

Muhammad Yahya Khan

Group Head, Digital Banking

Pervez Shahbaz Khan

Group Head, Treasury & Financial Markets

Saad ur Rahman Khan

Group Head, Corporate, Investment Banking and International Business

Tahir Khurshid

Group Head, Audit and Inspection

Zahid Anjum

Group Head, Special Assets Management

Chief Financial Officer

Anjum Hai

Company Secretary

Muhammad Akram Sawleh

Auditors

EY Ford Rhodes

Chartered Accountants

Registered/Head Office

B. A. Building

I. I. Chundrigar Road

Karachi, Pakistan

bankalfalah.com

Share Registrar

F. D. Registrar Services (Pvt.) Limited

1705, 17th Floor, Saima Trade Tower-A

I. I. Chundrigar Road

Karachi, Pakistan.

Legal Advisor

Mandviwalla & Zafar

Advocates and Legal Consultants

Board Committees

Board Audit Committee (BAC)

Khalid Qurashi
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Mr. Tahir Khurshid
Secretary

Board Risk Management Committee (BRMC)

Khalid Mana Saeed Al Otaiba
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Qurashi
Member

Atif Aslam Bajwa
Member

Mr. Farhan Ali
Secretary

Board Human Resources, Remuneration & Nominations Committee (BHR&NC)

Dr. Ayesha Khan
Chairperson

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Dr. Gyorgy Tamas Ladics
Member

Khalid Qurashi
Member

Mr. Muhammad Akram Sawleh
Secretary

Board Compensation Committee (BCC)

Dr. Ayesha Khan
Chairperson

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Mr. Muhammad Akram Sawleh
Secretary

Board Committees

Board Strategy and Finance Committee (BS&FC)

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Member

Dr. Gyorgy Tamas Ladics
Member

Dr. Ayesha Khan
Member

Khalid Qurashi
Member

Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Board Crisis Management Committee (BCMC)

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Member

Khalid Qurashi
Member

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Atif Aslam Bajwa
Member

Mr. Muhammad Akram Sawleh
Secretary

Board Information Technology Committee (BITC)

Dr. Gyorgy Tamas Ladics
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Board Real Estate Committee (BREC)

Mr. Abdulla Khalil Al Mutawa
Chairman

Mr. Khalid Mana Saeed Al Otaiba
Member

Mr. Atif Aslam Bajwa
Member

Mr. Muhammad Akram Sawleh
Secretary

Directors' Review

On behalf of the Board of Directors, we are pleased to present the unconsolidated condensed interim financial statements of Bank Alfalah Limited for the period ended September 30, 2022.

Economic Review

Global growth remained subdued in the first half of 2022 despite easing COVID-19 restrictions and normalcy returning across most countries. Key impediments to growth were higher than expected inflation worldwide, global output contraction, climate change impact, tighter financial conditions and spillovers from the war in Ukraine. These challenges continue to impact global economies including Pakistan.

Recession fears grow as Central Banks around the globe increase rates in order to counter decades-high inflation led by commodity super-cycle and supply chain disruptions. Commodities are getting softer but concerns of commodity importing countries remain as the US Dollar appreciates. While Pakistan's economy was grappling with these global macro-economic developments, recent floods added another series of challenges for Pakistan worsening supply shock and the fiscal burden, and hampering GDP growth. Encouragingly, Pakistan recently concluded an IMF deal (release of the USD 1.2 billion loan tranche) and pledge of support from donor countries/organization to recover from the flooding loss. However, the need is much greater than the commitment made by the international agencies and donors.

Inflation continued surging in Pakistan because of PKR devaluation, energy pass-through and supply shock triggered by the floods. It peaked in Aug-22 touching 27.3%, a multi-decade high, before declining to 23.2% in Sep-22, translating into average 9M CY2022 reading of 18% compared to 9.0% in SPLY. Though inflation is expected to have already reached its peak, the reading is likely to stay elevated for the next few months, before it starts to taper off in the latter half of FY2022-23. Soft commodity prices remain the silver lining and any significant decline in energy and other commodities can lower inflation expectations.

Import, consumption control and belt tightening measures have started to reflect on Balance on Payments. Current Account Deficit has reduced by 19% to USD 1.9 billion in the first two months of the ongoing fiscal year. Trade Deficit which increased by 38% in FY22 to USD 39.6 billion, has now declined by 11% in 2M FY23 to USD 6.0 billion. Similarly, Services Deficit also shrank by 10% to USD 0.6 billion. Remittances, on the other hand, reduced by 3% to USD 5.2 billion in 2M FY23.

First half of 2022 saw a steep decline of forex reserves which have now stabilized at around USD 14 billion, post resumption of IMF program. Since Dec-21, forex reserves have declined from USD 23.9 billion to USD 13.8 billion as on Sep 23, 2022. As a result, Pak Rupee depreciated against the US Dollar (22.7% in 9M 2022) with increasing volatility in 3Q. In addition to domestic reasons, part of PKR depreciation is because of the appreciating US Dollar due to continual monetary tightening in the US. Responding to the challenges, SBP increased the Policy Rate by a cumulative 800bps to 15.00% since September 2021.

Keeping in view increased government liquidity risk and external vulnerability, Moody's Investor Service revised Pakistan's sovereign credit rating downwards by one notch to Caa1 from B3, citing that the floods could raise Pakistan's external financing needs, increasing the risk of a Balance of Payments crisis. The Ministry of Finance refuted Moody's unilateral action citing that the Government policies over the last few months have helped in fiscal consolidation and the Government had adequate liquidity and financing arrangements to meet its external liabilities.

Fiscal side remains challenging and the Deficit clocked in at 7.9% of GDP during FY 2022. Recently announced austerity measures in the Federal Budget and resumption of the IMF program are steps in the right direction. However, the rehabilitation costs for flood impact are likely to keep the Fiscal Deficit elevated and might require further adjustments in fiscal targets.

Pakistan benchmark KSE-100 index fell 7.8% during 9M 2022 as a result of deteriorating global and local macro-economic indicators.

Efforts to control imports and expenditures have started to bear fruit in the shape of demand slowdown and improvement in the Trade Balance. Visible improvements on the diplomatic front are an encouraging sign and reflect ongoing efforts by the Government to improve foreign ties and arrange much needed funding, particularly to rehabilitate flood affected regions. These developments are promising but continuity of economic discipline, sustainability of policies, and reforms are essential for sustainable economic growth.

Review of the Bank's Performance

The highlights about the Bank's financial results for the period ended September 30, 2022, are presented as follows:

Financial Position	September 30, 2022	December 31, 2021
	Rupees in Millions	
Shareholders' Equity	103,282	100,003
Total Assets	2,185,594	1,734,321
Deposits	1,385,452	1,139,045
Advances – net	744,877	673,881
Investments – net	1,123,421	809,214

Financial Performance	Period ended September 30, 2022	Period ended September 30, 2021
	Rupees in Millions	
Net Interest Income and Non-Markup Income	71,467	45,482
Non-Markup Expenses	35,688	26,970
Provisions and Write-offs (net)	8,137	1,419
Profit before Tax	27,643	17,093
Profit after Tax	14,090	10,481
Basic and Diluted Earnings per Share – Rupees	7.93	5.90

Bank Alfalah kept up its growth momentum in third quarter with profit after tax being Rs 14.090 billion which is 34.4% higher than same period last year. The grown in profit before tax of 61.7% helped absorb the impact of one-time super tax imposed by the Federal Government. The Earning Per Share (EPS) for the nine months stands at Rs. 7.93 (Sep 2021: Rs. 5.90).

The revenue increased by 57.1% as compared to same period last year (SPLY). Markup income grew significantly by 58.6%. Well positioned ALM book along with strong earning assets growth led to this growth. Non-markup income stood at Rs. 17.456 billion, higher by 52.8% from SPLY; growth was visible in all non-fund-based income lines with exception of capital gains due to rapid increase in the discount rates by the central Bank to curb inflation. FX income increased on back of better trade and remittance flows and higher spreads. Dividend income doubled due to better corporate earnings.

Our Fee and commission income showed a robust growth of 36.6% year on year (YoY). Significant contributions are from branch banking fee due to increase in business activity and number of customers. Combined debit and credit card spend increased by 51% with travel, grocery and dining spend remaining robust. Card acquiring income doubled due to phenomenal increase in e-commerce spend and POS merchant sale value – the Bank leads the market with 55% of e-comm and 30% of POS transactions share. Trade, guarantees and remittance income also increased on back of significant volume growth – the Bank handles second highest remittance flow in the country. Robust increase in digital transactions volume and resumption of charges on interbank fund transfers led to increase in alternate delivery channel income.

The Bank continues to keep a check on expenses and manage costs prudently while focusing on building revenue momentum through expansion without compromising on investments in new ventures. The impact of new branches, investment in digital technologies and information technology platforms, professional consultancies, higher marketing costs, PKR depreciation and inflation related effects mainly led to an increase in operating expenses. During current period, the Bank opened 67 (2021: 60) new branches, which are helping us in customer acquisition, deposit mobilization and hence revenue growth. The Bank is also investing in digital technologies with a focus on areas where we can deepen our relationships and gain market share. The best evidence of that success is our market share growth over the last three years. The Bank's cost to income ratio improved to 49.0% as against 58.5% SPLY, taking support from strong revenue growth.

The Bank's deposits closed at Rs. 1.385 trillion at the end of Sep'22, with YoY growth of 33.7%. We continue to outpace the industry in total deposits growth. The current accounts grew by 29.8% YoY. This is reflective of the Bank's well thought and applied strategy of increasing its market share.

The Bank grew loans by 15.3% YoY, while maintaining credit discipline. The growth is reflective of the Bank's strategy to focus on consumer finance, SME lending and penetration in digital lending space. Despite challenging market fundamentals, the Bank's credit performance was quite strong during the current year. As at the period end, our gross advances to deposits ratio (ADR) stood at 56.1%, much higher than 50% on which higher income tax rate becomes applicable. Our underwriting discipline and rigorous client selection continued to serve us well which reflects in our non-performing loans ratio which stood at 4.1%. This is despite some prudent classifications. Further non-performing loans remain fully covered with coverage being 103.9%.

As at September 30, 2022, the Bank remains adequately capitalised with CAR at 14.49%.

During the period, the Bank's Chairman, His Highness Sheikh Nahayan Mabarak Al Nahayan, and the Board of Directors, graciously announced a donation of USD 10 million for relief efforts in the aftermath of the devastating floods and unprecedented rains across the country. The pledged amount is being distributed by the Bank for the flood relief activities including donations through selected NGOs and organizations to provide immediate relief and a substantial amount is earmarked for infrastructure rebuilding in the medium to long term to help the affected areas attain normalcy. The Prime Minister of Pakistan thanked the Chairman for his contribution and said that the nation will always remember his huge support and immense affection for the people of Pakistan and compassion for humanity.

Credit Rating

The Bank has been assigned an entity rating of 'AA+' (Double A Plus) for the long-term and 'A1+' (A-One Plus) for the short-term with outlook assigned as 'Stable', by PACRA. The unsecured Tier 1 Capital (Term Finance Certificate) of the Bank has been awarded a credit rating of 'AA-' (Double A Minus), with 'Stable' Outlook, by PACRA.

The assigned ratings reflect the Bank's diversified operations, healthy financial risk profile, strong sponsors, and market presence. These ratings denote a very low expectation of credit risk, a strong capacity for timely payment of financial commitments in the long term and the highest capacity for timely repayment in the short term.

Future Outlook

Looking ahead, Bank Alfalah is well positioned for sustainable growth and building long-term shareholder value. Our focus will be on harnessing technology to ensure that customers' banking needs are fully met in a technologically advanced, secure and convenient manner. We will continue to build our deposit base and grow our market share in low-cost deposits, consumer products and SME financing. We look forward to expanding our branch network to widen our reach and serve our customers. Emphasis will remain on boosting trade volumes and increasing penetration in cash management with a focus on SME/commercial clients. To cope with changing business dynamics, we will continue to accelerate digital transformation and focus on business process re-engineering. We will continue to partner with fintechs to gain a technological edge, accelerating digital adoption by leveraging our core competencies with their disruptive technologies and solutions. Most importantly, we will continue to invest in human capital and foster a caring culture that encourages collaboration, creativity and innovation.

Acknowledgment

On behalf of the Board, we would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their continuous guidance and support. At the same time, we would like to express our gratitude to our shareholders, our customers and business partners for their continued patronage. We are pleased with the performance of the Bank's management and employees who serve our clients, communities and shareholders with distinction and dedication. Our values are to put our customers and their needs front and center. We are constantly looking for better ways to deliver products and services that meet or exceed our customers' expectations.

Atif Aslam Bajwa
President & Chief Executive Officer

October 17, 2022
Karachi

Khalid Qurashi
Director

اس دوران، بینک کے چیئرمین، عزت مآب شیخ نہیان مبارک النہیان، اور بورڈ آف ڈائریکٹرز نے ملک بھر میں تباہ کن سیلابوں اور غیر متوقع بارشوں کے بعد امدادی سرگرمیوں کے لیے 10 ملین امریکی ڈالر کے عطیہ کا اعلان کیا۔ عطیہ کی گئی رقم بینک کی طرف سے سیلاب سے متعلق امدادی سرگرمیوں کے لیے تقسیم کی جا رہی ہے جس میں منتخب این جی اوز اور تنظیموں کے ذریعے عطیات بھی شامل ہیں تاکہ فوری ریلیف فراہم کیا جا سکے اور متاثرہ علاقوں کو معمول پر لانے میں مدد کے لیے درمیانی سے طویل مدت میں بنیادی ڈھانچے کی تعمیر نو کے لیے کافی رقم مختص کی گئی ہے۔ وزیر اعظم پاکستان نے چیئرمین کا شکریہ ادا کرتے ہوئے کہا کہ قوم ان کیبھرپور تعاون اور پاکستانی عوام کے لیے بے پناہ پیار اور انسانیت کے لیے دردمندی کو ہمیشہ یاد رکھے گی۔

کریڈٹ ریٹنگ

بینک کو PACRA کی جانب سے طویل مدت کے لیے 'AA+' (ڈبل اے پلس) اور مختصر مدت کے لیے 'A1+' (اے ون پلس) کی ریٹنگ دی گئی ہے اور آؤٹ لک 'مستحکم' قرار دیا گیا ہے جبکہ بینک کے غیر محفوظ ٹینڈر 1 کیپیٹل (ٹرم فنانس سرٹیفکیٹ) کو PACRA کی طرف سے 'AA-' (ڈبل اے مائنس) ریٹنگ کے ساتھ آؤٹ لک 'مستحکم' قرار دی گئی ہے۔

تفویض کردہ ریٹنگ بینک کے متنوع آپریشنز، صحت مند مالیاتی رسک پروفائل، مضبوط اسپانسرز اور مارکیٹ میں موجودگی کی عکاسی کرتی ہیں۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع، طویل مدت میں وعدے کے مطابق بروقت ادائیگی کی مضبوط صلاحیت اور مختصر مدت میں بروقت ادائیگی کی اعلیٰ صلاحیت کی نشاندہی کرتی ہیں۔

مستقبل

مستقبل کو مدنظر رکھتے ہوئے، بینک الفلاح پائیدار ترقی اور شینر ہولڈر کی طویل مدت پختہ بڑھانے کے لیے اچھی پوزیشن میں ہے۔ ہماری توجہ اس بات کو یقینی بنانے کے لیے ٹیکنالوجی کے استعمال پر مرکوز ہوگی کہ صارفین کی بینکاری ضروریات کو ٹیکنالوجی کے لحاظ سے جدید، محفوظ اور آسان طریقے سے پورا کیا جائے۔ ہم اپنے ڈیپازٹ بیس میں اضافہ جاری رکھیں گے اور کم لاگت والے ڈیپازٹس، کنزرویٹو پروڈکٹس اور ایس ایم ای فنانسنگ میں اپنا مارکیٹ شیئر بڑھائیں گے۔ ہم اپنی رسائی کو مزید پھیلانے اور اپنے صارفین کی خدمت کے لیے اپنے برانچ نیٹ ورک کو وسعت دے رہے ہیں۔ مزید برآں، SME/کمیرشل کلائنٹس پر توجہ مرکوز کرتے ہوئے تجارتی حجم کو بڑھانے اور کیش مینجمنٹ میں اپنی موجودگی بڑھانے پر زور دیا جائے گا۔ کاروبار کے تبدیل ہوتے ہوئے رجحانات کے ساتھ چلنے کے لیے، ہم تیزی سے ڈیجیٹل تبدیلیوں کا عمل جاری رکھیں گے اور کاروباری عمل کی ری انجینئرنگ پر توجہ دیں گے۔ ہم fintech (مالیاتی ٹیکنالوجی کمپنیاں) کے ساتھ شراکت داری کے ذریعے ٹیکنالوجیکل برتری حاصل کرتے رہیں گے، اور ان کمپنیوں کی خلل ڈالنے والی ٹیکنالوجیز اور سلوشن کے ذریعے ڈیجیٹل نظام کو اپنانے کا عمل تیز کیا جائے گا۔ سب سے اہم بات یہ ہے کہ ہم اپنے لوگوں پر سرمایہ کاری جاری رکھیں گے اور ایسے خیال رکھنے والے کلچر کو فروغ دیں گے جو مل کر کام کرنے، تخلیقی صلاحیتوں اور جدت کی حوصلہ افزائی کرتا ہو۔

تشکرات

بورڈ کی جانب سے، ہم اسٹیٹ بینک آف پاکستان، سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کی مسلسل رہنمائی اور تعاون کا شکریہ ادا کرنا چاہتے ہیں۔ اس کے ساتھ ساتھ، ہم اپنے شینر ہولڈرز، اپنے صارفین اور کاروباری شراکت داروں کے بھی مشکور ہیں جو مسلسل ہماری سرپرستی کر رہے ہیں۔ ہم بینک کی انتظامیہ اور ملازمین کی کارکردگی سے بے حد مطمئن ہیں جو ہمیشہ آگے بڑھ کر اور لگن کے ساتھ ہمارے کلائنٹس، کمیونٹیز اور شینر ہولڈرز کی خدمت میں مصروف ہیں۔ کسٹمرز اور ان کی ضرورتیں ہمیشہ ہماری اولین ترجیح رہتی ہیں اور ہم مسلسل ایسی پروڈکٹس اور سروسز کی فراہمی کے لیے بہتر طریقے تلاش کر رہے ہیں جو ہمارے صارفین کی توقعات پر نہ صرف پورا اتریں بلکہ ان سے بھی بڑھ کر ہوں۔

خالد قریشی

ڈائریکٹر

عاطف اسلم باجوہ

صدر و چیف ایگزیکٹو آفیسر

17 اکتوبر، 2022

کراچی

گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں آمدنی میں 57.1% اضافہ ہوا۔ مارک اپ آمدنی میں 58.6% نمایاں اضافہ ہوا۔ اچھی پوزیشن والی ALM بک کے ساتھ ساتھ مضبوط آمدنی والے اثاثوں میں اضافہ اس نمو کا باعث بنا۔ غیر مارک اپ آمدنی 17.456 ارب روپے رہی جو کہ SPLY سے 52.8% زیادہ ہے؛ مرکزی بینک کی جانب سے مہنگائی کو روکنے کے لیے ڈسکاؤنٹ ریٹ میں تیزی سے اضافے کی وجہ سے سرمائے کے منافع کے علاوہ تمام غیر فنڈ پر مبنی آمدنی میں نمو دکھائی دے رہی تھی۔ بہتر تجارت اور ترسیلات زر کے بہاؤ اور زیادہ اسپریڈز کی وجہ سے FX آمدنی میں اضافہ ہوا۔ بہتر کارپوریٹ آمدنی کی وجہ سے ڈیویڈنڈ کی آمدنی بھی دوگنی ہو گئی۔

ہماری فیس اور کمیشن کی آمدنی میں سال بہ سال 36.6% کی مضبوط نمو (YoY) نظر آتی۔ سب سے بڑا حصہ برانچ بینکنگ فیس کی مد میں ہوا جس کی وجہ کاروباری سرگرمیوں اور کسٹمرز کی تعداد میں اضافہ رہا۔ ڈیپٹ اور کریڈٹ کارڈ کا مجموعی استعمال میں سفر، گروسری اور کھانے کے اخراجات کے ساتھ 51% اضافہ ہوا ہے۔ ای کامرس میں زیادہ استعمال اور POS مرچنٹ کی سیل ویلیو میں غیر معمولی اضافے کی وجہ سے کارڈ سے حاصل ہونے والی آمدنی دگنی ہو گئی - بینک ای کامرس میں 55% اور POS ٹرانزیکشنز کے 30% شیئر کے ساتھ مارکیٹ میں سب سے آگے ہے۔ کاروباری حجم بڑھنے سے تجارت، گارنٹی اور ترسیلات زر کی آمدنی میں بھی نمایاں اضافہ ہوا - بینک ہذا ملک میں سب سے زیادہ ترسیلات زر لانے والا دوسرا بڑا بینک ہے۔ ڈیجیٹل ٹرانزیکشن کے حجم میں زبردست اضافے اور انٹربینک فنڈ ٹرانسفرز پر چارجز دوبارہ شروع ہونے سے متبادل ترسیلی چینل کی آمدنی میں اضافہ ہوا۔

بینک نئے منصوبوں میں سرمایہ کاری پر سمجھوتہ کیے بغیر اپنے اخراجات پر نظر رکھے ہوئے ہے اور توسیع کے ذریعے آمدن کی رفتار بڑھانے پر توجہ مرکوز کرتے ہوئے لاگتوں کو مینج کر رہا ہے۔ نئی شاخوں کے قیام، ڈیجیٹل ٹیکنالوجیز اور انفارمیشن ٹیکنالوجی پلیٹ فارمز میں سرمایہ کاری، پیشہ ورانہ کنسلٹنسی، مارکیٹنگ اخراجات میں اضافے، روپے کی قدر میں کمی اور افراط زر آپریٹنگ اخراجات میں اضافے کا باعث بنے۔ موجودہ مدت کے دوران، بینک نے 67 (2021:60) نئی شاخیں کھولیں، جو صارفین کے حصول، ڈپازٹ کو متحرک کرنے اور اس وجہ سے آمدنی میں اضافے میں ہماری مدد کر رہی ہیں۔ بینک ڈیجیٹل ٹیکنالوجیز میں بھی سرمایہ کاری کر رہا ہے اور ان شعبوں پر توجہ مرکوز کر رہا ہے جہاں ہم اپنے تعلقات کو اور بھی آگے لے جا سکتے ہیں اور مارکیٹ شیئر بڑھا سکتے ہیں۔ اس کامیابی کا بہترین ثبوت پچھلے تین سالوں میں ہمارے مارکیٹ شیئر میں اضافہ ہے۔ آمدنی میں مضبوط اضافے کی مدد سے بینک کی لاگت اور آمدنی کا تناسب SPLY میں 58.5% کے مقابلے میں 49.0% تک بہتر ہوا۔

ستمبر 22 کے آخر میں بینک کے ذخائر 1.385 کھرب روپے رہے جن میں سال بہ سال 33.7% اضافہ ہوا۔ مجموعی ذخائر کی نمو میں ہم پوری انڈسٹری کو پیچھے چھوڑ رہے ہیں۔ کرنٹ اکاؤنٹس میں 29.8% سالانہ اضافہ ہوا۔ یہ اضافہ مارکیٹ شیئر بڑھانے کے لیے بینک کی سوچی سمجھی اور نافذ العمل حکمت عملی کا عکاس ہے۔

بینک نے کریڈٹ ڈسپلن کو برقرار رکھتے ہوئے قرضوں میں 15.3% سالانہ اضافہ کیا۔ یہ ترقی بینک کی کنزیومر فنانس، ایس ایم ای قرضے اور ڈیجیٹل ذرائع سے قرض دینے کی سروسز میں داخلے کی حکمت عملی کو ظاہر کرتی ہے۔ مارکیٹ کے مشکل حالات کے باوجود، موجودہ مدت میں بینک کی کریڈٹ کارکردگی کافی مضبوط رہی۔ جیسا کہ مدت کے اختتام پر نظر آیا، ہمارا مجموعی ایڈوانسز ٹو ڈپازٹس تناسب (ADR) 56.1% رہا جو کہ 50% سے بہت زیادہ ہے جس پر انکم ٹیکس کی بلند شرح لاگو ہوتی ہے۔ ہمارا انڈر رائٹنگ ڈسپلن اور کلائنٹ کا انتخاب ہماری بھرپور مدد کرتا رہا جس کا اظہار ہمارے غیر فعال قرضوں کے تناسب سے ہوتا ہے جو کہ 4.1% رہا۔ مزید غیر فعال قرضے 103.9% کوریج کے ساتھ مکمل طور پر احاطہ کیے ہوئے ہیں۔

30 ستمبر 2022 تک، بینک CAR کے ساتھ 14.49% پر کافی سرمایہ دار ہے۔

حکومتی لیکویڈیٹی کے بڑھتے ہوئے امکانات اور بیرونی خطرات کو مدنظر رکھتے ہوئے، Moody's Investor Service نے پاکستان کی خودمختار کریڈٹ ریٹنگ کو B3 سے ایک درجہ نیچے Caa1 کر دیا اور حوالہ دیا کہ سیلاب پاکستان کی بیرونی مالیاتی ضروریات کو بڑھا سکتا ہے، جس سے ادائیگیوں کے توازن کے بحران کا خطرہ ہوسکتا ہے۔ وزارت خزانہ نے موڈیز کے یکطرفہ اقدامات کو مسترد کرتے ہوئے کہا کہ گزشتہ چند مہینوں میں حکومتی پالیسیوں نے مالیاتی استحکام لانے میں مدد کی ہے اور حکومت کے پاس اپنی بیرونی ذمہ داریوں کو پورا کرنے کے لیے کافی لیکویڈیٹی اور فنانشنگ کے انتظامات موجود ہیں۔

مالیاتی پہلو سے چیلنجز بدستور موجود ہیں اور مالی سال 2022 کے دوران خسارہ جی ڈی پی کے 7.9% تک پہنچ گیا۔ حال ہی میں وفاقی بجٹ میں کفایت شعاری کے اقدامات کا اعلان اور آئی ایم ایف پروگرام کو دوبارہ شروع کرنا درست سمت میں قدم ہیں۔ تاہم، امکان ہے کہ سیلاب کے اثرات سبب مالیاتی خسارے کو بلند رکھیں گے اور مالیاتی اہداف میں مزید ایڈجسٹمنٹ کی ضرورت بھی پڑ سکتی ہے۔

سال 2022 کے نو ماہ (9M) میں پاکستان کا بینج مارک KSE-100 انڈیکس بگڑتے ہوئے عالمی اور مقامی میکرو اکنامک انڈیکس کے نتیجے میں 7.8% گر گیا۔

درآمدت اور اخراجات کو کنٹرول کرنے کی پالیسی کے نتائج آنا شروع ہو گئے ہیں جس کے باعث طلب میں کمی اور تجارتی توازن میں بہتری آئی ہے۔ سفارتی محاذ پر نظر آنے والی بہتری ایک حوصلہ افزا پیش رفت ہے اور حکومت کی جانب سے غیر ملکی تعلقات کو بہتر بنانے اور فنڈنگ کا بندوبست کرنے کی کوششوں کا عکاس ہے جس کی سیلاب سے متاثرہ علاقوں کی بحالی کے لیے اشد ضرورت ہے۔ یہ اقدامات امید افزا ہے لیکن پائیدار اقتصادی ترقی کے لیے معاشی نظم و ضبط کا تسلسل، پالیسیوں کی پائیداری اور اصلاحات ضروری ہیں۔

بینک کی کارکردگی کا جائزہ

30 ستمبر 2022 کو ختم ہونے والی مدت کے لیے بینک کی مالیاتی کارکردگی کے نتائج ذیل میں دنیہ جا رہے ہیں:

مالیاتی پوزیشن		30 ستمبر 2022	31 دسمبر 2021
		روپے ملین میں	
شینر ہولڈرز کی ایکویٹی		103,282	100,003
گن اثاثے		2,185,594	1,734,321
ڈپازٹس		1,385,452	1,139,045
ایڈوانسز - خالص		744,877	673,881
سرمایہ کاریاں - خالص		1,123,421	809,214
مالیاتی کارکردگی		اختتام مدت 30 ستمبر 2022	اختتام مدت 30 ستمبر 2021
		روپے ملین میں	
خالص سود آمدنی اور نان مارک آپ آمدنی		71,467	45,482
نان مارک آپ اخراجات		35,688	26,970
پروویژن اور رائلٹ آف (خالص)		8,137	1,419
قبیل از ٹیکس منافع		27,643	17,093
بعد از ٹیکس منافع		14,090	10,481
بنیادی اور ڈائیلیوڈڈ آمدنی فی شینر - روپے		7.93	5.90

بینک الفلاح نے تیسری سہ ماہی میں بھی اپنے کاروبار میں اضافے کا رجحان برقرار رکھا جس میں بعد از ٹیکس منافع 14.090 ارب روپے رہا جو کہ گزشتہ سال کے اسی عرصے کے مقابلے میں 34.4% زیادہ ہے۔ جبکہ منافع قبل از ٹیکس میں 61.7% کا اضافہ وفاقی حکومت کی طرف سے عائد کردہ یک وقت سپر ٹیکس کے اثرات کا مقابلہ کرنے میں مددگار ثابت ہوا۔ نو ماہ کی اس مدت میں فی شینر آمدن (EPS) 7.93 روپے رہی ہے (ستمبر 2021: 5.90 روپے)۔

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2022 کو ختم ہونے والی مدت کے لیے بیٹک الفلاح لمیٹڈ عبوری مالیاتی سٹیٹمنٹ جاری کر رہے ہیں۔

معاشی جائزہ

اگرچہ دنیا کے زیادہ تر ممالک میں COVID-19 سے متعلقہ پابندیوں میں نرمی ہو رہی ہے، اس کے باوجود سال 2022 کے پہلے نصف (چھ ماہ) کے دوران عالمی نمو کمی کا شکار رہی۔ اس میں سب سے بڑی رکاوٹ دنیا بھر میں مہنگائی، عالمی سطح پر پیداوار میں کمی، موسمیاتی تبدیلیوں کے اثرات، مخدوش مالیاتی حالات اور یوکرائن جنگ کے اثرات قابل ذکر ہیں۔ یہ چیلنجز پاکستان سمیت دنیا بھر کی معیشتوں کو متاثر کر رہے ہیں۔

دنیا بھر کے مرکزی بینک اجناس کے سپر سائیکل اور سپلائی چین میں رکاوٹوں کی وجہ سے دہائیوں کی بلند افراط زر کا مقابلہ کرنے کے لیے شرحوں میں اضافہ کر رہے ہیں جس سے کساد بازاری کے خدشات بڑھ رہے ہیں۔ اجناس کی قیمتیں کم ہو رہی ہیں لیکن امریکی ڈالر کی قدر کی وجہ سے اشیاء درآمد کرنے والے ممالک کے خدشات برقرار ہیں۔ پاکستان کی معیشت ان عالمی میکرو اکنامک تبدیلیوں سے نبرد آزما تھی کہ حالیہ سیلاب نے پاکستان کے چیلنجز میں ایک اور سلسلے کا اضافہ کیا جس سے سپلائی میں رکاوٹیں آرہی ہیں، مالیاتی بوجھ بگڑ رہا ہے اور جی ڈی پی نمو کو نقصان ہو رہا ہے۔ حوصلہ افزا بات یہ ہے کہ پاکستان کا حال ہی میں IMF سے معاہدہ ہو گیا ہے (1.2 بلین امریکی ڈالر کے قرض کی قسط کا اجراء) اور ڈونر ممالک/تنظیم کی طرف سے سیلاب کے نقصان کا ازالہ کرنے کے لیے تعاون کا وعدہ بھی کیا گیا ہے۔ تاہم ضرورت بین الاقوامی اداروں اور ڈونرز کی جانب سے کہے گئے وعدوں سے کہیں زیادہ کی ہے۔

پاکستان میں روپے کی قدر میں کمی، توانائی کی فراہمی میں مسائل اور سیلاب کی وجہ سے سپلائی میں رکاوٹوں کی وجہ سے مہنگائی مسلسل بڑھ رہی ہے۔ ستمبر 22 میں 23.2% تک آنے سے پہلے اگست 22 میں یہ 27.3% تک جا پہنچی جو کئی دہائیوں کی بلند ترین شرح ہے، جس کا مطلب ہے SPLY میں 9.0% کے مقابلے میں CY2022 میں اوسطاً 9M میں ریڈنگ 18% ہے۔ اگرچہ توقع ہے کہ افراط زر پہلے ہی اپنے بلند ترین سطح پر پہنچ چکا ہے، لیکن امکان ہے کہ مالی سال 2022-23 کے دوسرے نصف میں کمی سے پہلے آگے چند مہینوں تک ریڈنگ بلند رہے گی۔ اجناس کی کم قیمتیں مثبت پہلو ہیں جبکہ توانائی اور دیگر اشیاء کی قیمتوں میں نمایاں کمی افراط زر کی توقعات کو کم کر سکتی ہے۔

درآمدات، کھپت کو کنٹرول کرنے اور اخراجات میں بچت کے اقدامات کے فوائد ادائیگیوں کے توازن پر نظر آنے لگے ہیں۔ رواں مالی سال کے پہلے دو مہینوں میں کرنٹ اکاؤنٹ خسارہ 19% کم ہو کر 1.9 ارب امریکی ڈالر ہو گیا ہے۔ تجارتی خسارہ جو مالی سال 22 میں 38% بڑھ کر 39.6 ارب امریکی ڈالر تک پہنچ گیا تھا، اب مالی سال 23 کے 2M میں 11% کم ہو کر 6.0 بلین امریکی ڈالر رہ گیا ہے۔ اسی طرح، سروسز خسارہ بھی 10% کم ہو کر 0.6 ارب امریکی ڈالر رہ گیا۔ دوسری طرف مالی سال 23 کے 2M میں ترسیلات زر 3% کم ہو کر 5.2 ارب امریکی ڈالر رہیں۔

2022 کی پہلی ششماہی میں غیر ملکی زرمبادلہ کے ذخائر میں زبردست کمی دیکھی گئی جو اب آئی ایم ایف پروگرام کے دوبارہ شروع ہونے کے بعد تقریباً 14 ارب امریکی ڈالر پر مستحکم ہو چکے ہیں۔ 21 دسمبر سے لے کر 23 ستمبر 2022 تک غیر ملکی زرمبادلہ کے ذخائر 23.9 بلین امریکی ڈالر سے کم ہو کر 13.8 بلین امریکی ڈالر رہ گئے ہیں۔ نتیجتاً، پاکستانی روپے کی قدر میں کمی ہوئی (2022 کے 9 ماہ میں 22.7%) اور تیسری سہ ماہی (3Q) میں اتار چڑھاؤ میں اضافہ ہوا۔ داخلی وجوہات کے ساتھ، پاکستانی روپے کی قدر میں کمی کی ایک وجہ امریکہ میں مسلسل مالیاتی سختی کی وجہ سے امریکی ڈالر کی قدر میں اضافہ ہے۔ چیلنجز کا مقابلہ کرنے کے لیے SBP نے ستمبر 2021 سے پالیسی ریٹ کو مجموعی طور پر 800bps بڑھا کر 15.00% کر دیا۔

Bank Alfalah Limited

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS



Nine months period ended September 30, 2022

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2022

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

ASSETS

Cash and balances with treasury banks	7	120,743,750	105,606,384
Balances with other banks	8	19,457,357	9,782,519
Lendings to financial institutions	9	19,226,146	35,982,065
Investments	10	1,123,420,757	809,213,583
Advances	11	744,876,678	673,880,624
Fixed assets	12	46,871,549	39,498,979
Intangible assets	13	1,282,826	1,116,442
Deferred tax assets	14	7,460,417	2,304,270
Other assets	15	102,254,068	56,936,473
		2,185,593,548	1,734,321,339

LIABILITIES

Bills payable	16	23,437,147	22,825,500
Borrowings	17	537,264,092	383,808,872
Deposits and other accounts	18	1,385,451,826	1,139,044,606
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	7,000,000	7,000,000
Other liabilities	20	129,158,282	81,639,680
		2,082,311,347	1,634,318,658

NET ASSETS

	103,282,201	100,002,681
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REPRESENTED BY

Share capital		17,771,651	17,771,651
Reserves		34,166,334	29,953,963
Surplus on revaluation of assets	21	5,757,515	11,440,580
Unappropriated profit		45,586,701	40,836,487
		103,282,201	100,002,681

CONTINGENCIES AND COMMITMENTS

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

For the nine month period ended September 30, 2022

	Note	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Nine months period ended September 30, 2022	Nine months period ended September 30, 2021
----- (Rupees in '000) -----					
Mark-up/Return/Interest Earned	24	61,585,530	25,817,027	144,216,219	71,828,937
Mark-up/Return/Interest Expensed	25	39,716,580	13,842,587	90,204,502	37,771,142
Net Mark-up/Return/Interest Income		21,868,950	11,974,440	54,011,717	34,057,795
NON MARK-UP/RETURN/INTEREST INCOME					
Fee and Commission Income	26	2,793,426	1,971,035	7,952,714	5,823,423
Dividend Income		171,199	94,974	837,598	419,189
Foreign Exchange Income		3,481,691	1,074,769	8,333,329	2,796,323
Gain from derivatives		109,970	26,542	211,053	74,162
(Loss) / gain on securities	27	(48,242)	352,413	(129,912)	2,203,810
Other income	28	46,821	27,211	250,887	107,152
Total non-mark-up / interest income		6,554,865	3,546,944	17,455,669	11,424,059
Total income		28,423,815	15,521,384	71,467,386	45,481,854
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	29	13,299,038	9,202,487	35,010,111	26,592,359
Workers' Welfare Fund	30	239,626	123,997	663,445	353,349
Other charges	31	7,110	5,036	14,280	24,024
Total non-mark-up / interest expenses		13,545,774	9,331,520	35,687,836	26,969,732
Profit before provisions		14,878,041	6,189,864	35,779,550	18,512,122
Provisions and write offs - net	32	4,095,069	268,781	8,136,508	1,419,163
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		10,782,972	5,921,083	27,643,042	17,092,959
Taxation	33	5,396,255	2,373,503	13,553,124	6,611,550
PROFIT AFTER TAXATION		5,386,717	3,547,580	14,089,918	10,481,409
----- (Rupees) -----					
Basic and Diluted Earnings per share	34	3.03	2.00	7.93	5.90

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

For the nine month period ended September 30, 2022

	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Nine months period ended September 30, 2022	Nine months period ended September 30, 2021
	----- (Rupees in '000) -----			
Profit after taxation for the period	5,386,717	3,547,580	14,089,918	10,481,409
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	1,211,378	480,923	2,803,379	(2,983)
Movement in surplus / (deficit) on revaluation of investments - net of tax	(3,411,461)	(867,508)	(5,554,430)	(1,651,580)
	(2,200,083)	(386,585)	(2,751,051)	(1,654,563)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax	(29,386)	(9,465)	(140,429)	(246,337)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	732	(1,374)	11,794	1,659
	(28,654)	(10,839)	(128,635)	(244,678)
Total comprehensive income	<u>3,157,980</u>	<u>3,150,156</u>	<u>11,210,232</u>	<u>8,582,168</u>

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine month period ended September 30, 2022

	Capital Reserves		Surplus/(Deficit) on revaluation					Unappropriated profit	Total
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	Investments	Fixed Assets	Non Banking Assets		
	(Rupees in '000)								
Balances as at January 01, 2021	17,771,651	4,731,049	7,358,815	15,590,158	3,262,991	7,141,899	103,947	35,056,809	91,017,319
Changes in equity for the nine month period ended September 30, 2021									
Profit after taxation	-	-	-	-	-	-	-	10,481,409	10,481,409
Other comprehensive income - net of tax	-	-	(2,983)	-	(1,651,580)	(218,250)	1,704	-	(1,671,109)
Transfer to statutory reserve	-	-	-	1,048,141	-	-	-	(1,048,141)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(28,087)	(45)	28,132	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2020 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Interim cash dividend for the half year ended June 30, 2021 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Balance as at September 30, 2021	17,771,651	4,731,049	7,355,832	16,638,299	1,611,411	6,895,562	105,606	37,409,549	92,518,959
Changes in equity for three months ended December 31, 2021									
Profit after taxation	-	-	-	-	-	-	-	3,735,265	3,735,265
Other comprehensive income - net of tax	-	-	855,257	-	(2,838,712)	5,718,105	(17,867)	31,674	3,748,457
Transfer to statutory reserve	-	-	-	373,526	-	-	-	(373,526)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(33,474)	(51)	33,525	-
Transactions with owners, recorded directly in equity									
Balance as at December 31, 2021	17,771,651	4,731,049	8,211,089	17,011,825	(1,227,301)	12,580,193	87,688	40,836,487	100,002,681
Changes in equity for the nine month period ended September 30, 2022									
Profit after taxation	-	-	-	-	-	-	-	14,089,918	14,089,918
Other comprehensive income - net of tax	-	-	2,803,379	-	(5,554,430)	(73,988)	11,884	-	(2,813,155)
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,886	(36,886)	-	-
Transfer to statutory reserve	-	-	-	1,408,992	-	-	-	(1,408,992)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(66,441)	(90)	66,531	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2021 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Interim cash dividend for the half year ended June 30, 2022 at 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)
Balance as at September 30, 2022	17,771,651	4,731,049	11,014,468	18,420,817	(6,781,731)	12,476,650	62,596	45,886,701	103,282,201

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine month period ended September 30, 2022

	Nine months period ended	
	September 30, 2022	September 30, 2021
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,643,042	17,092,959
Dividend income	(837,598)	(419,189)
	<u>26,805,444</u>	<u>16,673,770</u>
Adjustments		
Depreciation	3,897,446	3,225,966
Amortisation	267,008	304,989
Provisions and write offs - net	8,136,508	1,419,163
Unrealised loss on revaluation of investments classified as held for trading-net	208,311	287,272
Gain on sale of operating fixed assets and non banking assets - net	(67,516)	(31,789)
Gain on termination of leases (IFRS 16) - net	(120,852)	(9,849)
Borrowing cost on lease liability	1,376,571	1,065,922
Workers' Welfare Fund	663,445	353,349
Charge for defined benefit plan	256,200	191,522
Charge for staff compensated absences	135,000	104,250
	<u>14,752,121</u>	<u>6,910,795</u>
	41,557,565	23,584,565
(Increase) / decrease in operating assets		
Lendings to financial institutions	11,722,572	31,287,425
Held for trading securities	37,901,692	(14,880,937)
Advances	(78,559,324)	(70,063,650)
Other assets (excluding advance taxation)	(40,106,313)	(11,895,066)
	<u>(69,041,373)</u>	<u>(65,552,228)</u>
Increase / (decrease) in operating liabilities		
Bills payable	611,647	1,634,063
Borrowings	152,824,138	22,015,475
Deposits	246,407,220	154,287,019
Other liabilities (excluding current taxation)	32,885,338	11,844,199
	<u>432,728,343</u>	<u>189,780,756</u>
	405,244,535	147,813,093
Income tax paid	(8,520,117)	(5,422,456)
Net cash generated from operating activities	<u>396,724,418</u>	<u>142,390,637</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(358,112,205)	(122,240,635)
Net investments in held-to-maturity securities	(10,309,749)	(18,860,252)
Investment in subsidiary	(5,217)	-
Dividends received	779,855	364,455
Investments in operating fixed assets	(6,576,712)	(1,985,755)
Proceeds from sale of fixed assets and non banking assets	79,113	40,528
Effect of translation of net investment in foreign branches	2,803,379	(2,983)
Net cash used in investing activities	<u>(371,341,536)</u>	<u>(142,684,642)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	(2,854,960)	(2,418,986)
Dividend paid	(3,379,251)	(4,751,341)
Net cash used in financing activities	<u>(6,234,211)</u>	<u>(7,170,327)</u>
Increase in cash and cash equivalents	19,148,671	7,464,332
Cash and cash equivalents at beginning of the year	147,254,212	121,940,331
Effects of exchange rate changes on cash and cash equivalents - (gain) / loss	(12,380,065)	(3,485,296)
	<u>134,874,147</u>	<u>118,455,035</u>
Cash and cash equivalents at end of the period	<u>154,022,818</u>	<u>110,990,703</u>

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine month period ended September 30, 2022

1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 841 branches (December 31, 2021: 770 branches) and 16 sub-branches (December 31, 2021: 20 sub-branches). Out of the 841 branches, 567 (December 31, 2021: 529) are conventional, 263 (December 31, 2021: 230) are Islamic, 10 (December 31, 2021: 10) are overseas and 1 (December 31, 2021: 1) is an offshore banking unit.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017.
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.
- 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, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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 deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). Further, SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. SBP has directed banks in Pakistan to implement IFRS 9 with effect from January 1, 2023 vide BPRD circular no. 03 dated July 05, 2022.

Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements; except for overseas branches where such standards are applicable.

- 2.1.1 These unconsolidated condensed interim financial statements represent separate financial statements of Bank Alfalah Limited in which investment in subsidiaries and associates are accounted for on the basis of cost less accumulated impairment losses, if any.
- 2.1.2 Key financial figures of the Islamic Banking branches are disclosed in note 39 to these unconsolidated condensed interim financial statements.
- 2.1.3 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2021.
- 2.1.4 The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated financial statements have been prepared on the going concern basis.
- 2.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period:

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements.

2.3 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture -Amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated condensed interim 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 are stated at revalued amounts; held for trading, available for sale investments and derivative financial instruments which are measured at fair value; defined benefit obligations which are carried at present value and right of use of assets and related lease liability measured at present value.

3.2 Functional and Presentation Currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2021.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this unconsolidated condensed interim financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2021, except as disclosed in note 11.4.2(iv).

6 FINANCIAL RISK MANAGEMENT

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

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

7 CASH AND BALANCES WITH TREASURY BANKS

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
In hand		
Local currency	28,081,710	21,886,032
Foreign currency	3,939,233	2,722,351
	32,020,943	24,608,383
With State Bank of Pakistan in		
Local currency current account	45,471,370	47,249,054
Foreign currency current account	6,516,795	5,231,881
Foreign currency deposit account	689,097	9,466,467
	52,677,262	61,947,402
With other central banks in		
Foreign currency current account	21,128,246	9,536,033
Foreign currency deposit account	6,672,823	2,589,553
	27,801,069	12,125,586
With National Bank of Pakistan in local currency current account	8,200,061	6,698,696
Prize bonds	44,415	226,317
	<u>120,743,750</u>	<u>105,606,384</u>

8 BALANCES WITH OTHER BANKS

In Pakistan in current account	27,693	18,222
Outside Pakistan		
In current account	19,400,039	9,737,924
In deposit account	29,625	26,373
	19,429,664	9,764,297
	<u>19,457,357</u>	<u>9,782,519</u>

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	16,227,042	22,815,581
Repurchase agreement lendings (Reverse Repo)	3,000,000	11,172,904
Bai Muajjal receivable with other financial institutions	-	1,993,580
	19,227,042	35,982,065
Less: expected credit loss - overseas branches	(896)	-
Lending to financial institutions - net of provision	<u>19,226,146</u>	<u>35,982,065</u>

10 INVESTMENTS

Note

		September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
------(Rupees in '000)-----									
Held-for-trading securities									
Federal Government Securities									
		9,262,975	-	(2,913)	9,260,062	58,471,616	-	(20,039)	58,451,577
		50,790,051	-	(136,966)	50,653,085	38,043,325	-	993	38,044,318
		708,065	-	188	708,253	-	-	-	-
Shares									
		857,827	-	(52,339)	805,488	983,085	-	(12,205)	970,880
Foreign Securities									
		1,633,037	-	(16,281)	1,616,756	4,078,675	-	(391,803)	3,686,872
		63,251,955	-	(208,311)	63,043,644	101,576,701	-	(423,054)	101,153,647
Available-for-sale securities									
Federal Government Securities									
		980,231	-	(8,914)	971,317	66,709,176	-	(31,162)	66,678,014
		797,249,870	-	(4,241,761)	793,008,109	421,777,608	-	(2,068,279)	419,709,329
		94,888,641	-	(554,114)	94,334,527	70,415,751	-	(427,810)	69,987,941
		11,985,983	-	(6,846,157)	5,139,826	6,672,320	-	(16,227)	6,656,093
		3,933,680	-	-	3,933,680	1,016,120	-	-	1,016,120
Shares									
		7,559,272	(694,588)	(465,932)	6,398,752	4,228,215	(315,697)	50,388	3,962,906
		1,211,363	(57,728)	-	1,153,635	1,211,363	(55,725)	-	1,155,638
		108,835	(108,835)	-	-	108,835	(108,835)	-	-
		25,000	(25,000)	-	-	25,000	(25,000)	-	-
Non Government Debt Securities									
		3,226,778	(411,218)	(9,921)	2,805,639	2,426,778	(311,298)	(10,682)	2,104,798
		16,892,576	(96,511)	212,043	17,008,108	17,481,926	(96,511)	239,990	17,625,405
Foreign Securities									
		21,535,526	-	(2,450,698)	19,084,828	16,991,437	-	300,601	17,292,038
		31,275,245	-	(2,634,139)	28,641,106	25,215,398	-	521,640	25,737,038
		4,330,006	-	-	4,330,006	3,310,874	-	-	3,310,874
		500,000	-	-	500,000	-	-	-	-
		995,703,006	(1,393,880)	(16,999,593)	977,309,533	637,590,801	(913,066)	(1,441,541)	635,236,194
Held-to-maturity securities									
Federal Government Securities									
		68,257,499	-	-	68,257,499	52,966,763	-	-	52,966,763
		-	-	-	-	3,094,151	-	-	3,094,151
Non Government Debt Securities									
		381,347	(24,680)	-	356,667	431,347	(24,680)	-	406,667
		1,563,572	(80,722)	-	1,482,850	2,063,572	(80,722)	-	1,982,850
Foreign Securities									
		11,769,392	-	-	11,769,392	13,106,228	-	-	13,106,228
		81,971,810	(105,402)	-	81,866,408	71,662,061	(105,402)	-	71,556,659
Associates									
		1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiary									
		305,217	(42,981)	-	262,236	300,000	(42,981)	-	257,019
General provision and expected credit loss Overseas operations									
		-	(238,670)	-	(238,670)	-	(167,542)	-	(167,542)
Total Investments		1,142,409,594	(1,780,933)	(17,207,904)	1,123,420,757	812,307,169	(1,228,991)	(1,864,595)	809,213,583

10.11 The adoption of IFRS 9 at Bahrain Operations of the Bank has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the State Bank of Pakistan (SBP) vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these unconsolidated condensed interim financial statements.

10.2	Investments given as collateral	(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
		------(Rupees in '000)-----	
	Market Treasury Bills	-	34,714,491
	Pakistan Investment Bonds	361,217,815	109,031,611
	Overseas Bonds	17,568,701	10,749,672
		<u>378,786,516</u>	<u>154,495,774</u>

10.2.1 **Market value of securities given as collateral is Rs. 376,084.870 million (December 31, 2021: Rs. 154,163.013 million).**

10.3	Provision for diminution in value of investments	(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
		------(Rupees in '000)-----	
10.3.1	Opening balance	1,228,991	1,397,534
	Exchange and other adjustments	57,344	6,183
	Charge / reversals		
	Charge for the period / year	603,270	421,889
	Reversals for the period / year	(9,834)	(217,924)
	Reversal on disposals	(98,838)	(374,755)
		494,598	(170,790)
	Written off	-	(3,936)
	Closing balance	<u>1,780,933</u>	<u>1,228,991</u>

10.3.2 Particulars of provision against debt securities

Category of classification	September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	NPI	Provision	NPI	Provision
Domestic	------(Rupees in '000)-----			
Loss	613,131	613,131	513,211	513,211

10.3.2.1 **The overseas branches of the Bank hold a provision of Rs. 238.670 million (December 31, 2021: Rs. 167.542 million) against investments in accordance with ECL requirements of IFRS 9.**

10.3.3 **The market value of securities classified as held-to-maturity as at September 30, 2022 amounted to Rs. 76,491.307 million (December 31, 2021: Rs. 69,624.622 million).**

Note	Performing		Non Performing		Total	
	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.	559,860,522	515,833,595	23,903,811	20,345,296	583,764,333	536,178,891
Islamic financing and related assets	39.3 162,973,902	132,995,060	4,360,074	3,776,282	167,333,976	136,771,342
Bills discounted and purchased	23,284,848	25,534,513	3,259,919	588,182	26,544,767	26,122,695
Advances - gross	746,119,272	674,363,168	31,523,804	24,709,760	777,643,076	699,072,928
Provision against advances						
- Specific	11.4 -	-	(25,571,361)	(21,125,068)	(25,571,361)	(21,125,068)
- General	11.4 (7,195,037)	(4,067,236)	-	-	(7,195,037)	(4,067,236)
	(7,195,037)	(4,067,236)	(25,571,361)	(21,125,068)	(32,766,398)	(25,192,304)
Advances - net of provision	738,924,235	670,295,932	5,952,443	3,584,692	744,876,678	673,880,624

- 11.1 Advances include an amount of Rs. 317.270 million (December 31, 2021: Rs. 233.151 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 11.94% to 26.35% (December 31, 2021: 10.17% to 23.65%) with maturities up to June 29, 2042 (December 31, 2021: October 2041).

11.2 Particulars of advances (Gross)	(Un-audited)	(Audited)
	September 30, 2022	December 31, 2021
	------(Rupees in '000)-----	
In local currency	721,330,986	631,764,578
In foreign currencies	56,312,090	67,308,350
	777,643,076	699,072,928

- 11.3 Advances include Rs. 31,523.804 million (December 31, 2021: Rs. 24,709.760 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non- Performing Loans	Provision	Non- Performing Loans	Provision
	------(Rupees in '000)-----			
Domestic				
Other Assets Especially Mentioned	220,753	3,397	84,230	4,693
Substandard	2,571,490	717,198	2,466,916	566,982
Doubtful	7,111,448	3,606,924	2,743,571	1,423,199
Loss	20,829,581	20,707,724	18,789,033	18,654,227
	30,733,272	25,035,243	24,083,750	20,649,101
Overseas				
Overdue by:				
91 to 180 days	111,099	20,113	29,467	249
181 to 365 days	32,271	1,169	-	-
Above 365 days	647,162	514,836	596,543	475,718
	790,532	536,118	626,010	475,967
Total	31,523,804	25,571,361	24,709,760	21,125,068

11.4 Particulars of provision against advances

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	21,125,068	4,067,236	25,192,304	18,317,255	5,266,170	23,583,425
Exchange and other adjustments	45,191	34,011	79,202	39,420	20,228	59,648
Charge for the period / year	6,620,582	3,093,790	9,714,372	4,959,088	-	4,959,088
Reversals for the period / year	(1,907,294)	-	(1,907,294)	(1,871,249)	(1,219,162)	(3,090,411)
	4,713,288	3,093,790	7,807,078	3,087,839	(1,219,162)	1,868,677
Amounts written off	(242,395)	-	(242,395)	(319,446)	-	(319,446)
Amounts charged off - agriculture financing	(69,791)	-	(69,791)	-	-	-
	(312,186)	-	(312,186)	(319,446)	-	(319,446)
Closing balance	25,571,361	7,195,037	32,766,398	21,125,068	4,067,236	25,192,304

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at September 30, 2022 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 97.138 million (December 31, 2021: Rs. 89.192 million).

11.4.2 General provision includes:

(i) Provision held in accordance with SBP's prudential regulations against:

- Conventional consumer loans being maintained at an amount equal to 1% of the secured auto loans, 0.5% of secured house loans performing portfolio and 4% of the unsecured (personal loans and credit cards) performing portfolio;
- Islamic auto loans being maintained at an amount equal to 1% of the secured performing portfolio and for Islamic house loans at an amount equal to 0.5% of the secured performing portfolio;
- Small Enterprises (SE) portfolio being maintained at an amount equal to 1% against unsecured performing SE portfolio;

(ii) Provision held at overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operates;

(iii) Provision of Rs. 1,450.000 million (December 31, 2021: 2,550.000 million) representing Covid 19 general loan loss reserve. The restructured portfolio is performing and the provision represents upto 5% of the restructured customers as at September 30, 2022; and

(iv) Provision of Rs. 3,850.000 million (December 31, 2021: nil) against the high risk advances portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposures, staff loans, loans secured against liquid collaterals and loans against which COVID general provision is being maintained.

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

	Note	(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
		------(Rupees in '000)-----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	1,717,912	1,117,186
Property and equipment	12.2	30,189,526	26,566,315
Right-of-use assets		14,964,111	11,815,478
		46,871,549	39,498,979
12.1 Capital work-in-progress			
Civil works		1,238,798	692,766
Equipment		467,435	414,857
Others		11,679	9,563
		1,717,912	1,117,186

12.2 It includes land and buildings carried at revalued amount of Rs. 20,985.087 million (December 31, 2021: Rs. 19,341.240 million).

12.2.1 During the period, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
----- (Rupees in '000) -----			
14	DEFERRED TAX ASSETS		
Deductible Temporary Differences on:			
- Provision against investments		995,422	463,795
- Provision against advances		2,975,654	2,899,949
- Unrealised loss on revaluation of held for trading investments		89,225	164,991
- Deficit on revaluation of available for sale investments		5,116,043	562,201
- Provision against other assets		834,480	729,865
- Provision against lending to financial institutions		345	81
- Workers' Welfare Fund		499,180	-
		10,510,349	4,820,882
Taxable Temporary Differences on:			
- Surplus on revaluation of fixed assets		(570,874)	(473,110)
- Surplus on revaluation of non banking assets		(45,483)	(84,039)
- Accelerated tax depreciation		(2,433,575)	(1,959,463)
		(3,049,932)	(2,516,612)
		7,460,417	2,304,270

15	OTHER ASSETS		
Income/ Mark-up accrued in local currency - net of provision		49,033,716	23,325,336
Income/ Mark-up accrued in foreign currency - net of provision		2,375,486	1,389,395
Advances, deposits, advance rent and other prepayments		3,220,819	2,299,368
Non-banking assets acquired in satisfaction of claims	15.1 & 15.2	1,269,969	1,435,191
Dividend receivable		57,743	-
Mark to market gain on forward foreign exchange contracts		4,673,049	2,249,270
Mark to market gain on derivatives	23.1	5,596,071	-
Stationery and stamps on hand		17,808	25,415
Defined benefit plan		533,111	744,324
Due from card issuing banks		1,793,052	1,212,831
Accounts receivable		5,820,013	2,882,851
Margin deposits on derivatives		-	427,232
Claims against fraud and forgeries		71,902	67,515
Acceptances		28,918,019	20,050,282
Receivable against DSC/SSC and overseas government securities		58,468	570,897
Receivable against marketable securities		79,143	1,337,332
Others		65,652	56,795
		103,584,021	58,074,034
Less: Provision held against other assets	15.3	(1,438,032)	(1,309,288)
Other assets (net of provision)		102,145,989	56,764,746
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	15.1 & 15.2	108,079	171,727
		102,254,068	56,936,473

15.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,378.048 million (December 31, 2021: Rs. 1,606.618 million).

15.2 During the period, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	------(Rupees in '000)-----	
15.3	Provision held against other assets	
	1,000,000	1,000,000
	174,221	134,891
	71,902	67,515
	52,839	12,914
	-	300
	139,070	93,668
	<u>1,438,032</u>	<u>1,309,288</u>
15.3.1	Movement in provision held against other assets	
	1,309,288	258,857
	37,591	8,393
	93,808	1,060,710
	(300)	(11,017)
	93,508	1,049,693
	(2,355)	(7,655)
	1,438,032	1,309,288
16	BILLS PAYABLE	
	22,085,072	21,774,411
	1,352,075	1,051,089
	<u>23,437,147</u>	<u>22,825,500</u>
17	BORROWINGS	
	Secured	
	Borrowings from State Bank of Pakistan under:	
	35,200,973	52,250,081
	29,547,111	26,394,909
	11,700,533	9,793,026
	778,028	685,931
	3,352,447	14,332,866
	48,444,360	28,933,063
	11,995,662	-
	949,413	-
	729,919	201,045
	293,107	177,244
	851,780	427,799
	974	-
	<u>240,000,000</u>	<u>97,506,050</u>
	383,844,307	230,702,014
	81,031,733	55,219,084
	42,259,211	47,960,362
	11,000,000	11,000,000
	<u>518,135,251</u>	<u>344,881,460</u>
	Unsecured	
	2,205,778	21,084,927
	2,405,331	1,774,249
	-	849,923
	-	2,280,921
	2,206,355	2,280,921
	2,487,376	2,345,604
	9,824,001	10,591,788
	<u>19,128,841</u>	<u>38,927,412</u>
	<u>537,264,092</u>	<u>383,808,872</u>

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	489,782,578	110,914,051	600,696,629	407,126,787	88,329,596	495,456,383
Savings deposits	282,381,059	37,403,431	319,784,490	249,702,928	34,000,491	283,703,419
Term deposits	230,836,776	47,888,251	278,725,027	169,741,023	42,871,078	212,612,101
Others	28,795,893	7,158,977	35,954,870	19,942,860	4,683,544	24,626,404
	1,031,796,306	203,364,710	1,235,161,016	846,513,598	169,884,709	1,016,398,307
Financial Institutions						
Current deposits	1,617,849	1,136,760	2,754,609	2,015,668	3,280,707	5,296,375
Savings deposits	98,533,456	3,385,852	101,919,308	90,179,130	900,203	91,079,333
Term deposits	44,468,600	272,916	44,741,516	24,170,116	988,200	25,158,316
Others	662,216	213,161	875,377	950,897	161,378	1,112,275
	145,282,121	5,008,689	150,290,810	117,315,811	5,330,488	122,646,299
	1,177,078,427	208,373,399	1,385,451,826	963,829,409	175,215,197	1,139,044,606

18.1 Current deposits include remunerative current deposits of Rs. 12,786.345 million (December 31, 2021 : Rs. 8,823.382 million).

19 SUBORDINATED DEBT		(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
		----- (Rupees in '000) -----	
Term Finance Certificates	- Additional Tier-I - Quoted, Unsecured		
Issue amount	Rs. 7,000,000,000	7,000,000	7,000,000
Issue date	March 2018		
Maturity date	Perpetual.		
Rating	"AA-" (double A minus) by Pakistan Credit Rating Agency.		
Security	Unsecured.		
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.		
Profit payment frequency	Payable semi-annually in arrears.		
Redemption	Perpetual.		
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of SBP, mark-up rate will be Base Rate + 1.50% with no step up feature.		
	(Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.		
Lock-in-charge	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by SBP from time to time.		
Loss absorbency clause	In conformity with SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.		
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of SBP.		
		<u>7,000,000</u>	<u>7,000,000</u>

20 OTHER LIABILITIES

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
------(Rupees in '000)-----			
Mark-up/ Return/ Interest payable in local currency		12,193,727	5,341,826
Mark-up/ Return/ Interest payable in foreign currency		1,316,972	784,610
Unearned fee commission and income on bills discounted and guarantees		2,368,844	1,386,030
Accrued expenses		9,332,624	8,405,092
Current taxation		16,227,830	10,533,309
Acceptances		28,918,019	20,050,282
Dividends payable		4,770,022	152,030
Mark to market loss on forward foreign exchange contracts		4,479,357	1,021,507
Mark to market loss on derivatives	23.1	-	191,189
Branch adjustment account		382,803	334,445
ADC settlement accounts		2,432,518	1,558,435
Provision for compensated absences		769,224	634,224
Payable against redemption of customer loyalty / reward points		571,200	486,149
Charity payable		51,233	24,963
Provision against off-balance sheet obligations	20.1	124,149	137,639
Security deposits against leases, lockers and others		14,455,095	11,185,102
Workers' Welfare Fund		3,134,900	2,471,455
Payable to vendors and suppliers		562,264	722,986
Margin deposits on derivatives		5,286,379	-
Payable to merchants (card acquiring)		40,060	188,553
Indirect taxes payable		1,774,033	1,284,540
Lease Liability		16,725,535	13,189,739
Payable against marketable securities		-	285,690
Others		3,241,494	1,269,885
		<u>129,158,282</u>	<u>81,639,680</u>

20.1 Provision against off-balance sheet obligations

Opening balance	137,639	127,428
Exchange and other adjustments	15,117	10,468
Reversal for the period / year	(28,607)	(257)
Closing balance	<u>124,149</u>	<u>137,639</u>

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
----- (Rupees in '000) -----			
21	SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of:			
- Available for sale securities	10.1	(16,999,593)	(1,441,541)
- Fixed Assets		13,047,524	13,053,303
- Non-banking assets acquired in satisfaction of claims		108,079	171,727
		(3,843,990)	11,783,489
Less: Deferred tax (asset) / liability on surplus / (deficit) on revaluation of:			
- Available for sale securities		(7,309,825)	(562,201)
- Fixed Assets		570,874	473,110
- Non-banking assets acquired in satisfaction of claims		45,483	84,039
		(6,693,468)	(5,052)
Derivatives (Deficit) / Surplus			
Less: Deferred tax (asset) / liability on derivative		(5,101,819)	347,961
		(2,193,782)	-
		(2,908,037)	347,961
		<u>5,757,515</u>	<u>11,440,580</u>
22	CONTINGENCIES AND COMMITMENTS		
-Guarantees	22.1	127,679,518	99,914,966
-Commitments	22.2	523,564,995	466,051,999
-Other contingent liabilities	22.3.1	7,122,967	4,823,035
		<u>658,367,480</u>	<u>570,790,000</u>
22.1	Guarantees:		
Performance guarantees		48,595,455	41,041,271
Other guarantees		79,084,063	58,873,695
		<u>127,679,518</u>	<u>99,914,966</u>
22.2	Commitments:		
Documentary credits and short-term trade-related transactions			
- Letters of credit		182,076,727	178,246,952
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	189,437,862	164,776,360
- forward government securities transactions	22.2.2	65,386,479	39,784,849
- derivatives	22.2.3	51,432,387	36,820,716
- forward lending	22.2.4	31,932,568	43,921,848
Commitments for acquisition of:			
- operating fixed assets		2,835,580	2,054,239
- intangible assets		463,392	447,035
		<u>523,564,995</u>	<u>466,051,999</u>
22.2.1	Commitments in respect of forward foreign exchange contracts		
Purchase		117,569,967	104,574,460
Sale		71,867,895	60,201,900
		<u>189,437,862</u>	<u>164,776,360</u>
22.2.2	Commitments in respect of forward government securities transactions		
Purchase		64,649,635	10,167,457
Sale		736,844	29,617,392
		<u>65,386,479</u>	<u>39,784,849</u>

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
----- (Rupees in '000) -----			
22.2.3	Commitments in respect of derivatives		
	Interest Rate Swaps		
	Purchase	50,858,314	36,820,716
	Sale	-	-
		50,858,314	36,820,716
	Cross Currency swaps		
	Purchase	-	-
	Sale	574,073	-
		574,073	-
		51,432,387	36,820,716
22.2.4	Commitments in respect of forward lending		
	Undrawn formal standby facilities, credit lines and other commitments to lend	26,640,126	39,356,808
	Commitments in respect of investments	5,292,442	4,565,040
		31,932,568	43,921,848

22.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

22.3 Other contingent liabilities

22.3.1 **Claims against the Bank not acknowledged as debts** 7,122,967 **4,823,035**

These mainly represents counter claims filed by the borrowers for restricting the Bank from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by Ex. employees of the Bank for damages. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.

22.4 Contingency for tax payable

22.4.1 There were no tax related contingencies other than as disclosed in note 33.1.

23 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

23.1 Product Analysis

Counterparties	September 30, 2022 (Un-audited)					
	Interest Rate Swaps			Cross Currency Swap		
	No. of contracts	Notional Principal	Mark to market gain	No. of contracts	Notional Principal	Mark to market gain
----- (Rupees in '000) -----						
With Banks for Hedging	61	50,858,314	5,547,696	-	-	-
With other entities Market making	-	-	-	1	574,073	48,375
	61	50,858,314	5,547,696	1	574,073	48,375
Counterparties	December 31, 2021 (Audited)					
	Interest Rate Swaps			Cross Currency Swap		
	No. of contracts	Notional Principal	Mark to market (loss)	No. of contracts	Notional Principal	Mark to market (loss)
----- (Rupees in '000) -----						
With Banks for Hedging	50	36,820,716	(191,189)	-	-	-
With other entities Market making	-	-	-	-	-	-
	50	36,820,716	(191,189)	-	-	-

	Note	(Un-audited)	
		Nine months period ended	
		September 30, 2022	September 30, 2021
		------(Rupees in '000)-----	
24	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	a) Loans and advances	55,444,131	33,799,841
	b) Investments	83,900,591	35,374,450
	c) Lendings to financial institutions	1,047,564	1,638,251
	d) Balances with banks	36,231	21,410
	e) On securities purchased under resale agreements / Bai Muajjal	3,787,702	994,985
		<u>144,216,219</u>	<u>71,828,937</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	a) Deposits	51,085,958	20,693,377
	b) Borrowings	7,266,538	5,259,038
	c) Securities sold under repurchase agreements	27,306,690	8,652,827
	d) Subordinated debt	670,590	481,234
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	2,321,683	1,519,663
	f) Borrowing cost on leased properties	1,376,571	1,065,922
	g) Reward points / customer loyalty	176,472	99,081
		<u>90,204,502</u>	<u>37,771,142</u>
26	FEE & COMMISSION INCOME		
	Branch banking customer fees	819,189	676,024
	Consumer finance related fees	365,541	292,293
	Card related fees (debit and credit cards)	1,138,976	799,063
	Credit related fees	246,045	157,499
	Investment banking fees	194,520	237,788
	Commission on trade	1,644,677	1,292,858
	Commission on guarantees	414,595	243,573
	Commission on cash management	40,947	32,927
	Commission on remittances including home remittances	930,637	634,379
	Commission on bancassurance	476,041	428,594
	Card acquiring business	658,959	331,187
	Wealth Management Fee	77,577	52,933
	Commission on Employees' Old-Age Benefit Institution (EOBI)	23,771	28,291
	Commission on Benazir Income Support Programme (BISP)	227,127	174,525
	Alternate Delivery Channels (ADC)	518,571	278,593
	Others	175,541	162,896
		<u>7,952,714</u>	<u>5,823,423</u>
27	(LOSS) / GAIN ON SECURITIES		
	Realised	27.1	78,399
	Unrealised - held for trading	10.1	(208,311)
			<u>(129,912)</u>
			<u>2,203,810</u>
27.1	Realised gain / (loss) on:		
	Federal Government Securities	92,891	1,358,406
	Shares	(178,753)	516,391
	Non Government Debt Securities	21,262	3,901
	Foreign Securities	142,999	612,384
		<u>78,399</u>	<u>2,491,082</u>
28	OTHER INCOME		
	Rent on property	23,191	19,600
	Gain on sale of fixed assets-net	58,316	31,789
	Gain on sale of non banking assets	28.1	9,200
	Profit on termination of leased contracts (Ijarah)	39,328	45,914
	Gain on termination of leases (IFRS 16)	120,852	9,849
		<u>250,887</u>	<u>107,152</u>
28.1	The Bank earned an income of Rs. 9.200 million against sale of membership shares / cards.		

29	OPERATING EXPENSES	Note	(Un-audited)	
			Nine months period ended	
			September 30, 2022	September 30, 2021
			----- (Rupees in '000) -----	
	Total compensation expense	29.1	15,445,106	12,372,935
	Property expense			
	Rates and taxes		92,400	82,227
	Utilities cost		1,462,189	954,266
	Security (including guards)		721,994	602,549
	Repair and maintenance (including janitorial charges)		763,137	681,991
	Depreciation on right-of-use assets		1,986,404	1,663,040
	Depreciation on non-banking assets acquired in satisfaction of claims		3,256	3,254
	Depreciation on owned assets		474,785	371,191
			5,504,165	4,358,518
	Information technology expenses			
	Software maintenance		1,500,504	1,034,046
	Hardware maintenance		492,481	345,190
	Depreciation		559,659	425,551
	Amortisation		267,008	304,989
	Network charges		414,534	405,825
	Consultancy and support services		257,572	95,937
			3,491,758	2,611,538
	Other operating expenses			
	Directors' fees and allowances		161,353	149,449
	Fees and allowances to Shariah Board		10,036	7,829
	Legal and professional charges		709,041	203,062
	Outsourced services costs		628,219	631,313
	Travelling and conveyance		612,593	335,844
	Clearing and custodian charges		83,414	65,519
	Depreciation		873,342	762,930
	Training and development		85,568	99,712
	Postage and courier charges		505,087	379,664
	Communication		658,676	351,568
	Stationery and printing		741,741	585,956
	Marketing, advertisement and publicity		1,365,332	695,280
	Donations		66,222	22,176
	Auditors' remuneration		44,941	47,141
	Brokerage and commission		199,518	196,387
	Entertainment		345,034	197,610
	Repairs and maintenance		560,177	444,813
	Insurance		1,055,979	839,085
	Cash handling charges		856,588	727,474
	CNIC verification		145,943	122,361
	Others		860,278	384,195
			10,569,082	7,249,368
			35,010,111	26,592,359
29.1	Total compensation expense			
	Managerial remuneration			
	i) Fixed		11,113,991	9,146,952
	ii) Variable:			
	a) Cash Bonus / Awards etc.		2,223,993	1,555,056
	b) Bonus and Awards in Shares etc.		180,000	118,960
	Charge for defined benefit plan		256,200	191,522
	Contribution to defined contribution plan		453,738	368,685
	Medical		610,512	506,316
	Conveyance		273,027	213,256
	Staff compensated absences		135,000	104,250
	Others		169,674	139,996
	Sub-total		15,416,135	12,344,993
	Sign-on bonus		23,971	27,802
	Severance allowance		5,000	140
	Grand Total		15,445,106	12,372,935

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petition is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

	Note	(Un-audited)	
		Nine months period ended	
		September 30, 2022	September 30, 2021
		------(Rupees in '000)-----	
		11,730	23,326
		2,550	698
		<u>14,280</u>	<u>24,024</u>

31 OTHER CHARGES

Penalties imposed by State Bank of Pakistan		11,730	23,326
Penalties imposed by other regulatory bodies		2,550	698
		<u>14,280</u>	<u>24,024</u>

32 PROVISIONS & WRITE OFFS - NET

Provision against lending to financial institutions (IFRS 9 - ECL)	9	803	-
Provision / (reversal) for diminution in value of investments	10.3.1	494,598	(228,955)
Provision against loans & advances	11.4	7,807,078	1,869,915
Provision against other assets	15.3.1	93,508	36,498
(Reversal) / provision against off-balance sheet obligations	20.1	(28,607)	23,002
Other provisions / write off - net		12,936	26,068
Recovery of written off / charged off bad debts		(243,808)	(307,365)
		<u>8,136,508</u>	<u>1,419,163</u>

33 TAXATION

Charge / (reversal) :

Current		16,254,394	6,935,766
Prior years		(2,039,756)	-
Deferred		(661,514)	(324,216)
		<u>13,553,124</u>	<u>6,611,550</u>

- 33.1 a) The income tax assessments of the Bank have been finalized upto and including tax year 2021. Certain addback made by tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.

In respect of tax years 2008, 2014, 2017, 2019, 2020 and 2021, the tax authorities have raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of Leasehold improvements resulting in tax demand of Rs. 336.549 million net of relief provided in appeal (December 31, 2021: Rs. 714.263). Bank has filed appeals on these issues which are pending before Commissioner Appeals. The management is confident that these matters will be decided in favour of the Bank and consequently has not made any provision in respect of these amounts.

- b) The Bank has received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded sales tax on banking services and penalty amounting to Rs. 763.312 million [excluding default surcharge] (December 31, 2021: Rs. 763.312 million) by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax. Appeals against these orders are pending before Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that these matters will be settled in Bank's favour through appellate process.
- c) During the period, bank has received an order from a tax authority wherein Sales tax and penalty amounting to Rs.5.191 million [excluding default surcharge] is demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016. This is in addition to an order previously received for the same accounting year wherein Sales tax and Further Tax amounting to Rs. 8.601 million [excluding default surcharge and penalty] was demanded allegedly for non-payment of sales tax on certain transactions. Bank is in the process of filing appeal against recent order whereas bank's appeal against earlier order is pending before Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that this matter will be favourably settled through appellate process.

		(Un-audited)	
		Nine months period ended	
		September 30,	September 30,
		2022	2021
		------(Rupees in '000)-----	
34	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period	14,089,918	10,481,409
		------(Number of shares in '000)-----	
	Weighted average number of ordinary shares	1,777,165	1,777,165
		------(Rupees)-----	
	Basic and diluted earnings per share	7.93	5.90

34.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. 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. In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

35.1 Fair value of financial instruments

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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

	September 30, 2022 (Un-audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- (Rupees in '000) -----			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	958,008,860	-	958,008,860
Shares	7,204,241	-	-	7,204,241
Non-Government Debt Securities	12,000,000	7,813,747	-	19,813,747
Foreign Securities	-	53,672,696	-	53,672,696
REIT Fund	-	500,000	-	500,000
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	76,491,307	-	76,491,307
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	4,673,049	-	4,673,049
Forward sale of foreign exchange	-	(4,479,357)	-	(4,479,357)
Forward purchase of government securities	-	(26,656)	-	(26,656)
Forward sale government securities	-	3	-	3
Derivatives purchases	-	5,547,696	-	5,547,696
Derivatives sales	-	48,375	-	48,375
	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- (Rupees in '000) -----			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	655,169,287	-	655,169,287
Shares	4,933,786	-	-	4,933,786
Non-Government Debt Securities	12,180,000	7,550,203	-	19,730,203
Foreign Securities	-	55,400,927	-	55,400,927
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	69,624,622	-	69,624,622
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	2,249,270	-	2,249,270
Forward sale of foreign exchange	-	(1,021,507)	-	(1,021,507)
Forward purchase of government securities	-	(46,547)	-	(46,547)
Forward sale of government securities	-	-	-	-
Derivatives purchases	-	(191,189)	-	(191,189)
Derivatives sales	-	-	-	-

35.2 The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the current period.

35.3 Valuation techniques used in determination of fair values:

35.3.1 Fair value of financial assets

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies and listed non government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3 except as disclosed in 35.3.2.

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

35.3.2 Fair value of non-financial assets

Certain categories of fixed assets (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 12 and 15. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan.

35.3.3 Valuation techniques

Item	Valuation approach and input used
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the State Bank of Pakistan.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates. Floating rate PIBs are revalued using PKFRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Fixed assets and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, 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 can not be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

36.1 Segment details with respect to Business Activities

	For the nine months period ended September 30, 2022 (Un-audited)							Total
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Others *	
----- (Rupees in '000) -----								
Profit and loss								
Net mark-up/return/profit	(10,811,123)	9,628,448	9,425,154	43,516,426	(56,614)	2,811,444	(502,018)	54,011,717
Net segment revenue - net	40,243,881	(3,176,723)	(1,70,863)	(38,026,369)	628,737	487,974	13,363	37,455,669
Non mark-up / return / interest income	4,350,023	2,273,122	1,551,905	7,361,317	391,974	1,038,663	488,665	17,455,669
Total income	33,782,781	8,724,847	10,806,206	12,851,374	964,097	4,338,081	-	71,467,386
Segment direct expenses	13,858,132	1,106,399	4,805,800	404,773	1,477,324	1,780,193	12,255,215	35,687,836
Inter segment expense allocation	6,967,265	965,707	1,894,540	403,548	1,030,340	193,813	(11,455,215)	-
Total expenses	20,825,397	2,072,108	6,700,340	808,321	2,507,664	1,974,006	800,000	35,687,836
Provisions / (reversals)	4,709,929	(186,898)	315,897	480,740	8,763	58,077	2,750,000	8,136,508
Profit / (loss) before tax	8,247,455	6,839,637	3,789,969	11,562,313	(1,552,330)	2,305,998	(3,550,000)	27,643,042
----- As at September 30, 2022 (Un-audited) -----								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Others *	Total
----- (Rupees in '000) -----								
Balance Sheet								
Cash and bank balances	67,108,086	12,755,606	20,760,005	-	1,115,815	38,461,595	-	140,201,107
Investments	-	2,822,227	112,811,164	936,209,695	-	70,978,271	599,400	1,123,420,757
Net inter segment lending	576,343,978	-	-	-	16,182,229	-	93,115,009	686,641,216
Lendings to financial institutions	-	-	3,039,910	7,813,711	-	8,372,525	-	19,226,146
Advances - performing	214,162,003	314,559,071	162,823,935	-	68,550	36,873,782	10,436,894	738,924,235
Advances - non-performing	3,344,492	1,757,306	533,319	-	2,218	254,414	60,694	5,952,443
Others	34,064,292	24,289,299	32,634,507	29,154,534	1,677,524	18,165,416	17,883,288	157,868,860
Total assets	895,022,851	356,183,509	332,602,840	973,177,940	19,046,336	173,106,003	122,095,285	2,871,234,764
Borrowings	21,717,594	86,228,604	43,856,720	375,025,488	-	10,435,686	-	537,264,092
Subordinated debt	-	-	-	-	-	-	7,000,000	7,000,000
Deposits and other accounts	838,510,980	183,525,504	230,993,905	-	18,596,917	113,824,520	-	1,385,451,826
Net inter-segment borrowing	-	38,970,453	14,876,844	594,656,498	-	37,137,421	-	685,641,216
Others	35,871,676	47,458,948	40,522,456	6,266,445	449,419	15,601,005	6,425,480	152,595,429
Total liabilities	896,100,250	356,183,509	330,249,925	975,948,431	19,046,336	176,998,632	13,425,480	2,767,952,563
Net assets	(1,077,399)	-	2,352,915	(2,770,491)	-	(3,892,629)	108,669,805	103,282,201
Equity								
Contingencies and commitments	78,085,744	206,458,684	66,074,734	208,315,696	2,665	96,958,674	2,471,283	668,367,480

* Others include head office related activities.

	(Rupees in '000)						
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Total
Profit and loss							
Net mark-up/return/profit		9,867,397	5,952,747	18,508,398	(6,297)	2,128,221	(303,279)
Inter segment revenue - net	19,413,868	(5,338,374)	(2,465,516)	(14,755,034)	357,541	426,017	147,498
Non mark-up / return / interest income	3,473,838	1,743,929	907,319	3,937,208	259,391	941,593	160,781
Total income	20,798,314	6,272,952	6,613,550	7,690,572	610,635	3,495,831	45,481,854
Segment direct expenses		944,877	3,448,965	351,771	1,199,781	1,482,464	8,467,098
Inter segment expense allocation	5,369,946	771,754	1,322,261	297,682	459,611	2,474,444	(8,467,098)
Total expenses	16,444,722	1,716,631	4,771,326	649,453	1,659,392	1,728,208	26,969,732
Provisions / (reversals)	374,950	1,135,300	1,023,632	(76,204)	6,063	105,422	(1,419,163)
Profit before tax	3,978,642	3,421,021	818,592	7,117,323	(1,054,820)	1,662,201	17,092,959

As at December 31, 2021 (Audited)

	(Rupees in '000)						
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Total
Balance sheet							
Cash and bank balances	59,719,617	11,541,859	16,233,178	6,799,542	494,255	20,606,452	115,388,903
Investments	-	2,072,227	91,822,133	645,414,966	-	69,050,718	809,213,583
Net inter segment lending	431,128,123	-	-	-	6,355,852	-	523,775,158
Lendings to financial institutions	-	-	16,493,641	11,172,904	-	8,315,520	35,982,065
Advances - performing	203,165,570	282,208,814	132,877,982	-	65,423	41,101,258	670,295,932
Advances - non-performing	1,033,436	2,138,566	224,685	-	2,337	150,043	3,584,692
Others	21,021,729	19,167,418	21,637,954	11,100,835	1,490,652	3,353,196	99,856,164
Total assets	716,062,475	317,128,884	279,289,583	674,488,247	8,408,519	142,577,187	2,258,096,487
Borrowings	26,768,170	79,969,245	31,305,163	207,951,783	-	37,314,358	383,808,872
Subordinated debt	-	-	-	-	-	7,000,000	7,000,000
Deposits and other accounts	668,702,882	182,007,203	200,390,388	8,293,361	8,293,361	79,650,772	1,139,044,606
Net inter segment borrowing	20,591,423	28,649,566	32,493,099	464,701,513	-	19,946,654	523,775,158
Others	716,062,475	317,128,884	276,912,771	675,742,902	115,158	5,658,006	1,044,651,180
Total liabilities	716,062,475	317,128,884	276,912,771	675,742,902	8,408,519	142,469,790	2,158,093,816
Net Assets	-	-	-	-	-	-	-
Equity	2,376,812	-	(1,254,655)	-	107,397	96,773,127	100,002,681
Contingencies and commitments	69,140,430	182,035,105	73,345,099	160,268,743	78,313	89,682,843	570,790,000

* Others include head office related activities.

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

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

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

	As at September 30, 2022 (Un-audited)				As at December 31, 2021 (Audited)					
	Directors/ CEO	Key management personnel*	Subsidiary	Associates	Other related parties	Directors/ CEO	Key management personnel*	Subsidiary	Associates	Other related parties
Lendings to financial institutions										
Opening balance	-	-	-	-	2,330,078	-	-	-	-	1,745,880
Addition during the period / year	-	-	-	-	23,051,724	-	-	-	-	196,191,858
Repaid during the period / year	-	-	-	-	(25,381,802)	-	-	-	-	(133,658,672)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	(9,448,938)
Closing balance	-	-	-	-	-	-	-	-	-	2,330,078
Investments										
Opening balance	-	-	300,000	1,177,606	1,119,230	-	-	300,000	1,177,606	1,241,405
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	5,217	-	-	-	-	-	-	(22,245)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	(99,930)
Closing balance	-	-	305,217	1,177,606	1,119,230	-	-	300,000	1,177,606	1,119,230
Provision for diminution in value of investments										
Opening balance	-	-	42,981	-	-	-	-	42,981	-	-
Additions	77	1,184,057	-	-	1,997,552	78,132	791,521	-	-	3,346,278
Opening balance	-	-	-	-	22,554,758	-	681,118	-	-	1,954,966
Addition during the period / year	20,205	321,652	-	-	(22,595,696)	(78,055)	(263,110)	-	-	(3,388,044)
Repaid during the period / year	(1,570)	(135,446)	-	-	(7)	-	(25,472)	-	-	94,352
Transfer in / (out) - net	-	(981,103)	-	-	-	-	-	-	-	-
Closing balance	18,712	389,760	-	-	1,956,607	-	77	1,184,057	-	1,987,552
Other assets										
Interest / mark-up accrued	-	-	-	-	62,806	-	-	-	-	20,294
Receivable from staff retirement fund	520	41,962	-	-	533,111	-	109,318	-	-	744,324
Prepayment / rent receivable	-	-	-	-	-	-	-	-	-	-

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	17,771,651	17,771,651
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	83,715,346	76,111,426
Eligible Additional Tier 1 (ADT 1) Capital	7,000,000	7,000,000
Total Eligible Tier 1 Capital	90,715,346	83,111,426
Eligible Tier 2 Capital	24,058,212	24,963,207
Total Eligible Capital (Tier 1 + Tier 2)	114,773,558	108,074,633

Risk Weighted Assets (RWAs):

Credit risk	686,483,885	643,252,085
Market risk	13,392,225	13,336,750
Operational risk	92,460,900	92,460,900
Total	792,337,010	749,049,735

Common Equity Tier 1 Capital Adequacy ratio

10.57%	10.16%
--------	---------------

Tier 1 Capital Adequacy Ratio

11.45%	11.10%
--------	---------------

Total Capital Adequacy Ratio

14.49%	14.43%
--------	---------------

In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Bank:

Common Equity Tier 1 Capital Adequacy ratio

6.00%	6.00%
-------	--------------

Tier 1 Capital Adequacy Ratio

7.50%	7.50%
-------	--------------

Total Capital Adequacy Ratio

11.50%	11.50%
--------	---------------

For Capital adequacy calculation, Bank has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.

Leverage Ratio (LR):

Eligible Tier-1 Capital*	89,724,276	83,253,057
Total exposures	2,535,695,864	2,161,906,415
Leverage ratio	3.54%	3.85%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	706,478,922	474,660,774
Total Net Cash Outflow	393,408,556	275,665,253
Liquidity coverage ratio	180%	172%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	1,183,322,758	1,017,917,252
Total Required Stable Funding	866,304,253	753,951,739
Net Stable Funding Ratio	137%	135%

*Eligible Tier -1 Capital measure for calculation of Leverage Ratio is based on three months average.

The Bank operates 263 Islamic banking branches (December 31, 2021: 230 branches) and 2 sub branches (December 31, 2021: 2 sub branches) as at September 30, 2022.

STATEMENT OF FINANCIAL POSITION

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	------(Rupees in '000)-----	
ASSETS			
Cash and balances with treasury banks		19,625,755	15,428,071
Balances with other banks		1,134,250	805,107
Due from financial institutions	39.1	3,039,910	16,493,641
Investments	39.2	112,811,164	91,822,133
Islamic financing and related assets - net	39.3	163,357,254	133,102,677
Fixed assets		11,307,459	9,227,055
Intangible assets		28,072	18,002
Deferred tax assets		-	103,108
Other assets		21,298,976	12,289,789
Total Assets		332,602,840	279,289,583
LIABILITIES			
Bills payable		4,039,898	5,019,894
Due to financial institutions		43,856,720	31,305,163
Deposits and other accounts	39.4	230,993,905	200,390,388
Deferred tax liabilities		317,840	-
Other liabilities		36,164,718	27,473,205
		315,373,081	264,188,650
NET ASSETS		17,229,759	15,100,933
REPRESENTED BY			
Islamic Banking Fund		3,950,000	3,800,000
Surplus on revaluation of assets		2,260,643	2,376,812
Unappropriated/ Unremitted profit	39.5	11,019,116	8,924,121
		17,229,759	15,100,933
CONTINGENCIES AND COMMITMENTS	39.6		

PROFIT AND LOSS ACCOUNT

		(Un-audited)	
		Nine months period ended	
		September 30, 2022	September 30, 2021
		----- (Rupees in '000) -----	
Profit / return earned	39.7	20,148,059	9,462,818
Profit / return expensed	39.8	10,722,905	3,510,071
Net Profit / return		9,425,154	5,952,747
Fee and Commission Income		889,262	615,004
Foreign Exchange Income		590,576	251,263
Gain / (loss) on securities		22,375	(10,720)
Other Income		49,692	51,772
Total other income		1,551,905	907,319
Total Income		10,977,059	6,860,066
Other expenses			
Operating expenses		6,619,291	4,743,914
Workers' Welfare Fund		80,833	25,802
Other charges		216	1,610
Total other expenses		6,700,340	4,771,326
Profit before provisions		4,276,719	2,088,740
Provisions and write offs - net		315,897	1,023,632
Profit before taxation		3,960,822	1,065,108
Taxation		1,866,860	399,059
Profit after taxation		2,093,962	666,049

39.1 Due from Financial Institutions

Musharaka Placements
Bai Muajjal Receivables

September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
------(Rupees in '000)-----					
1,000,061	-	1,000,061	14,500,061	-	14,500,061
2,039,849	-	2,039,849	1,993,580	-	1,993,580
3,039,910	-	3,039,910	16,493,641	-	16,493,641

39.2 Investments

September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
------(Rupees in '000)-----							
By segment & type:							
Federal Government Securities							
Available-for-sale securities							
Ijarah Sukuks	90,950,994	-	(564,468)	90,386,526	-	(404,622)	68,103,607
Naya Pakistan Certificates	3,933,680	-	-	3,933,680	-	-	1,016,120
	94,884,674	-	(564,468)	94,320,206	-	(404,622)	69,119,727
Held-to-maturity securities							
Other Federal Government S	-	-	-	3,094,151	-	-	3,094,151
Non Government Debt Securities							
Available-for-sale securities							
Sukuks - Unlisted	16,796,066	-	212,043	17,008,109	-	239,990	17,625,405
Held-to-maturity securities							
Sukuks - Unlisted	1,563,571	(80,722)	-	1,482,849	(80,722)	-	1,982,850
Total Investments	113,244,311	(80,722)	(352,425)	112,811,164	(80,722)	(164,632)	91,822,133

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

39.3 Islamic financing and related assets

Ijarah
Murabaha
Musharaka
Diminishing Musharaka
Salam
Muajjal Financing
Musawama Financing
Islamic Staff Financing
SBP Islamic Export Refinance
SBP Refinance Scheme For Wages & Salaries
Islamic Long Term Finance Facility Plant & Machinery
Islamic Refinance Renewable Energy
Islamic Temporary Economic Refinance Facility (ITERF)
Naya Pakistan Home Financing
Islamic Refinance Facility for combatting Covid
Advances against Islamic assets
Refinance Facility Under Bills Discounting
Inventory related to Islamic financing
Other Islamic modes

22,301,670	19,640,189
3,546,806	3,218,521
37,697,191	23,921,871
3,721,194	3,700,611
2,858,781	8,323,762
24,999,644	19,999,869
4,754,426	3,584,831
3,398,411	2,509,738
11,493,996	11,479,701
941,777	2,721,556
1,275,854	752,187
121,189	48,701
8,886,559	1,536,776
3,443,082	1,147,252
559,143	68,317
26,325,904	30,620,850
5,695,112	-
4,882,206	3,261,485
431,031	235,125
167,333,976	136,771,342

Less: provision against Islamic financings

- Specific
- General

(3,826,754)	(3,551,597)
(149,968)	(117,068)
(3,976,722)	(3,668,665)
163,357,254	133,102,677

Islamic financing and related assets - net of provision

39.4 Deposits

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	------(Rupees in '000)-----					
Customers						
Current deposits	101,282,039	6,937,268	108,219,307	86,434,680	5,571,558	92,006,238
Savings deposits	58,778,495	3,234,513	62,013,008	58,259,099	2,668,502	60,927,601
Term deposits	41,621,714	204,380	41,826,094	27,442,176	284,050	27,726,226
Other deposits	1,214,872	240,212	1,455,084	1,607,719	352,555	1,960,274
	202,897,120	10,616,373	213,513,493	173,743,674	8,876,665	182,620,339
Financial Institutions						
Current deposits	66,199	-	66,199	23,180	-	23,180
Savings deposits	618,213	-	618,213	214,369	-	214,369
Term deposits	16,796,000	-	16,796,000	17,532,500	-	17,532,500
	17,480,412	-	17,480,412	17,770,049	-	17,770,049
	220,377,532	10,616,373	230,993,905	191,513,723	8,876,665	200,390,388

39.4.1 Current deposits include remunerative current deposits of Rs. 12,786.345 million (December 31, 2021 : Rs. 8,823.382 million).

	(Un-audited) (Audited)	
	September 30, 2022	December 31, 2021
	------(Rupees in '000)-----	
39.5 Islamic Banking Business Unappropriated Profit		
Opening Balance	8,924,121	7,965,912
Add: Islamic Banking profit before taxation for the period / year	3,960,822	1,538,407
Less: Taxation for the period / year	(1,866,860)	(581,628)
Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	1,033	1,430
Closing Balance	11,019,116	8,924,121
39.6 Contingencies and Commitments		
-Guarantees	4,123,388	3,624,100
-Commitments	61,951,346	69,720,999
	66,074,734	73,345,099
	(Un-audited)	
	Nine months period ended	
	September 30, 2022	September 30, 2021
	------(Rupees in '000)-----	
39.7 Profit/Return Earned of Financing, Investments and Placement		
Financing	10,234,205	5,446,120
Investments	9,029,583	2,554,552
Placements	884,271	1,462,146
	20,148,059	9,462,818
39.8 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	8,150,704	2,770,462
Due to financial institutions	1,365,462	273,962
Securities sold under repurchase agreements	547,418	-
Cost of foreign currency swaps against foreign currency deposits / borrowings	160,778	122,292
Borrowing cost on lease liability	486,345	329,579
Reward points / customer loyalty	12,198	13,776
	10,722,905	3,510,071

39.9 PLS Pool Management- Islamic Banking Group (IBG)

39.9.1 The pools, their key features and risk and reward characteristics.

The profit and loss sharing between the Rabbul Maal (depositor) and Mudarib (Bank - IBG) is based upon the underlying principles of Mudaraba, where Bank also contributes its equity to general pool of funds, and becomes the capital provider.

Currently IBG is managing following pools:

- 1) General Pool for LCY Depositors
- 2) FCY Pool for Foreign Currency (USD, GBP, EURO,AED, SAR and CAD) depositors
- 3) FIs Pool for Treasury Purposes
- 4) IERS Pool for Islamic Export Refinance Scheme facilities
- 5) Special pool
- 6) PMRC Musharikhah Pool

All the Mudaraba based Remunerative deposits shall be considered as an investment from Rabbul Maal in the pool, along with IBG's own share of equity, which is also commingled in the pool. The applications of these funds are on Advances, Investments, and Placements for generating profits to be shared among the depositors as per the Weightage system.

The IERS pool is maintained as per the guideline under SBP IERS Scheme.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	------(Rupees in '000)-----	
39.9.2 Avenues/sectors where Mudaraba based deposits have been deployed.		
Agriculture, Forestry, Hunting and Fishing	25,880,742	21,074,345
Automobile and transportation equipment	4,148,425	3,037,316
Cement	4,987,765	4,320,169
Chemical and Pharmaceuticals	8,236,961	6,493,960
Construction	2,960,257	3,041,612
Electronics and electrical appliances	1,891,453	1,555,604
Exports / Imports	723	126,223
Financial	292,083	556,300
Food & Allied Products	5,733,641	5,165,571
Footwear and Leather garments	882,696	884,036
Glass and Ceramics	155,556	96,824
Individuals	33,937,611	29,000,085
Metal & Allied industries	2,235,872	2,065,731
Mining and Quarrying	505,008	5,534
Oil and Allied	2,793,271	2,820,773
Paper and Board	743,457	767,537
Power (electricity), Gas, Water, Sanitary	10,519,664	9,040,180
Plastic & Allied Industries	2,983,623	2,432,533
Services	2,211,539	2,192,142
Sugar	757,489	1,799,775
Technology and Communication	3,813,837	41,158
Textile	43,280,114	33,613,974
Transport, Storage and Communication	1,677,750	592,580
Wholesale and Retail Trade	5,583,056	4,952,166
Others	1,121,383	1,095,214
Total Gross Islamic Financing and Related Assets	167,333,976	136,771,342
Total gross investments (at cost)	113,244,311	92,067,487
Total Islamic placements	3,039,910	16,493,641
Total Invested Funds	283,618,197	245,332,470

39.9.3 The major components of Profit distribution and charging of the expenses.

Profit is distributed among the Mudaraba deposits on the basis of underlying principles of weightage mechanism which are announced before the beginning of the relevant period. Only direct attributable expenses such as depreciation on ijarah assets, brokerage, CIB Charges, bad debts write off on advances and loss on sale of investments etc are charged to the pool. Expenses of pool(s) do not include general and specific provisioning created against non-performing financings and diminution in the value of investments.

39.9.4 The Bank manages the following general and specific pools:

Remunerative Depositors' Pools	Profit rate and weightage announcement period	Profit rate / return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate / return distributed to remunerative deposits (Savings and fixed) (In %)	Percentage of Mudarib share transferred through Hiba (In %)	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Mudarib Share / Fee (In %)	Rabbul Maal Share (In %)				

General Pools

PKR Pool	Monthly	16.48%	50.00%	50.00%	3,821,115	10.22%	7.09%	205,258
USD Pool	Monthly	4.73%	85.00%	15.00%	57,912	0.64%	10.12%	2,725
GBP Pool	Monthly	4.81%	85.00%	15.00%	6,259	1.01%	9.87%	641
EUR Pool	Monthly	3.95%	85.00%	15.00%	4,651	0.90%	13.33%	489
AED Pool	Monthly	4.96%	85.00%	15.00%	352	0.54%	3.09%	12
SAR Pool	Monthly	4.82%	85.00%	15.00%	330	0.30%	1.17%	4
CAD Pool	Monthly	2.10%	85.00%	15.00%	48	0.03%	4.56%	1

Specific Pools

Special Pool (Saving)	Monthly	14.20%	11.94%	88.06%	6,789	12.90%	0.00%	-
Special Pool (TDR)	Monthly	18.95%	5.09%	94.91%	135,106	19.14%	0.00%	-
Special Pool FBA (Saving)	Monthly	17.40%	15.00%	85.00%	34,022	16.34%	45.94%	15,330

SBP Refinance Borrowing pool	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate return distributed to remunerative deposits (Savings and fixed) (In %)	Percentage of Mudarib share transferred through Hiba (In %)	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Bank Share (In %)	SBP Share (In %)				

Islamic Export Refinance (IERS) Pool	Monthly	7.13%	83.71%	16.29%	1,214,048	Nil	1.98%	24,000
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40 AFGHANISTAN OPERATIONS

Bank Alfalah maintains a two-branch presence in Afghanistan. The board and management of the Bank continue to closely monitor the evolving situation in Afghanistan which has been hampered due to country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The bank remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

41 DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on October 17, 2022 by the Board of Directors of the Bank.

42 GENERAL

42.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements, wherever necessary to facilitate comparison.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these unconsolidated condensed interim financial statements is as follows:

Description of Item	Nature	(Rupees in '000)	From	To
Business Partner Incentive - Card Centre	Income	79,120	Fee & Commission Income - Card Related Fees (Debit And Credit Cards)	Mark-Up/Return/Interest Earned - Loans And Advances
Step By Step Fee - Credit Card	Income	85,540	Fee & Commission Income - Card Related Fees (Debit And Credit Cards)	Mark-Up/Return/Interest Earned - Loans And Advances
Islamic Refinance Facility for Combating COVID (IRFCC)	Liability	66,861	Borrowings - Other refinance schemes	Borrowings - Refinance Facility for Combating COVID (RFCC)
Refinance Facility for Combating COVID (RFCC)	Liability	134,184	Borrowings - Export Refinance Scheme	Borrowings - Refinance Facility for Combating COVID (RFCC)
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	Liability	177,244	Borrowings - Other refinance schemes	Borrowings - Refinance and Credit Guarantee Scheme for Women Entrepreneurs
Modernization of Small and Medium Entites (MSMES)	Liability	427,799	Borrowings - Export Refinance Scheme	Borrowings - Modernization of Small and Medium Entites (MSMES)
Government of Pakistan Euro Bond	Asset	5,374,105	Investment - Overseas Bonds	Investment - Government of Pakistan Euro Bond

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Bank Alfalah Limited

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS



Nine months period ended September 30, 2022

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2022

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
------(Rupees in '000)-----			
ASSETS			
Cash and balances with treasury banks	7	120,743,892	105,606,930
Balances with other banks	8	19,782,522	9,981,307
Lendings to financial institutions	9	19,226,146	35,982,065
Investments	10	1,126,650,310	811,923,246
Advances	11	744,896,210	673,883,285
Fixed assets	12	46,938,844	39,561,952
Intangible assets	13	1,287,344	1,119,389
Deferred tax assets	14	5,967,007	1,157,470
Other assets	15	103,274,530	57,557,447
		2,188,766,805	1,736,773,091
LIABILITIES			
Bills payable	16	23,437,147	22,825,500
Borrowings	17	537,931,532	384,108,872
Deposits and other accounts	18	1,385,444,872	1,139,009,620
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	7,000,000	7,000,000
Other liabilities	20	129,625,727	81,955,000
		2,083,439,278	1,634,898,992
NET ASSETS		<u>105,327,527</u>	<u>101,874,099</u>
REPRESENTED BY			
Share capital		17,771,651	17,771,651
Reserves		34,166,334	29,953,963
Surplus on revaluation of assets	21	5,746,590	11,440,246
Unappropriated profit		47,519,979	42,578,350
Total equity attributable to the equity holders of the Bank		105,204,554	101,744,210
Non-controlling interest	22	122,973	129,889
		<u>105,327,527</u>	<u>101,874,099</u>
CONTINGENCIES AND COMMITMENTS	23		

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

For the nine month period ended September 30, 2022

	Note	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Nine months period ended September 30, 2022	Nine months period ended September 30, 2021
------(Rupees in '000)-----					
Mark-up/Return/Interest Earned	25	61,599,629	25,819,279	144,253,973	71,834,850
Mark-up/Return/Interest Expensed	26	39,752,903	13,848,006	90,286,663	37,783,379
Net Mark-up/Return/Interest Income		21,846,726	11,971,273	53,967,310	34,051,471
NON MARK-UP/RETURN/INTEREST INCOME					
Fee and Commission Income	27	2,904,394	2,033,657	8,229,485	6,044,478
Dividend Income		171,204	94,974	762,603	368,189
Foreign Exchange Income		3,481,691	1,074,769	8,333,329	2,796,323
Gain from derivatives		109,970	26,542	211,053	74,162
(Loss) / gain on securities	28	(43,900)	362,520	(128,760)	2,224,795
Share of profit from associates		230,650	278,068	619,548	531,162
Other Income	29	46,821	24,316	251,050	104,274
Total non-markup/interest Income		6,900,830	3,894,846	18,278,308	12,143,383
Total Income		28,747,556	15,866,119	72,245,618	46,194,854
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	30	13,392,058	9,253,617	35,246,298	26,745,856
Workers' Welfare Fund	31	239,626	123,997	663,445	353,349
Other charges	32	7,110	5,036	14,280	24,024
Total non-markup/interest expenses		13,638,794	9,382,650	35,924,023	27,123,229
Profit before provisions		15,108,762	6,483,469	36,321,595	19,071,625
Provisions and write offs - net	33	4,095,069	268,781	8,135,217	1,419,163
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		11,013,693	6,214,688	28,186,378	17,652,462
Taxation	34	5,493,843	2,486,511	13,910,770	6,906,231
PROFIT AFTER TAXATION		5,519,850	3,728,177	14,275,608	10,746,231
Profit / (loss) attributable to:					
Equity holders of the Bank		5,519,227	3,715,507	14,278,268	10,718,547
Non-controlling interest		623	12,670	(2,660)	27,684
		5,519,850	3,728,177	14,275,608	10,746,231
------(Rupees)-----					
Basic and Diluted Earnings per share	35	3.10	2.09	8.03	6.03

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

For the nine month period ended September 30, 2022

	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Nine months period ended September 30, 2022	Nine months period ended September 30, 2021
	(Rupees in '000)			
Profit after taxation for the period	5,519,850	3,728,177	14,275,608	10,746,231
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	1,211,378	480,923	2,803,379	(2,983)
Movement in surplus / (deficit) on revaluation of investments - net of tax	(3,411,461)	(892,227)	(5,558,454)	(1,664,293)
Movement in surplus / (deficit) on revaluation of investments - net of tax (share of associates)	770	(7,291)	(6,567)	(10,133)
	(2,199,313)	(418,595)	(2,761,642)	(1,677,409)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus/ (deficit) on revaluation of operating fixed assets - net of tax	(66,272)	(9,465)	(140,429)	(246,337)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	37,618	(1,374)	11,794	1,659
	(28,654)	(10,839)	(128,635)	(244,678)
Total comprehensive income	3,291,883	3,298,743	11,385,331	8,824,144
Total comprehensive income / (loss) attributable to:				
Equity holders of the Bank	3,291,261	3,304,076	11,387,991	8,801,393
Non-controlling interest	623	(5,333)	(2,660)	22,751
	3,291,884	3,298,743	11,385,331	8,824,144

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine month period ended September 30, 2022

	Capital Reserves			Surplus/(Deficit) on revaluation					Sub-total	Non Controlling Interest	Total
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	Investments	Fixed Assets	Non Banking Assets	Unappropriated profit			
(Rupees in '000)											
Balance as at January 01, 2021	17,771,651	4,731,049	7,358,815	15,590,158	3,282,573	7,141,899	103,947	36,572,971	92,553,063	107,437	92,660,500
Changes in equity for the nine month period ended September 30, 2022											
Profit after taxation	-	-	-	-	-	-	-	10,718,547	10,718,547	27,684	10,746,231
Other comprehensive income - net of tax	-	-	(2,983)	-	(6,669,493)	(218,250)	1,704	-	(8,889,022)	(4,933)	(8,893,955)
Transfer to statutory reserve	-	-	-	1,048,141	-	-	-	(1,048,141)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(28,087)	(45)	28,132	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend for the year ended December 31, 2020 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Interim cash dividend for the half year ended June 30, 2022 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Balance as at September 30, 2021	17,771,651	4,731,049	7,355,832	16,638,299	1,613,080	6,895,562	105,606	39,162,849	94,273,928	130,188	94,404,116
Changes in equity for three months ended December 31, 2021											
Profit after taxation	-	-	-	-	-	-	-	3,718,157	3,718,157	(3,920)	3,714,237
Other comprehensive income - net of tax	-	-	855,257	-	(2,840,715)	5,718,105	(17,867)	37,345	3,752,125	3,621	3,755,746
Transfer to statutory reserve	-	-	-	373,526	-	-	-	(373,526)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(33,474)	(51)	33,525	-	-	-
Transactions with owners, recorded directly in equity											
Balance as at December 31, 2021	17,771,651	4,731,049	8,211,089	17,011,825	(1,227,635)	12,580,193	87,688	42,578,350	101,744,210	129,889	101,874,099
Changes in equity for the nine month period ended September 30, 2022											
Profit after taxation	-	-	-	-	-	-	-	14,278,268	14,278,268	(2,660)	14,275,608
Other comprehensive income - net of tax	-	-	2,803,379	-	(5,560,995)	(73,988)	11,884	-	(2,819,720)	-	(2,819,720)
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,886	(36,886)	-	-	-	-
Transfer to statutory reserve	-	-	-	1,408,992	-	-	-	(1,408,992)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(4,026)	(66,441)	(90)	70,557	-	-	-
Transactions with owners, recorded directly in equity											
Sale of shares by Non-controlling interest	-	-	-	-	-	-	-	-	-	(5,217)	(5,217)
Movement in reserve due to capital injection	-	-	-	-	-	-	-	(961)	(961)	961	-
Final cash dividend for the year ended December 31, 2021 at 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Interim cash dividend for the half year ended June 30, 2022 at 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)	-	(4,442,913)
Balance as at September 30, 2022	17,771,651	4,731,049	11,014,468	18,420,817	(6,792,656)	12,476,650	62,596	47,519,979	105,204,554	122,973	105,327,527

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine month period ended September 30, 2022

	Nine months period ended	
	September 30, 2022	September 30, 2021
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	28,186,378	17,652,462
Dividend income	(762,603)	(368,189)
Share of profit from associates	(619,548)	(531,162)
	<u>26,804,227</u>	<u>16,753,111</u>
Adjustments		
Depreciation	3,915,874	3,238,394
Amortisation	267,410	305,209
Provisions and write offs - net	8,135,217	1,419,163
Unrealised loss on revaluation of investments classified as held for trading - net	215,733	280,726
Gain on sale of operating fixed assets and non banking assets - net	(67,679)	(28,911)
Gain on termination of leases (IFRS 16) - net	(120,852)	(9,849)
Borrowing cost on lease liability	1,379,454	1,066,224
Workers' Welfare Fund	663,445	353,349
Charge for defined benefit plan	256,200	191,522
Charge for staff compensated absences	135,000	104,250
	<u>14,779,802</u>	<u>6,920,077</u>
	<u>41,584,029</u>	<u>23,673,188</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	11,722,572	31,287,425
Held for trading securities	37,901,692	(14,904,693)
Advances	(78,576,195)	(70,063,008)
Other assets (excluding advance taxation)	(40,509,723)	(12,291,370)
	<u>(69,461,654)</u>	<u>(65,971,646)</u>
Increase/ (decrease) in operating liabilities		
Bills payable	611,647	1,634,063
Borrowings	153,191,578	22,240,273
Deposits	246,435,252	154,297,432
Other liabilities (excluding current taxation)	33,051,489	12,267,040
	<u>433,289,966</u>	<u>190,438,808</u>
	<u>405,412,341</u>	<u>148,140,350</u>
	<u>(8,530,361)</u>	<u>(5,429,457)</u>
Income tax paid		
Net cash generated from operating activities	396,881,980	142,710,893
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(358,112,205)	(122,229,592)
Net investments in held-to-maturity securities	(10,309,749)	(18,860,252)
Dividends received from associates	74,995	51,000
Dividends received	704,860	313,455
Investments in operating fixed assets	(6,601,371)	(2,003,284)
Proceed from sale proceeds of fixed assets	79,276	41,948
Effect of translation of net investment in foreign branches	2,803,379	(2,983)
Net cash used in investing activities	<u>(371,360,815)</u>	<u>(142,689,708)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of leased obligations	(2,867,270)	(2,435,156)
Dividend paid	(3,379,251)	(4,751,341)
Net cash used in financing activities	<u>(6,246,521)</u>	<u>(7,186,497)</u>
	<u>19,274,644</u>	<u>(7,165,312)</u>
Increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the year	147,453,546	122,080,169
Effects of exchange rate changes on cash and cash equivalents - (gain) / loss	(12,380,065)	(3,485,296)
	<u>135,073,481</u>	<u>118,594,873</u>
Cash and cash equivalents at end of the period	<u>154,348,125</u>	<u>111,429,561</u>

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

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the nine month period ended September 30, 2022

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company : Bank Alfalah Limited, Pakistan

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 841 branches (December 31, 2021: 770 branches) and 16 sub-branches (December 31, 2021: 20 sub-branches). Out of the 841 branches, 567 (December 31, 2021: 529) are conventional, 263 (December 31, 2021: 230) are Islamic, 10 (December 31, 2021: 10) are overseas and 1 (December 31, 2021: 1) is an offshore banking unit.

Subsidiary	Note	Percentage of Holding	
		September 2022	December 2021
Alfalah CLSA Securities (Private) Limited, Pakistan	1.1.1	62.50%	61.20%

1.1.1 During the period, the Bank has purchased stake of 1.3% from the non control interest of the subsidiary.

1.2 In addition, the Group maintains investments in the following:

Associates			
Alfalah Insurance Company Limited		30.00%	30.00%
Sapphire Wind Power Company Limited		30.00%	30.00%
Alfalah GHP Investment Management Limited, Pakistan		40.22%	40.22%

2 BASIS OF PRESENTATION

2.1 These consolidated condensed interim financial statements represent financial statements of the Holding Company - Bank Alfalah Limited and its subsidiary. The assets and liabilities of subsidiary have been consolidated on a line-by-line basis and the investment held by the holding company is eliminated against the corresponding share capital of subsidiary in these consolidated condensed interim financial statements.

2.2 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017.
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.
- 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, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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 deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Further, SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. SBP has directed banks in Pakistan to implement IFRS 9 with effect from January 1, 2023 vide BPRD circular no. 03 dated July 05, 2022.

Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements; except for overseas branches, subsidiary and associates where such standards are applicable.

2.2.1 Basis of consolidation

A subsidiary is an entity controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those return through its power over the investee.

These consolidated condensed interim financial statements incorporate the financial statements of subsidiary from the date that control commences until the date that control ceases.

Associates are those entities on which the Group has significant influence, but not control, over the financial and operating policies. Associates as well as investment in mutual funds established under trust structure are accounted for using the equity method.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary which are not owned by the Holding Company. Material intra-group balances and transactions are eliminated.

2.2.2 Key financial figures of the Islamic Banking branches are disclosed in note 39 to the unconsolidated condensed interim financial

2.2.3 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

2.2.4 The Group company believes that there is no significant doubt on the Group company's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on the going concern basis.

2.3 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

2.4 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated condensed interim 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 are stated at revalued amounts; held for trading, available for sale investments and derivative financial instruments which are measured at fair value; defined benefit obligations which are carried at present value and right of use of assets and related lease liability measured at present value.

3.2 Functional and Presentation Currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2021.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this consolidated condensed interim financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2021, except as disclosed in note 11.4.2(iv).

6 FINANCIAL RISK MANAGEMENT

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

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

7 CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency	28,081,852	21,886,083
Foreign currency	3,939,233	2,722,351
	32,021,085	24,608,434

With State Bank of Pakistan in

Local currency current account	45,471,370	47,249,054
Foreign currency current account	6,516,795	5,231,881
Foreign currency deposit account	689,097	9,466,467
	52,677,262	61,947,402

With other central banks in

Foreign currency current account	21,128,246	9,536,033
Foreign currency deposit account	6,672,823	2,589,553
	27,801,069	12,125,586

With National Bank of Pakistan in local currency current account

Prize bonds	8,200,061	6,699,191
	44,415	226,317
	120,743,892	105,606,930

8 BALANCES WITH OTHER BANKS

In Pakistan

In current account	345,947	159,395
In deposit account	6,911	57,615
	352,858	217,010

Outside Pakistan

In current account	19,400,039	9,737,924
In deposit account	29,625	26,373
	19,429,664	9,764,297
	19,782,522	9,981,307

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	16,227,042	22,815,581
Repurchase agreement lendings (Reverse Repo)	3,000,000	11,172,904
Bai Muajjal receivable with other financial institutions	-	1,993,580
	19,227,042	35,982,065
Less: expected credit loss - overseas branches	(896)	-
Lending to Financial Institutions - net of provision	19,226,146	35,982,065

10 INVESTMENTS

Note

	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Held-for-trading securities								
Federal Government Securities								
Market Treasury Bills	9,262,975	-	(2,913)	9,260,062	58,471,616	-	(20,039)	58,451,577
Pakistan Investment Bonds	50,790,051	-	(136,966)	50,653,085	38,043,325	-	993	38,044,318
Government of Pakistan Sukuks	708,065	-	188	708,253	-	-	-	-
Shares								
Ordinary shares / units - Listed	883,993	-	(59,761)	824,232	1,010,085	-	(13,039)	997,046
Foreign Securities								
Overseas Bonds - Sovereign	1,633,037	-	(16,281)	1,616,756	4,078,675	-	(391,803)	3,686,872
	63,278,121	-	(215,733)	63,062,388	101,603,701	-	(423,888)	101,179,813
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	980,231	-	(8,914)	971,317	66,709,176	-	(31,162)	66,678,014
Pakistan Investment Bonds	797,249,870	-	(4,241,761)	793,008,109	421,777,608	-	(2,068,279)	419,709,329
Government of Pakistan Sukuks	94,888,641	-	(554,114)	94,334,527	70,415,751	-	(427,810)	69,987,941
Government of Pakistan Euro Bonds	11,985,983	-	(6,846,157)	5,139,826	6,672,320	-	(16,227)	6,656,093
Naya Pakistan Certificates	3,933,680	-	-	3,933,680	1,016,120	-	-	1,016,120
Shares								
Ordinary shares - Listed	7,559,272	(694,588)	(465,932)	6,398,752	4,228,215	(315,697)	50,388	3,962,906
Ordinary shares - Unlisted	1,211,363	(57,728)	-	1,153,635	1,211,363	(55,725)	-	1,155,638
Preference Shares - Listed	108,835	(108,835)	-	-	108,835	(108,835)	-	-
Preference Shares - Unlisted	25,000	(25,000)	-	-	25,000	(25,000)	-	-
Non Government Debt Securities								
Term Finance Certificates	3,226,778	(411,218)	(9,921)	2,805,639	2,426,778	(311,298)	(10,682)	2,104,798
Sukuks	16,892,576	(96,511)	212,043	17,008,108	17,481,926	(96,511)	239,990	17,625,405
Foreign Securities								
Overseas Bonds - Sovereign	21,535,526	-	(2,450,698)	19,084,828	16,991,437	-	300,601	17,292,038
Overseas Bonds - Others	31,275,245	-	(2,634,139)	28,641,106	25,215,398	-	521,640	25,737,038
Redeemable Participating Certificates	4,330,006	-	-	4,330,006	3,310,874	-	-	3,310,874
REIT Fund - Unlisted	500,000	-	-	500,000	-	-	-	-
	995,703,006	(1,393,880)	(16,999,593)	977,309,533	637,590,801	(913,066)	(1,441,541)	635,236,194
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	68,257,499	-	-	68,257,499	52,966,763	-	-	52,966,763
Other Federal Government Securities	-	-	-	-	3,094,151	-	-	3,094,151
Non Government Debt Securities								
Term Finance Certificates	381,347	(24,680)	-	356,667	431,347	(24,680)	-	406,667
Sukuks	1,563,572	(80,722)	-	1,482,850	2,063,572	(80,722)	-	1,982,850
Foreign Securities								
Overseas Bonds - Sovereign	11,769,392	-	-	11,769,392	13,106,228	-	-	13,106,228
	81,971,810	(105,402)	-	81,866,408	71,662,061	(105,402)	-	71,556,659
Associates (valued at equity method)								
Alfalsh Insurance Company Limited	567,715	-	-	567,715	552,910	-	-	552,910
Sapphire Wind Power Company Limited	3,507,564	-	-	3,507,564	3,039,576	-	-	3,039,576
Alfalsh GHP Investment Management Limited	575,372	-	-	575,372	525,636	-	-	525,636
	4,650,651	-	-	4,650,651	4,118,122	-	-	4,118,122
General provision and expected credit loss-								
Overseas operations	103,321	(238,670)	-	(238,670)	-	(167,542)	-	(167,542)
Total Investments	1,145,603,588	(1,737,952)	(17,215,326)	1,126,650,310	814,974,685	(1,186,010)	(1,865,429)	811,923,246

10.11 The adoption of IFRS 9 at Bahrain Operations of the Bank has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the State Bank of Pakistan (SBP) vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these consolidated condensed interim financial statements.

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

10.2 Investments given as collateral

Market Treasury Bills	-	34,714,491
Pakistan Investment Bonds	361,217,815	109,031,611
Overseas Bonds	17,568,701	10,749,672
	<u>378,786,516</u>	<u>154,495,774</u>

10.2.1 **Market value of securities given as collateral is Rs. 376,084.870 million (December 31, 2021: Rs. 154,163.013 million).**

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

10.3 Provision for diminution in value of investments

10.3.1 Opening balance	1,186,010	1,354,553
Exchange and other adjustments	57,344	6,183
Charge / reversals		
Charge for the period / year	603,270	421,889
Reversals for the period / year	(9,834)	(217,924)
Reversal on disposals	(98,838)	(374,755)
	494,598	(170,790)
Written off	-	(3,936)
Closing Balance	<u>1,737,952</u>	<u>1,186,010</u>

10.3.2 Particulars of provision against debt securities

Category of classification	September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	NPI	Provision	NPI	Provision
Domestic	----- (Rupees in '000) -----			
Loss	613,131	613,131	513,211	513,211

10.3.2.1 **The overseas branches of the Bank hold a provision of Rs. 238.670 million (December 31, 2021: Rs. 167.542 million) against investments in accordance with ECL requirements of IFRS 9.**

10.3.3 **The market value of securities classified as held-to-maturity as at September 30, 2022 amounted to Rs. 76,491.307 million (December 31, 2021: Rs. 69,624.622 million).**

Note	Performing		Non Performing		Total	
	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.	559,880,054	515,836,257	23,905,080	20,346,565	583,785,134	536,182,822
Islamic financing and related assets	162,973,902	132,995,060	4,360,074	3,776,282	167,333,976	136,771,342
Bills discounted and purchased	23,284,848	25,534,513	3,259,919	588,182	26,544,767	26,122,695
Advances - gross	746,138,804	674,365,830	31,525,073	24,711,029	777,663,877	699,076,859
Provision against advances						
- Specific	11.4	-	(25,572,630)	(21,126,338)	(25,572,630)	(21,126,338)
- General	11.4	(7,195,037)	-	-	(7,195,037)	(4,067,236)
		(7,195,037)	(25,572,630)	(21,126,338)	(32,767,667)	(25,193,574)
Advances - net of provision	738,943,767	670,298,594	5,952,443	3,584,691	744,896,210	673,883,285

- 11.1 Advances include an amount of Rs. 317.270 million (December 31, 2021: Rs. 233.151 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 11.94% to 26.35% (December 31, 2021: 10.17% to 23.65%) with maturities up to June 29, 2042 (December 31, 2021: October 2041).

11.2	Particulars of advances (Gross)	(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
		------(Rupees in '000)-----	
	In local currency	721,351,787	631,768,509
	In foreign currencies	56,312,090	67,308,350
		<u>777,663,877</u>	<u>699,076,859</u>

- 11.3 Advances include Rs. 31,525.073 million (December 31, 2021: Rs. 24,711.029 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non- Performing Loans	Provision	Non- Performing Loans	Provision
	------(Rupees in '000)-----			
Domestic				
Other Assets Especially Mentioned	220,753	3,397	84,230	4,693
Substandard	2,571,490	717,198	2,466,916	566,982
Doubtful	7,111,448	3,606,924	2,743,571	1,423,199
Loss	<u>20,830,850</u>	<u>20,708,993</u>	<u>18,790,302</u>	<u>18,655,497</u>
Overseas	30,734,541	25,036,512	24,085,019	20,650,371
Overdue by:				
91 to 180 days	111,099	20,113	29,467	249
181 to 365 days	32,271	1,169	-	-
Above 365 days	647,162	514,836	596,543	475,718
	<u>790,532</u>	<u>536,118</u>	<u>626,010</u>	<u>475,967</u>
Total	<u>31,525,073</u>	<u>25,572,630</u>	<u>24,711,029</u>	<u>21,126,338</u>

	September 30, 2022. (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	21,126,338	4,067,236	25,193,574	18,318,525	5,266,171	23,584,696
Exchange and other adjustments	45,190	34,011	79,201	39,420	20,227	59,647
Charge for the period / year	6,620,582	3,093,790	9,714,372	4,959,088	-	4,959,088
Reversals for the period / year	(1,907,294)	-	(1,907,294)	(1,871,249)	(1,219,162)	(3,090,411)
	4,713,288	3,093,790	7,807,078	3,087,839	(1,219,162)	1,868,677
Amounts written off	(242,395)	-	(242,395)	(319,446)	-	(319,446)
Amounts charged off - agriculture financing	(69,791)	-	(69,791)	-	-	-
	(312,186)	-	(312,186)	(319,446)	-	(319,446)
Closing balance	25,572,630	7,195,037	32,767,667	21,126,338	4,067,236	25,193,574

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at September 30, 2022 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 97.138 million (December 31, 2021: Rs. 89.192 million).

11.4.2 General provision includes:

(i) Provision held in accordance with SBP's prudential regulations against:

- Conventional consumer loans being maintained at an amount equal to 1% of the secured auto loans, 0.5% of secured house loans performing portfolio and 4% of the unsecured (personal loans and credit cards) performing portfolio;

- Islamic auto loans being maintained at an amount equal to 1% of the secured performing portfolio and for Islamic house loans at an amount equal to 0.5% of the secured performing portfolio;

- Small Enterprises (SE) portfolio being maintained at an amount equal to 1% against unsecured performing SE portfolio;

(ii) Provision held at overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operates;

(iii) Provision of Rs. 1,450,000 million (December 31, 2021: 2,550,000 million) representing Covid 19 general loan loss reserve. The restructured portfolio is performing and the provision represents upto 5% of the restructured customers as at September 30, 2022; and

(iv) Provision of Rs. 3,850,000 million (December 31, 2021: nil) against the high risk advances portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposures, staff loans, loans secured against liquid collaterals and loans against which COVID general provision is being maintained.

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

	Note	(Un-audited)	(Audited)	
		September 30, 2022	December 31, 2021	
		----- (Rupees in '000) -----		
12	FIXED ASSETS			
	Capital work-in-progress	12.1	1,717,912	1,117,186
	Property and equipment	12.2	30,228,238	26,588,783
	Right-of-use assets		14,992,694	11,855,983
			46,938,844	39,561,952
12.1	Capital work-in-progress			
	Civil works		1,238,798	692,766
	Equipment		467,435	414,857
	Others		11,679	9,563
			1,717,912	1,117,186

12.2 It includes land and buildings carried at revalued amount of Rs. 20,985,087 million (December 31, 2021: Rs. 19,341,240 million).

12.2.1 During the period, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

		(Un-audited)	
		Nine months period ended	
		September 30, 2022	September 30, 2021
		----- (Rupees in '000) -----	

12.3 Additions to fixed assets

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

Capital work-in-progress - net of transferred out for capitalisation	600,726	269,246
Property and equipment		
Freehold land	912,286	-
Buildings on freehold land	532,247	54,762
Buildings on leasehold land	146,766	57,608
Leasehold improvement	722,027	287,057
Furniture and fixtures	136,499	55,165
Office equipment	2,882,303	1,092,688
Vehicles	35,500	49,057
	5,367,628	1,596,337
Total additions to fixed assets	5,968,354	1,865,583

12.4 Disposals of fixed assets

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

Leasehold improvements	1,864	1,414
Furniture and fixtures	361	5,426
Office equipments	9,372	6,197
Total disposal of fixed assets	11,597	13,037

13 INTANGIBLE ASSETS

Capital work-in-progress / Advance payment to suppliers	512,847	381,761
Software	771,997	735,128
Membership Card	2,500	2,500
	1,287,344	1,119,389

		(Un-audited)		(Audited)	
		September 30, 2022		September 30, 2021	
		----- (Rupees in '000) -----			

13.1 Additions to intangible assets

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

Capital work-in-progress - net of transferred out for capitalisation	131,086	44,662
Directly purchased	304,339	108,959
Total additions to intangible assets	435,425	153,621

13.2 There were no disposal during the periods ended September 30, 2022 and September 30, 2021.

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

14 DEFERRED TAX ASSETS

Deductible Temporary Differences on:

- Provision against investments	995,422	463,795
- Provision against advances	2,975,654	2,899,949
- Unrealised loss on revaluation of HFT investments	89,225	165,446
- Deficit on revaluation of available for sale investments	5,116,043	561,126
- Provision against other assets	834,480	730,972
- Provision against lending to financial institutions	345	81
- Workers' Welfare Fund	499,180	-
	10,510,349	4,821,369

Taxable Temporary Differences on:

- Surplus on revaluation of fixed assets	(570,874)	(473,110)
- Surplus on revaluation of non banking assets	(45,483)	(84,039)
- Share of profit and other comprehensive income from associates	(1,493,410)	(1,146,801)
- Accelerated tax depreciation	(2,433,575)	(1,959,949)
	(4,543,342)	(3,663,899)
	<u>5,967,007</u>	<u>1,157,470</u>

15 OTHER ASSETS

Income/ Mark-up accrued in local currency - net of provision		49,033,716	23,325,336
Income/ Mark-up accrued in foreign currency - net of provision		2,375,486	1,389,395
Advances, deposits, advance rent and other prepayments		3,402,630	2,636,643
Non-banking assets acquired in satisfaction of claims	15.1 & 15.2	1,269,969	1,435,191
Dividend receivable		57,743	-
Mark to market gain on forward foreign exchange contracts		4,673,049	2,249,270
Mark to market gain on derivatives	24.1	5,596,071	-
Stationery and stamps on hand		17,808	25,415
Defined benefit plan		533,111	744,324
Due from card issuing banks		1,793,052	1,212,831
Accounts receivable		6,359,171	3,421,970
Margin deposits on derivatives		-	427,232
Claims against fraud and forgeries		71,902	67,515
Acceptances		28,918,019	20,050,282
Receivable against DSC/SSC and overseas government securities		58,468	570,897
Receivable against tradeable market securities		920,512	1,623,912
Others		61,604	53,914
		105,142,311	59,234,127
Less: Provision held against other assets	15.3	(1,975,860)	(1,848,407)
Other assets (net of provision)		103,166,451	57,385,720
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	15.1 & 15.2	108,079	171,727
		<u>103,274,530</u>	<u>57,557,447</u>

15.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,378.048 million (December 31, 2021: Rs. 1,606.618 million).

15.2 During the period, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

15.3	Provision held against other assets	(Un-audited)	(Audited)
		September 30, 2022	December 31, 2021
		------(Rupees in '000)-----	
	Impairment against overseas operation	1,000,000	1,000,000
	Expected credit loss (overseas operation)	174,221	134,891
	Fraud and forgeries	71,902	67,515
	Accounts receivable	590,667	552,033
	Non banking assets acquired in satisfaction of claims	-	300
	Others	139,070	93,668
		1,975,860	1,848,407
15.3.1	Movement in provision held against other assets		
	Opening balance	1,848,407	797,976
	Exchange and other adjustments	37,591	8,393
	Charge for the period / year	93,808	1,060,710
	Reversals for the period / year	(1,591)	(11,017)
		92,217	1,049,693
	Amount written off	(2,355)	(7,655)
	Closing balance	1,975,860	1,848,407
16	BILLS PAYABLE		
	In Pakistan	22,085,072	21,774,411
	Outside Pakistan	1,352,075	1,051,089
		23,437,147	22,825,500
17	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan under:		
	Export Refinance Scheme	35,200,973	52,250,081
	Long-Term Finance Facility	29,547,111	26,394,909
	Financing Facility for Renewable Energy Projects	11,700,533	9,793,026
	Financing Facility for Storage of Agriculture Produce (FFSAP)	778,028	685,931
	Refinance For Wages & Salaries	3,352,447	14,332,866
	Temporary Economic Refinance Facility	48,444,360	28,933,063
	Export Refinance under Bill Discounting	11,995,662	-
	SME Asaan Finance (SAAF)	949,413	-
	Refinance Facility for Combating COVID (RFCC)	729,919	201,045
	Refinance and Credit Guarantee Scheme for Women Entrepreneurs	293,107	177,244
	Modernization of Small and Medium Entites (MSMES)	851,780	427,799
	Other Refinance Schemes	974	-
	Repurchase Agreement Borrowings	240,000,000	97,506,050
		383,844,307	230,702,014
	Repurchase agreement borrowings	81,031,733	55,219,084
	Bai Muajjal	42,259,211	47,960,362
	Medium Term Note	11,000,000	11,000,000
	Others	667,440	300,000
	Total secured	518,802,691	345,181,460
	Unsecured		
	Call borrowings	2,205,778	21,084,927
	Overdrawn nostro accounts	2,405,331	1,774,249
	Bai Muajjal	-	849,923
	Others		
	- Pakistan Mortgage Refinance Company	2,206,355	2,280,921
	- Karandaaz Risk Participation	2,487,376	2,345,604
	- Other financial institutions	9,824,001	10,591,788
	Total unsecured	19,128,841	38,927,412
		537,931,532	384,108,872

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	489,782,578	110,914,051	600,696,629	407,126,787	88,329,596	495,456,383
Savings deposits	282,381,059	37,403,431	319,784,490	249,702,928	34,000,491	283,703,419
Term deposits	230,836,776	47,888,251	278,725,027	169,741,023	42,871,078	212,612,101
Others	28,795,893	7,158,977	35,954,870	19,942,860	4,683,544	24,626,404
	1,031,796,306	203,364,710	1,235,161,016	846,513,598	169,884,709	1,016,398,307
Financial Institutions						
Current deposits	1,613,361	1,136,760	2,750,121	1,984,546	3,280,707	5,265,253
Savings deposits	98,530,990	3,385,852	101,916,842	90,175,266	900,203	91,075,469
Term deposits	44,468,600	272,916	44,741,516	24,170,116	988,200	25,158,316
Others	662,216	213,161	875,377	950,897	161,378	1,112,275
	145,275,167	5,008,689	150,283,856	117,280,825	5,330,488	122,611,313
	1,177,071,473	208,373,399	1,385,444,872	963,794,423	175,215,197	1,139,009,620

18.1 Current deposits include remunerative current deposits of Rs. 12,786.345 million (December 31, 2021 : Rs. 8,823.382 million).

	(Un-audited)		(Audited)	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	----- (Rupees in '000) -----			
19 SUBORDINATED DEBT				
Term Finance Certificates - Additional Tier-I - Quoted, Unsecured				
Issue amount	Rs. 7,000,000,000		7,000,000	7,000,000
Issue date	March 2018			
Maturity date	Perpetual.			
Rating	"AA-" (double A minus) by Pakistan Credit Rating Agency.			
Security	Unsecured.			
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.			
Profit payment frequency	Payable semi-annually in arrears.			
Redemption	Perpetual.			
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of SBP, mark-up rate will be Base Rate + 1.50% with no step up feature. (Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.			
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by SBP from time to time.			
Loss absorbency clause	In conformity with SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event ; (ii) the point of non-viability Trigger Event ; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.			
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of SBP.			
			7,000,000	7,000,000

20 OTHER LIABILITIES

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
------(Rupees in '000)-----			
Mark-up/ Return/ Interest payable in local currency		12,193,727	5,347,968
Mark-up/ Return/ Interest payable in foreign currency		1,316,972	784,610
Unearned fee commission and income on bills discounted and guarantees		2,368,844	1,386,030
Accrued expenses		9,381,348	8,478,693
Current taxation		16,187,807	10,497,948
Acceptances		28,918,019	20,050,282
Dividends payable		4,770,022	152,030
Mark to market loss on forward foreign exchange contracts		4,479,357	1,021,507
Mark to market loss on derivatives	24.1	-	191,189
Branch adjustment account		382,803	334,445
ADC settlement accounts		2,432,518	1,558,435
Provision for compensated absences		769,224	634,224
Payable against redemption of customer loyalty / reward points		571,200	486,149
Charity payable		51,233	24,963
Provision against off-balance sheet obligations	20.1	124,149	137,639
Security deposits against leases, lockers and others		14,455,095	11,185,102
Worker's Welfare Fund		3,134,900	2,471,455
Payable to vendors and suppliers		562,264	722,986
Margin deposits on derivatives		5,286,379	-
Payable to merchants (card acquiring)		40,060	188,553
Indirect Taxes Payable		1,774,033	1,284,540
Lease Liabilities		16,746,820	13,220,387
Payable against tradeable market securities		401,167	496,595
Others		3,277,786	1,299,270
		<u>129,625,727</u>	<u>81,955,000</u>

20.1 Provision against off-balance sheet obligations

Opening balance	137,639	127,428
Exchange and other adjustments	15,117	10,468
Reversal for the period / year	(28,607)	(257)
Closing balance	<u>124,149</u>	<u>137,639</u>

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
------(Rupees in '000)-----			
21		SURPLUS ON REVALUATION OF ASSETS	
		Surplus / (deficit) on revaluation of:	
	10.1	(16,999,593)	(1,441,541)
		(19,167)	(7,142)
		13,047,524	13,053,303
		108,079	171,727
		(3,863,157)	11,776,347
		Less: Deferred tax (asset) / liability on surplus / (deficit) on revaluation of:	
		(7,309,825)	(562,201)
		(8,242)	(2,784)
		570,874	473,110
		45,483	84,039
		(6,701,710)	(7,836)
		(5,101,819)	347,961
		(2,193,782)	-
		(2,908,037)	347,961
		-	11,399
		-	(7,375)
		5,746,590	11,440,246

				(Un-audited) September 30, 2022	(Audited) December 31, 2021
Ownership interest held by NCI					
22		NON-CONTROLLING INTEREST			
Name	Principal activity	Principal place of Business			
Alfalch CLSA Securities (Private) Limited, Pakistan	Stock Brokerage	Pakistan	1.11	37.50%	38.80%
Key financial information of the subsidiary					
				(Un-audited) September 30, 2022	(Audited) December 31, 2021
------(Rupees in '000)-----					
Assets				1,506,655	985,710
Liabilities				1,178,728	650,986
Net Assets				327,927	334,724
Non-Controlling Interest (NCI)					
				122,973	129,889
Nine months period ended					
				(Un-audited) September 30, 2022	September 30, 2021
------(Rupees in '000)-----					
Revenue				321,531	251,872
Expenses				328,331	180,530
(Loss) / profit after tax for the period				(6,800)	71,342
Total other Comprehensive (loss) / income for the period					
				(6,800)	58,629
Cash Flows:					
Cash Flows from Operating Activities				(233,862)	93,506
Cash Flows from Investing Activities				(24,561)	(16,107)
Cash Flows from Financing Activities				(12,245)	(16,170)
Net (decrease) / increase in cash and cash equivalent				(270,668)	61,229

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021	
----- (Rupees in '000) -----				
23	CONTINGENCIES AND COMMITMENTS			
	-Guarantees	23.1	127,679,518	99,914,966
	-Commitments	23.2	524,014,995	466,501,999
	-Other contingent liabilities	23.3.1	7,122,967	4,823,035
			<u>658,817,480</u>	<u>571,240,000</u>
23.1	Guarantees:			
	Performance guarantees		48,595,455	41,041,271
	Other guarantees		79,084,063	58,873,695
			<u>127,679,518</u>	<u>99,914,966</u>
23.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		182,076,727	178,246,952
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	189,437,862	164,776,360
	- forward government securities transactions	23.2.2	65,386,479	39,784,849
	- derivatives	23.2.3	51,432,387	36,820,716
	- forward lending	23.2.4	31,932,568	43,921,848
	Commitments for acquisition of:			
	- operating fixed assets		2,835,580	2,054,239
	- intangible assets		463,392	447,035
	Other commitments	23.2.5	450,000	450,000
			<u>524,014,995</u>	<u>466,501,999</u>
23.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		117,569,967	104,574,460
	Sale		71,867,895	60,201,900
			<u>189,437,862</u>	<u>164,776,360</u>
23.2.2	Commitments in respect of forward government securities transactions			
	Purchase		64,649,635	10,167,457
	Sale		736,844	29,617,392
			<u>65,386,479</u>	<u>39,784,849</u>
23.2.3	Commitments in respect of derivatives			
	Interest rate swap			
	Purchase	24.1	50,858,314	36,820,716
	Sale		-	-
			<u>50,858,314</u>	<u>36,820,716</u>
	Cross Currency swaps			
	Purchase		-	-
	Sale	24.1	574,073	-
			<u>574,073</u>	<u>-</u>
	Total commitments in respect of derivatives		<u>51,432,387</u>	<u>36,820,716</u>

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
------(Rupees in '000)-----			
23.2.4	Commitments in respect of forward lending		
	Undrawn formal standby facilities, credit lines and other commitments to lend	26,640,126	39,356,808
	Commitments in respect of investments	5,292,442	4,565,040
	23.2.4.1	31,932,568	43,921,848

23.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

23.2.5 Other Commitments

A commercial bank on behalf of Alfalah CLSA Securities (Private) Limited, Pakistan has given a guarantee of Rs. 450 million (2021: 450 million) to National Clearing Company of Pakistan Limited (NCCPL) in respect of margin eligible securities. The guarantee facility is for one year and is secured by 1st Pari Passu charge on current assets of the subsidiary.

23.3 Other contingent liabilities

23.3.1 Claims against the Bank not acknowledged as debts 7,122,967 4,823,035

These mainly represents counter claims filed by the borrowers for restricting the Bank from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by Ex. employees of the Bank for damages. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.

23.4 Contingency for tax payable

There were no tax related contingencies other than as disclosed in note 34.1.

24 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

24.1 Product Analysis

September 30, 2022 (Un-audited)

	Interest Rate Swaps			Cross Currency Swap		
	No. of contracts	Notional Principal	Mark to market Gain	No. of contracts	Notional Principal	Mark to market (Loss)
------(Rupees in '000)-----						
With Banks for Hedging	61	50,858,314	5,547,696	-	-	-
With other entities Market making	-	-	-	1	574,073	48,375
	<u>61</u>	<u>50,858,314</u>	<u>5,547,696</u>	<u>1</u>	<u>574,073</u>	<u>48,375</u>

December 31, 2021 (Audited)

	Interest Rate Swaps			Cross Currency Swap		
	No. of contracts	Notional Principal	Mark to market (loss)	No. of contracts	Notional Principal	Mark to market (loss)
------(Rupees in '000)-----						
With Banks for Hedging	50	36,820,716	(191,189)	-	-	-
With other entities Market making	-	-	-	-	-	-
	<u>50</u>	<u>36,820,716</u>	<u>(191,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>

		(Un-audited)	
		Nine months period ended	
		September 30, 2022	September 30, 2021
		----- (Rupees in '000) -----	
25	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	a) Loans and advances	55,448,431	33,799,952
	b) Investments	83,900,591	35,374,450
	c) Lendings to financial institutions	1,047,564	1,638,251
	d) Balances with banks / financial institutions	69,685	27,212
	e) On securities purchased under resale agreements / Bai Muajjal	3,787,702	994,985
		<u>144,253,973</u>	<u>71,834,850</u>
26	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	a) Deposits	51,085,769	20,693,270
	b) Borrowings	7,346,005	5,271,080
	c) Securities sold under repurchase agreements	27,306,690	8,652,827
	d) Subordinated debt	670,590	481,234
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	2,321,683	1,519,663
	f) Borrowing cost on leased properties	1,379,454	1,066,224
	g) Reward points / customer loyalty	176,472	99,081
		<u>90,286,663</u>	<u>37,783,379</u>
27	FEE & COMMISSION INCOME		
	Branch banking customer fees	819,081	676,024
	Consumer finance related fees	365,541	292,293
	Card related fees (debit and credit cards)	1,138,976	799,063
	Credit related fees	246,045	157,499
	Investment banking fees	214,340	250,384
	Commission on trade	1,644,677	1,292,858
	Commission on guarantees	414,595	243,573
	Commission on cash management	40,947	32,927
	Commission on remittances including home remittances	930,637	634,379
	Commission on bancassurance	476,041	428,594
	Card acquiring business	658,959	331,187
	Wealth Management Fee	77,577	52,933
	Commission on Employees' Old-Age Benefit Institution (EOBI)	23,771	28,291
	Commission on Benazir Income Support Programme (BISP)	227,127	174,525
	Alternate Delivery Channel (ADC)	518,571	278,593
	Brokerage/ Commission Income	257,059	208,388
	Others	175,541	162,967
		<u>8,229,485</u>	<u>6,044,478</u>
28	(LOSS) / GAIN ON SECURITIES		
	Realised	86,973	2,505,521
	Unrealised - held for trading	(215,733)	(280,726)
		<u>(128,760)</u>	<u>2,224,795</u>
28.1	Realised gain / (loss) on:		
	Federal Government Securities	92,891	1,358,406
	Shares	(170,179)	530,830
	Non Government Debt Securities	21,262	3,901
	Foreign Securities	142,999	612,384
		<u>86,973</u>	<u>2,505,521</u>
29	OTHER INCOME		
	Rent on property	23,191	19,600
	Gain on sale of fixed assets-net	58,479	28,911
	Gain on sale of non banking assets	9,200	-
	Profit on termination of leased contracts (Ijarah)	39,328	45,914
	Gain on termination of leases (IFRS 16)	120,852	9,849
		<u>251,050</u>	<u>104,274</u>
29.1	The Bank earned an income of Rs. 9.200 million against sale of membership shares / cards.		

Note

(Un-audited)

Nine months period ended

September 30, 2022	September 30, 2021
------(Rupees in '000)-----	

30 OPERATING EXPENSES

Total compensation expense	30.1	15,572,759	12,469,829
Property expense			
Rent and taxes		92,400	82,227
Utilities cost		1,468,585	957,157
Security (including guards)		721,994	602,549
Repair and maintenance (including janitorial charges)		763,137	681,991
Depreciation on right-of-use assets		1,998,390	1,672,283
Depreciation on non-banking assets acquired in satisfaction of claims		3,256	3,254
Depreciation on owned assets		474,785	374,376
		5,522,547	4,373,837
Information technology expenses			
Software maintenance		1,503,539	1,036,013
Hardware maintenance		492,679	345,374
Depreciation		559,659	425,551
Amortisation		267,410	305,209
Network charges		418,884	408,929
Consultancy and support services		257,572	95,937
		3,499,743	2,617,013
Other operating expenses			
Directors' fees and allowances		161,353	149,449
Fees and allowances to Shariah Board		10,036	7,829
Legal and professional charges		712,733	206,081
Outsourced services costs		628,219	631,313
Travelling and conveyance		630,114	336,371
Clearing and custodian charges		108,819	87,522
Depreciation		879,784	762,930
Training and development		85,856	99,975
Postage and courier charges		505,290	379,718
Communication		670,665	358,941
Stationery and printing		743,107	586,872
Marketing, advertisement and publicity		1,367,095	695,439
Donations		66,222	22,176
Auditors' remuneration		45,961	47,833
Brokerage and commission		203,216	196,314
Entertainment		346,475	198,589
Repairs and maintenance		563,601	446,534
Insurance		1,058,109	840,689
Cash Handling charges		856,588	727,474
CNIC verification		145,943	122,361
Others		862,063	380,767
		10,651,249	7,285,177
		35,246,298	26,745,856

30.1 Total compensation expense

Managerial Remuneration			
i) Fixed		11,218,170	9,212,567
ii) Variable:			
a) Cash Bonus / Awards etc.		2,247,407	1,576,385
b) Bonus and Awards in Shares etc.		180,000	118,960
Charge for defined benefit plan		256,200	191,522
Contribution to defined contribution Plan		453,738	368,685
Medical		610,572	506,457
Conveyance		273,027	213,256
Staff compensated absences		135,000	104,250
Others		169,674	149,805
Sub-total		15,543,788	12,441,887
Sign-on Bonus		23,971	27,802
Severance Allowance		5,000	140
Grand Total		15,572,759	12,469,829

31 WORKERS' WELFARE FUND

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petition is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

	Note	(Un-audited)	
		Nine months period ended	
		September 30, 2022	September 30, 2021
32 OTHER CHARGES		------(Rupees in '000)-----	
Penalties imposed by State Bank of Pakistan		11,730	23,326
Penalties imposed by other regulatory bodies		2,550	698
		<u>14,280</u>	<u>24,024</u>
33 PROVISIONS & WRITE OFFS - NET			
Provision against lending to financial institutions (IFRS 9 - ECL)	9	803	-
Provision / (reversal) for diminution in value of investments	10.3.1	494,598	(228,955)
Provision against loans & advances	11.4	7,807,078	1,869,915
Provision against other assets	15.3.1	92,217	36,498
(Reversal)/ provision against off-balance sheet obligations	20.1	(28,607)	23,002
Other provisions / write off - net		12,936	26,068
Recovery of written off / charged off bad debts		(243,808)	(307,365)
		<u>8,135,217</u>	<u>1,419,163</u>
34 TAXATION			
Charge / (reversal) :			
Current		16,259,976	6,943,765
Prior years		(2,039,756)	-
Deferred		(309,450)	(37,534)
		<u>13,910,770</u>	<u>6,906,231</u>
34.1 a)	The income tax assessments of the Bank have been finalized upto and including tax year 2021. Certain addback made by tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.		

In respect of tax years 2008, 2014, 2017, 2019, 2020 and 2021, the tax authorities have raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of Leasehold improvements resulting in tax demand of Rs. 336.549 million net of relief provided in appeal (December 31, 2021: Rs. 714.263). Bank has filed appeals on these issues which are pending before Commissioner Appeals. The management is confident that these matters will be decided in favour of the Bank and consequently has not made any provision in respect of these amounts.

- b) The Bank has received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded sales tax on banking services and penalty amounting to Rs. 763.312 million [excluding default surcharge] (December 31, 2021: Rs. 763.312 million) by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax. Appeals against these orders are pending before Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that these matters will be settled in Bank's favour through appellate process.
- c) During the period, bank has received an order from a tax authority wherein Sales tax and penalty amounting to Rs.5.191 million [excluding default surcharge] is demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016. This is in addition to an order previously received for the same accounting year wherein Sales tax and Further Tax amounting to Rs. 8.601 million [excluding default surcharge and penalty] was demanded allegedly for non-payment of sales tax on certain transactions. Bank is in the process of filing appeal against recent order whereas bank's appeal against earlier order is pending before Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that this matter will be favourably settled through appellate process.

		(Un-audited)	
		Nine months period ended	
		September 30, 2022	September 30, 2021
		----- (Rupees in '000) -----	
35	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period attributable to equity holders of the Bank	14,278,268	10,718,547
		----- (Number of shares in '000) -----	
	Weighted average number of ordinary shares	1,777,165	1,777,165
		----- (Rupees) -----	
	Basic and diluted earnings per share	8.03	6.03

35.1 Diluted earnings per share has not been presented separately as the Group does not have any convertible instruments in issue.

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. 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. In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

36.1 Fair value of financial instruments

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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

	September 30, 2022 (Un-audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	------(Rupees in '000)-----			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	958,008,860	-	958,008,860
Shares	7,222,985	-	-	7,222,985
Non-Government Debt Securities	12,000,000	7,813,747	-	19,813,747
Foreign Securities	-	53,672,696	-	53,672,696
REIT Fund - Unlisted	-	500,000	-	500,000
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	76,491,307	-	76,491,307
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	4,673,049	-	4,673,049
Forward sale of foreign exchange	-	(4,479,357)	-	(4,479,357)
Forward purchase of government securities	-	(26,656)	-	(26,656)
Forward sale of government securities	-	3	-	3
Derivatives purchases	-	5,547,696	-	5,547,696
Derivatives Sales	-	48,375	-	48,375
	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	------(Rupees in '000)-----			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	655,169,287	-	655,169,287
Shares	4,959,952	-	-	4,959,952
Non-Government Debt Securities	12,180,000	7,550,203	-	19,730,203
Foreign Securities	-	55,400,927	-	55,400,927
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	69,624,622	-	69,624,622
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	2,249,270	-	2,249,270
Forward sale of foreign exchange	-	(1,021,507)	-	(1,021,507)
Forward purchase of government securities	-	(46,547)	-	(46,547)
Forward sale of government securities	-	-	-	-
Derivatives purchases	-	(191,189)	-	(191,189)
Derivatives sales	-	-	-	-

36.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer, occurred. There were no transfers between levels 1 and 2 during the current period.

36.3 Valuation techniques used in determination of fair values:

36.3.1 Fair value of financial assets

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies and Non government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3 except as disclosed in 36.3.2.

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

36.3.2 Fair value of non-financial assets

Certain categories of fixed assets (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 10 and 13. The valuations are conducted by the valuation experts appointed by Bank which are also on panel of State Bank of Pakistan.

36.3.3 Valuation techniques

Item	Valuation approach and input used
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the State Bank of Pakistan.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates. Floating rate PIBs are revalued using PKFRV rates.
Overseas Sukuks, Overseas Bonds and GoP Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Operating fixed assets and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical / 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 can not be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

37 SEGMENT INFORMATION

37.1 Segment details with respect to Business Activities

For the nine months period ended September 30, 2022 (Un-audited)

	(Rupees in '000)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokerage	Others*	Total
Profit & Loss									
Net mark-up/return/profit	(10,811,123)	9,628,448	9,425,154	43,516,426	(56,614)	2,811,444	(44,407)	(502,018)	53,967,310
Inter segment revenue - net	40,243,881	(3,176,723)	(170,853)	(38,026,369)	628,737	487,974	-	13,353	18,278,308
Non mark-up/return/interest income	4,350,023	2,273,122	1,551,905	7,361,317	391,974	1,038,663	282,298	1,029,006	72,245,618
Total Income	33,782,781	8,724,847	10,806,206	12,851,374	964,097	4,338,081	237,891	540,341	35,924,023
Segment direct expenses	13,858,132	1,106,399	4,805,800	404,773	1,477,324	1,780,193	240,399	12,251,003	(11,455,215)
Inter segment expense allocation	6,967,265	965,709	1,894,540	403,548	1,030,340	193,831	-	-	35,924,023
Total expenses	20,825,397	2,072,108	6,700,340	808,321	2,507,664	1,974,006	240,399	795,788	35,924,023
Provisions / (Reversals)	4,709,929	(186,898)	315,897	480,740	8,763	58,077	(1,291)	2,750,000	8,135,217
Profit / (loss) before tax	8,247,455	6,839,637	3,789,969	11,562,313	(1,552,530)	2,305,998	(1,217)	(3,005,447)	28,186,378

As at September 30, 2022 (Un-audited)

	(Rupees in '000)								
	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokerage	Others*	Total
Balance Sheet									
Cash & Bank balances	67,105,178	12,755,606	20,760,005	-	1,115,815	38,461,595	328,214	-	140,526,413
Investments	576,343,978	2,822,227	112,811,164	936,209,695	16,182,229	70,978,271	18,744	3,810,209	1,126,650,310
Net inter segment lending	-	-	-	7,813,711	-	8,372,525	-	93,115,009	685,641,216
Lendings to financial institutions	214,162,003	314,559,071	162,833,935	-	68,550	36,873,782	19,532	10,436,894	19,226,146
Advances - performing	3,344,492	1,757,306	533,319	-	2,218	254,414	-	60,694	738,943,767
Others	34,064,292	24,289,299	32,634,507	29,154,534	1,677,524	18,165,416	1,140,165	16,341,988	5,952,443
Total Assets	895,019,943	356,183,509	332,602,840	973,177,940	19,046,336	173,106,003	1,506,655	123,764,794	2,874,408,020
Borrowings	21,717,594	86,228,604	43,856,720	375,025,488	-	10,435,686	667,440	-	537,931,532
Subordinated debt	-	-	-	-	-	-	-	7,000,000	7,000,000
Deposits & other accounts	838,504,026	183,525,504	230,993,905	-	18,596,917	113,824,520	-	-	1,385,444,872
Net inter segment borrowing	-	38,970,453	14,876,844	594,656,498	-	37,137,421	-	-	685,641,216
Others	35,871,676	47,458,948	40,522,456	6,266,445	449,419	15,601,005	511,288	6,381,637	153,062,874
Total liabilities	896,093,296	356,183,509	330,249,925	975,948,431	19,046,336	178,928,632	1,178,728	13,381,637	2,769,080,494
Net Assets	(1,073,353)	-	2,352,915	(2,770,491)	-	(3,892,629)	327,927	110,383,157	105,327,526
Equity									105,327,526
Contingencies & Commitments	78,085,744	206,458,684	66,074,734	208,315,696	2,665	96,958,674	450,000	2,471,283	658,817,480

* Others include head office related activities and share of profit.

	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokerage	Others*	Total
(Rupees in '000)									
Profit & Loss									
Net mark-up/return/profit	(2,089,392)	9,867,397	5,952,747	18,508,398	(6,297)	2,128,221	(6,324)	(603,279)	34,051,471
Inter segment revenue - net	19,413,868	(5,388,374)	(246,516)	(14,755,034)	357,541	426,017	-	142,498	-
Non mark-up/return/interest income	3,473,838	1,743,929	907,319	3,937,208	3,937,391	941,593	245,851	634,254	12,143,383
Total Income	20,798,314	6,272,952	6,613,550	7,690,572	610,635	3,495,831	239,527	473,473	46,194,854
Segment direct expenses	11,074,776	944,877	3,448,965	351,771	1,199,781	1,482,464	160,186	8,460,409	27,123,229
Inter segment expense allocation	5,369,946	771,754	1,322,361	297,682	459,611	245,744	-	(8,467,098)	-
Total expenses	16,444,722	1,716,631	4,771,326	649,453	1,659,392	1,728,208	160,186	(6,689)	27,123,229
Provisions / (Reversals)	374,950	1,135,300	1,023,632	(76,204)	6,063	105,422	-	(1,150,000)	1,419,163
Profit / (loss) before tax	3,978,642	3,421,021	818,592	7,117,323	(1,054,820)	1,662,201	79,341	1,630,162	17,652,462

As at December 31, 2021 (Audited)

	Retail	Corporate	Islamic	Treasury	Digital	Overseas	Brokerage	Others*	Total
(Rupees in '000)									
Balance Sheet									
Cash & Bank balances	59,681,508	11,541,859	16,233,178	6,799,542	494,255	20,606,452	231,443	-	115,588,237
Investments	-	2,072,227	91,822,133	645,414,966	-	69,050,718	26,166	3,537,036	811,923,246
Net inter segment lending	431,128,123	-	-	-	6,355,852	-	-	86,291,183	523,775,158
Lendings to financial institutions	203,165,570	282,208,814	16,493,641	11,172,904	-	8,315,520	-	35,982,065	670,298,594
Advances - performing	1,069,060	2,138,566	224,685	-	65,423	41,101,258	2,661	10,876,876	26,213,863
Advances - non-performing	21,021,729	19,167,418	21,637,954	11,100,835	2,337	150,043	-	-	56,050,316
Others	716,065,990	317,128,884	279,289,583	674,488,747	1,490,652	3,353,196	725,440	20,899,034	1,733,140,472
Total Assets	1,716,065,990	1,744,067,468	477,853,344	1,569,426,806	8,408,519	142,577,187	985,710	121,604,129	3,671,964,719
Borrowings	26,768,170	79,969,245	31,305,163	207,951,783	-	37,314,358	300,000	500,153	384,108,872
Subordinated debt	-	-	-	-	-	-	-	7,000,000	7,000,000
Deposits & other accounts	668,667,896	182,007,203	200,390,388	-	8,293,361	79,650,772	-	-	1,139,009,620
Net inter segment borrowing	-	26,502,870	12,724,121	46,470,151	-	19,846,654	-	-	523,775,158
Others	20,591,423	28,649,566	32,493,099	3,089,606	115,158	5,658,006	350,984	13,832,658	104,780,500
Total Liabilities	716,027,489	317,128,884	276,912,771	675,742,902	8,408,519	142,469,790	650,984	21,132,811	2,158,674,150
Net Assets	38,501	-	2,276,812	(1,254,655)	-	107,397	334,726	100,271,318	101,874,099
Equity									
Contingencies & Commitments	69,140,430	182,095,105	73,345,099	160,268,743	78,313	83,682,843	450,000	2,239,467	571,240,000

* Others include head office related activities and share of profit.

The Group has related party transactions with its parent, associates, employee benefit plans, its directors, Key Management Personnel and other related parties.

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 person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	As at September 30, 2022 (Un-audited)		As at December 31, 2021 (Audited)					
	Directors/ CEO	Key management personnel*	Associates	Other related parties	Directors/ CEO	Key management personnel*	Associates	Other related parties
----- (Rupees in '000) -----								
Lendings to financial institutions								
Opening balance	-	-	-	2,330,078	-	-	-	1,745,830
Addition during the period / year	-	-	-	23,051,724	-	-	-	136,191,858
Repaid during the period / year	-	-	-	(25,381,802)	-	-	-	(133,658,672)
Transfer in / (out) - net	-	-	-	-	-	-	-	(1,948,938)
Closing balance	-	-	-	-	-	-	-	2,330,078
Investments								
Opening balance	-	-	4,118,122	1,119,230	-	-	3,675,044	1,241,405
Investment made during the period / year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	(22,245)
Equity method adjustment	-	-	532,529	-	-	-	443,078	-
Transfer in / (out) - net	-	-	-	-	-	-	-	(89,930)
Closing balance	-	-	4,650,651	1,119,230	-	-	4,118,122	1,119,230
Advances								
Opening balance	77	1,184,057	-	1,997,552	78,132	791,521	-	3,346,278
Addition during the period / year	20,205	321,652	-	22,554,758	-	681,118	-	1,954,966
Repaid during the period / year	(1,570)	(135,446)	-	(22,595,696)	(78,055)	(263,110)	-	(3,388,044)
Transfer in / (out) - net	-	(981,103)	-	(7)	-	(25,472)	-	94,352
Closing balance	18,712	389,160	-	1,956,607	77	1,184,057	-	1,997,552
Other Assets								
Interest / mark-up accrued	520	41,962	-	62,806	-	109,318	-	20,294
Receivable from staff retirement fund	-	-	-	533,111	-	-	-	744,324
Prepayment / rent receivable	-	-	-	-	-	-	-	-
Others	-	-	793	-	-	-	-	-

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	17,771,651	17,771,651
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	85,733,283	77,928,098
Eligible Additional Tier 1 (ADT 1) Capital	7,015,737	7,013,781
Total Eligible Tier 1 Capital	92,749,020	84,941,879
Eligible Tier 2 Capital	24,065,347	24,985,562
Total Eligible Capital (Tier 1 + Tier 2)	116,814,367	109,927,441

Risk Weighted Assets (RWAs):

Credit Risk	707,477,281	659,974,433
Market Risk	13,429,713	13,389,075
Operational Risk	94,040,288	94,040,288
Total	814,947,282	767,403,796

Common Equity Tier 1 Capital Adequacy ratio	10.52%	10.15%
Tier 1 Capital Adequacy Ratio	11.38%	11.07%
Total Capital Adequacy Ratio	14.33%	14.32%

In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Bank:

Common Equity Tier 1 Capital Adequacy ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.50%	11.50%

For Capital adequacy calculation, Bank has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.

Leverage Ratio (LR):

Eligible Tier-1 Capital*	91,254,216	84,941,879
Total Exposures	2,537,364,238	2,292,529,009
Leverage Ratio	3.60%	3.71%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	706,478,922	474,660,774
Total Net Cash Outflow	393,408,556	275,665,253
Liquidity Coverage Ratio	180%	172%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	1,183,322,758	1,017,917,252
Total Required Stable Funding	866,304,253	753,951,739
Net Stable Funding Ratio	137%	135%

*Eligible Tier -1 Capital measure for calculation of Leverage Ratio is based on three months average.

40 AFGHANISTAN OPERATIONS

Bank Alfalah maintains a two-branch presence in Afghanistan. The board and management of the Bank continue to closely monitor the evolving situation in Afghanistan which has been hampered due to country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The bank remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

41 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on October 17, 2022 by the Board of Directors of the Bank.

42 GENERAL

42.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements, wherever necessary to facilitate comparison.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated condensed interim financial statements is as follows:

Description of Item	Nature	(Rupees in '000)	From	To
Business Partner Incentive - Card Centre	Income	79,120	Fee & Commission Income - Card Related Fees (Debit And Credit Cards)	Mark-Up/Return/Interest Earned - Loans And Advances
Step By Step Fee - Credit Card	Income	85,540	Fee & Commission Income - Card Related Fees (Debit And Credit Cards)	Mark-Up/Return/Interest Earned - Loans And Advances
Islamic Refinance Facility for Combating COVID (IRFCC)	Liability	66,861	Borrowings - Other refinance schemes	Borrowings - Refinance Facility for Combating COVID (RFCC)
Refinance Facility for Combating COVID (RFCC)	Liability	134,184	Borrowings - Export Refinance Scheme	Borrowings - Refinance Facility for Combating COVID (RFCC)
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	Liability	177,244	Borrowings - Other refinance schemes	Borrowings - Refinance and Credit Guarantee Scheme for Women Entrepreneurs
Modernization of Small and Medium Entites (MSMES)	Liability	427,799	Borrowings - Export Refinance Scheme	Borrowings - Modernization of Small and Medium Entites (MSMES)
Government of Pakistan Euro Bond	Asset	5,374,105	Investment - Overseas Bonds	Investment - Government of Pakistan Euro Bond

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director



Bank Alfalah
The Way Forward



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