



QUARTERLY REPORT - **MARCH 31, 2023**
(UN-AUDITED)

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Company Information

Board of Directors

HH Sheikh Nahayan Mabarak 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 and 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

Chief Internal Auditor

Tahir Khurshid

Auditors

A. F. Ferguson & Co.

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

On behalf of the Board of Directors, we are pleased to present the unconsolidated condensed interim financial statements of Bank Alfalah Limited for the quarter ended March 31, 2023.

Economic Review

First quarter 2023 continued to present significant challenges: political instability in the country, global economic slowdown, soaring inflation pressures, currency devaluation, and supply chain imbalance. The decision making on economic conditions continued to be influenced by politics during the Election Year. With a stalled IMF program and vulnerable forex reserves amid looming debt repayments, the Pakistani rupee continued to depreciate, and inflation touched multi-decade high levels. Growth momentum significantly slowed down, resulting in a serious blow to income levels and purchasing power. During the period, Moody's Investor Service and Fitch further downgraded Pakistan's sovereign credit rating by one notch to Caa3 and CCC- respectively.

Foreign exchange reserves dropped to USD 4.2 billion as of Mar 31, 2023 with limited inflows and higher debt repayments. Arranging foreign inflows to finance the current account and debt repayments remains the primary challenge for the Government, particularly as the IMF program remains unascertained amid the economic crisis. Reflecting the same, the Pakistani rupee remained extremely volatile, depreciating by 20% against the USD during 1Q 2023. Recent inflows from China and the announcement by Saudi Arabia to support Pakistan are welcome developments, however the IMF program remains critical for sustainability.

Inflation touched 35.4% (YoY) in Mar 2023, mainly driven by food (up 48.4% YoY) and

energy (up 48.8% YoY) prices, reflecting domestic currency devaluation, elevated commodity prices, and higher input costs. Core inflation (non-food non-energy) also crossed the 20% YoY growth mark, indicating broad-based inflationary pressures that are likely to recede at a slow pace. The State Bank of Pakistan continued the monetary tightening cycle as it increased the policy rate to an all-time high level of 21% in an attempt to rein in the record high inflationary trend.

Administrative measures by SBP have paid off. The current account balance improved due to the trimmed trade deficit. During 8M FY2023, the import bill declined by 21% YoY to USD 37.4 billion, while exports were lower by 9.7% at USD 18.6 billion, resulting in a trade deficit that reduced by 29.8% to USD 18.7 billion. However, workers' remittances also slowed down by 10.9% to USD 18.0 billion. The current account deficit nevertheless contracted by 68% to the manageable level of USD 3.9 billion in 8M FY2023.

Pakistan's fiscal deficit for 1H FY2023 was recorded at 2.0% of GDP, while the primary balance reported a surplus of 0.2%. However, with sustained inflation, higher interest rates, and below-target tax collection amid economic slowdown, the fiscal deficit is expected to remain elevated in the coming quarters.

Reflecting the weak economic scenario and heated politics, the KSE100 index declined by 1.04% during 1Q 2023.

Going forward, while economic challenges are likely to persist, serious efforts are needed to implement reforms alongside creating fiscal space for development. The revival of the IMF program remains essential to restore confidence in the economy.

Review of the Bank's Performance

The highlights of Bank's financial results for the quarter ended March 31, 2023, are presented as follows:

Financial Position	March 31, 2023	December 31, 2022
Rupees in Millions		
Shareholders' Equity	104,139	100,015
Total Assets	2,532,315	2,253,197
Deposits	1,554,035	1,486,845
Advances – net	697,993	732,375
Investments – net	1,283,986	1,114,407

Financial Performance	Quarter ended March 31, 2023	Quarter ended March 31, 2022
Rupees in Millions		
Net Interest Income and Non-Markup Income	34,489	18,671
Non-Markup Expenses	14,993	10,444
Provisions and write offs (net)	522	387
Profit before tax	18,974	7,839
Profit after tax	10,743	5,019
Basic and Diluted earnings per share – Rupees	6.81	2.82

The first quarter 2023 results reflect strong growth momentum in line with the Bank's strategy. The bank posted profit after tax of Rs. 10.743 billion for the period ended March 31, 2023 being 114.1% up against same period last year (SPLY). The Earning Per Share (EPS) stood at Rs. 6.81 (Mar 2022: Rs. 2.82). Our market share increased for several of our products and we continued to make significant investments in people and technology while exercising strict credit discipline.

Bank's revenue increased by 84.7% as compared to same period last year. Key contribution was from markup income which grew significantly by 95.5% and stood at Rs. 27.937 billion. The increase in markup income is driven by a combination of net earning assets growth and re-pricing of the asset book. Non-markup income stood at Rs. 6.552 billion, higher by 49.5% from same period last year. FX income increased mainly due to higher market volatility.

Fee and commission income showed a robust growth of 33.6% year on year (YoY). Significant contributions are from branch banking fee due to increase in business activity and number of customers despite free of charge services offered to the account holders. Combined debit and credit card spend increased by 55% with travel, fuel, grocery and dining spend remained high. Card

acquiring income doubled due to phenomenal increase in e-commerce spend and POS merchant sale value, which is up by 52%. Trade, guarantees, and remittance income also increased on back of significant volume growth in Rupee terms. The Bank is ranked amongst top three banks in the country for home remittance flows. Rich growth 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. As a result of the bank's strategy to open new branches, invest in digital technologies and information technology platforms alongside flood relief donation, PKR depreciation and inflation related effects led to higher operating expenses. During last 15 months, the Bank opened 100+ 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 42.3% as against 55.1% SPLY, taking support from strong revenue growth.

The bank's deposits closed at Rs. 1.554 trillion at the end of Mar '23, with YoY growth of 31.9%. The current accounts grew by 24.0% YoY. This is reflective of the bank's well thought and applied strategy of increasing its market share.

The Bank's loan book closed at Rs. 731.863 billion, while maintaining credit discipline amid challenging market fundamentals. As at the quarter end, our gross advances to deposits ratio (ADR) stood at 47.1%. Our underwriting discipline and rigorous client selection continued to serve us well which reflects in our non-performing loans ratio which stood at 4.5% despite some prudent classifications. Further non-performing loans remain fully covered with coverage being 103.2%.

As at March 31, 2023, the Bank remains adequately capitalised with CAR at 14.66%.

Credit Rating

The Bank has been assigned following ratings by PACRA:

- Entity rating: 'AA+' (Double A Plus) for the long-term and 'A1+' (A-One Plus) for the short-term, with Outlook assigned as 'Stable'.
- Instruments rating: Unsecured Tier 1 Capital instruments (Term Finance Certificates) of the Bank have been awarded a credit rating of 'AA-' (Double A Minus), with 'Stable' Outlook.

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

Future Outlook

Bank Alfalah is strategically positioned for sustainable growth and building long-term shareholder value, even in the face of macroeconomic challenges. Our focus is to strengthen our deposit base and grow our market share in low-cost deposits. Additionally, we aim to expand our domestic footprint, providing

unparalleled services to our customers while reaching a wider audience.

In alignment with the economic goals of the Government and SBP, and considering macroeconomic situations, the Bank will assess its course of action which may include prioritising consumer space, assisting SMEs in growing their business, whilst we continue towards harnessing technology to meet customers' banking needs, boosting trade volumes and increasing penetration in cash management.

To adapt to changing business dynamics, we are accelerating our digital transformation journey, focusing on re-engineering our business processes and redesigning customer journeys to improve operational efficiencies and TATs. We are also partnering with fintech companies to leverage their disruptive technologies and solutions, gain a technological edge, and accelerate digital adoption while using our core competencies.

Most importantly, we continue to invest in our human capital and cultivate a culture of care collaboration, creativity and innovation. By doing so, we remain confident that Bank Alfalah will thrive and grow in the future.

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.

Over the years, we have laid the foundations to deliver great value and service to our customers, while improving profitability and strengthening our balance sheet. We will remain focused on serving our customers and playing a key role in supporting economic recovery. In doing this, we will be mindful of our responsibilities to our staff and communities, and of continuing to deliver high returns to our shareholders.

Atif Aslam Bajwa
President & Chief Executive Officer

April 27, 2023
Abu Dhabi

Khalid Qurashi
Director

بڑھانا ہے۔ مزید برآں، ہمارا مقصد گھریلو سطح پر بڑھانا ہے، اور وسیع تر حد تک پہنچنے سے اپنے صارفین کو بے مثال خدمات فراہم کرنا ہے۔

حکومت اور اسٹیٹ بینک آف پاکستان کے معاشی اہداف کے مطابق، اور میکرو اکنامک حالات پر غور کرتے ہوئے، بینک اپنے طریقہ کار کا جائزہ لے گا جس میں صارفین کی جگہ کو ترجیح دینا، SMEs کو ان کے کاروبار کو بڑھانے میں مدد کرنا شامل ہو سکتا ہے، جب کہ ہم ٹیکنالوجی کو پورا کرنے کے لیے استعمال کرنا جاری رکھیں گے۔ صارفین کی بینکنگ ضروریات، تجارتی حجم کو بڑھانا اور کیش مینجمنٹ کو بڑھانا۔

بدلتی ہوئی کاروباری حرکیات کو اپنانے کے لیے، ہم اپنے ڈیجیٹل تبدیلی کے سفر کو تیز کر رہے ہیں، اپنے کاروباری عمل کو دوبارہ انجینئر کرنے اور آپریٹسز کا مفادیت اور TATS کو بہتر بنانے کے لیے کسٹمر کے سفر کو دوبارہ دیکھنا کرنا شروع کر رہے ہیں۔ ہم فنڈنگ کمپنیوں کے ساتھ بھی شراکت کر رہے ہیں تاکہ ان کی خلل ڈالنے والی ٹیکنالوجیز اور حلوں کا فائدہ اٹھا سکیں، ٹیکنیکی برتری حاصل کریں، اور اپنی بنیادی صلاحیتوں کو استعمال کرتے ہوئے ڈیجیٹل اپنانے کو تیز کریں۔

سب سے اہم بات یہ ہے کہ ہم اپنے انسانی سرمایے میں سرمایہ کاری کرتے رہتے ہیں اور نگہداشت تعاون، تخلیقی صلاحیتوں اور اختراع کی ثقافت کو فروغ دیتے ہیں۔ ایسا کرنے سے، ہمیں یقین ہے کہ بینک الفلاح مستقبل میں اور زیادہ ترقی کرے گا۔

تشکرات

بورڈ کی جانب سے، ہم اسٹیٹ بینک آف پاکستان، سیکریٹری اینڈ ایگزیکٹو کیشن آف پاکستان، وزارت خزانہ اور ڈیپارٹمنٹ آف ایگزیکٹو سٹریٹجی اور تعاون کا شکریہ ادا کرنا چاہتے ہیں۔ اس کے ساتھ ساتھ، ہم اپنے شیئر ہولڈرز، اپنے صارفین اور کاروباری شراکت داروں کی مسلسل سرپرستی پر اظہار تشکر کرنا چاہتے ہیں۔

سالوں کے دوران، ہم نے اپنے صارفین کو بہترین قدر اور خدمات فراہم کرنے کے لیے بنیادیں رکھی ہیں، جبکہ منافع میں بہتری اور اپنی پالیسی کو مضبوط بنایا ہے۔ ہم اپنے صارفین کی خدمت کرنے اور معاشی بحالی میں کلیدی کردار ادا کرنے پر توجہ مرکوز رکھیں گے۔ ایسا کرنے میں، ہم اپنے عملے اور کمیونیز کے لیے اپنی ذمہ داریوں کا خیال رکھیں گے، اور اپنے شیئر ہولڈرز کو زیادہ منافع فراہم کرتے رہیں گے۔

خالد قریشی
ڈائریکٹر

بینک کے ذخائر 23 مارچ کے آخر میں 1.554 ٹریلین روپے پر بند ہوئے، جو کہ 31.9 فیصد کی سالانہ ترقی کے ساتھ ہے۔ کرنٹ اکاؤنٹس میں سال بہ سال 24.0 فیصد اضافہ ہوا۔ یہ اپنے مارکیٹ شیئر کو بڑھانے کے لیے بینک کی سمجھدار اور لاگو حکمت عملی کا عکاس ہے۔

بینک کی قرض کی کتاب 731.863 بلین روپے پر بند ہوئی، مارکیٹ کے چیلنجنگ بنیادی اصولوں کے درمیان کریڈٹ ڈیلنگ کو برقرار رکھنے ہونے جیسا کہ سماجی کے اختتام پر، ہماری مجموعی ایڈوانسز اور ڈپازٹس کا تناسب (47.1 ADR) فیصد رہا۔ ہمارا انڈر رائٹنگ ڈیلنگ اور سخت کلائنٹ کا انتخاب ہماری اچھی طرح سے خدمت کار تاربا جو ہمارے غیر فعال قرضوں کے تناسب سے ظاہر ہوتا ہے جو کچھ سمجھدار درجہ بندیوں کے باوجود 4.5 فیصد رہا۔ مزید غیر فعال قرضے 103.2 فیصد کو رتج کے ساتھ مکمل طور پر محیط ہیں۔

جیسا کہ 31 مارچ 2023 تک، بینک CAR کے ساتھ 14.66 فیصد پر کافی سرمایہ دار ہے۔

کریڈٹ ریٹنگ

بینک کو PACRA کی طرف سے درج ذیل درجہ بندی تفویض کی گئی ہے:

- 4-ٹینٹیٹی کی درجہ بندی: طویل مدتی کے لیے 'AA'+ (ڈیل اے پلس) اور مختصر مدت کے لیے 'A1+' (اے ون پلس)، آؤٹ لک کو 'مستحکم' کے طور پر تفویض کیا گیا ہے۔
- انسٹرو منٹس کی درجہ بندی: بینک کے غیر محفوظ ٹائز 1 کیپیٹل انسٹرو منٹس (غرضی مناس سرٹیفیکیشن) کو 'مستحکم' آؤٹ لک کے ساتھ 'AA'- (ڈیل اے منس) کی کریڈٹ ریٹنگ دی گئی ہے۔

تفویض کردہ ریٹنگز بینک کے متنوع آپریٹرز، صحت مند مالیاتی رسک پروفائل، مضبوط اسپانسرز اور موجودہ مارکیٹ میں موجودگی کی عکاسی کرتی ہیں۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع، طویل مدت میں مالی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت اور مختصر مدت میں بروقت ادائیگی کی بلند ترین صلاحیت کو ظاہر کرتی ہیں۔

مستقبل کا آؤٹ لک

بینک الفلاح حکمت عملی کے طور پر پائیدار ترقی اور طویل مدتی شیئر ہولڈر کی قدر بڑھانے کے لیے اچھی پوزیشن میں ہے، حتیٰ کہ میکرو اکنامک چیلنجوں کے باوجود۔ ہماری توجہ اپنے ڈپازٹس میں مضبوط کرنا اور کم آؤٹ لک والے ڈپازٹس میں اپنے مارکیٹ شیئر کو

عاطف المسلم اہما جو
صدر اور چیف ایگزیکٹو آفیسر
27 اپریل 2023
ابو ظہبی

بینک کی کارکردگی کا جائزہ

مارچ 2023 کو ختم ہونے والی سہ ماہی کے لیے بینک کے مالیاتی نتائج کی جھلکیاں مندرجہ ذیل ہیں:

مالیاتی پوزیشن	31 مارچ، 2023	31 مارچ، 2022
ٹینر ہولڈرز کی ایکویٹی	104,139	100,015
کل اثاثے	2,532,315	2,253,197
ڈپازٹس	1,554,035	1,486,845
ایڈوانسز-خالص	697,993	732,375
سرمایہ کاریاں-خالص	1,283,986	1,114,407

مالیاتی کارکردگی	31 مارچ، 2023 کو ختم ہونے والی سہ ماہی	31 مارچ، 2022 کو ختم ہونے والی سہ ماہی
خالص مارک اپ آمدنی اور نان مارک اپ آمدنی	34,489	18,671
نان مارک اپ اخراجات	14,993	10,444
پروویڈرز اور رائٹ آف (خالص)	522	387
قبل از ٹیکس منافع	18,974	7,839
بعد از ٹیکس منافع	10,743	5,019
بنیادی اور ڈائیلیٹڈ آمدنی فی شیئر-روپے	6.81	2.82

سفر، ایندھن، گروسری اور کھانے کے اخراجات زیادہ رہے۔ اسی کامرس کے اخراجات اور پی او بس مرچنٹ کی سیل ویلیو میں غیر معمولی اضافے کی وجہ سے کارڈ حاصل کرنے والی آمدنی دگنی ہو گئی، جو کہ 52 فیصد زیادہ ہے۔ تجارت، ضمانتیں، اور ترسیلات زر کی آمدنی میں بھی روپے کے لحاظ سے نمایاں حجم نمو کی وجہ سے اضافہ ہوا۔ بینک کا شمار ملک کے سرفہرست تین بینکوں میں ہوتا ہے جو گھر سے ترسیلات زر کے بہاؤ کے لیے ہیں۔ ڈیجیٹل لین دین کے حجم میں بھرپور اضافہ اور انٹرنیٹ بینک فنڈز کی منتقلی پر چارجز دوبارہ شروع ہونے سے متبادل ڈیجیٹل ریجسٹر کی آمدنی میں اضافہ ہوا۔

پہلی سہ ماہی 2023 کے نتائج بینک کی حکمت عملی کے مطابق مضبوط ترقی کی رفتار کو ظاہر کرتے ہیں۔ بینک نے 31 مارچ 2023 کو ختم ہونے والی مدت کے لیے 10.743 بلین روپے کا بعد از ٹیکس منافع حاصل کیا جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 114.1 فیصد زیادہ ہے۔ فی شیئر کمائی (EPS) 6.81 روپے (مارچ 2022: 2.82 روپے) رہی۔ ہماری نئی پروڈکٹوں کے لیے ہمارے مارکیٹ شیئر میں اضافہ ہوا اور ہم نے سخت کریڈٹ ڈیپننگ کا استعمال کرتے ہوئے لوگوں اور بینکالوجی میں اہم سرمایہ کاری جاری رکھی۔

بینک کے منصوبوں میں سرمایہ کاری پر سمجھوتہ کے بغیر توسیع کے ذریعے آمدن کی رفتار بڑھانے پر توجہ مرکوز کرتے ہوئے اخراجات پر نظر رکھتا ہے اور اخراجات کا احتیاط سے انتظام کرتا ہے۔ بینک کی نئی شاخیں کھولنے، ڈیجیٹل ٹیکنالوجیز اور انفارمیشن ٹیکنالوجی پلیٹ فارمز میں سرمایہ کاری کے نتیجے میں سیلاب سے نجات کے عطیات کے ساتھ پاکستانی روپے کی قدر میں کمی اور افراط زر سے متعلق اثرات آپریٹنگ اخراجات میں اضافے کا باعث بننے پچھلے 15 مہینوں کے دوران، بینک نے 100 سے زیادہ نئی شاخیں کھولی ہیں، جو ہمیں کسٹمرز کے حصول، ڈپازٹ کو متحرک کرنے اور آمدنی میں اضافے میں مدد فراہم 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 گہرا کر سکتے ہیں اور مارکیٹ شیئر حاصل کر سکتے ہیں۔ اس کامیابی کا بہترین ثبوت پچھلے تین سالوں میں ہمارے مارکیٹ شیئر میں اضافہ ہے۔ بینک کی آمدنی کا تناسب 55.1 فیصد SPLY کے مقابلے میں 42.3 فیصد تک بڑھ گیا، مضبوط آمدنی میں اضافے سے تعاون حاصل ہوا۔

بینک کی آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 84.7 فیصد اضافہ ہوا۔ کلیدی شرکات مارک اپ آمدنی سے تھی جس میں نمایاں طور پر 95.5 فیصد اضافہ ہوا اور 29.37 بلین روپے رہا۔ مارک اپ آمدنی میں اضافہ خالص آمدنی والے اثاثوں میں اضافے اور اثاثوں کی کتاب کی دوبارہ قیمتوں کے استخراج سے ہوتا ہے۔ نان مارک اپ آمدنی 6.52 بلین روپے رہی جو گزشتہ سال کی اسی مدت کے مقابلے میں 49.5 فیصد زیادہ ہے۔ FX آمدنی میں اضافہ بنیادی طور پر مارکیٹ کے زیادہ اتار چڑھاؤ کی وجہ سے ہوا۔

فیس اور کمیشن کی آمدنی نے سال بہ سال (سال بہ سال) 33.6 فیصد کی مضبوط ترقی دکھائی۔ اکاؤنٹ ہولڈرز کو خدمت کی پیشکش کے باوجود کاروباری سرگرمیوں اور صارفین کی تعداد میں اضافے کی وجہ سے اہم شرکات برانچ بینکنگ فیس سے ہوتی ہے۔ ڈیٹ اور کریڈٹ کارڈ کے مشترکہ اخراجات میں 55 فیصد اضافہ ہوا جس میں

ہم بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2023 کو ختم ہونے والی پہلی سہ ماہی کے لیے بینک الفلاح لمیٹڈ عبوری مالیاتی اسٹیٹمنٹ جاری کر رہے ہیں۔

معاشی جائزہ

قیمتوں کی وجہ سے، ملکی کرنسی کی قدر میں کمی، ایشیا کی بلند قیمتوں اور اخراجات کی عکاسی کرتی ہے۔ بنیادی افراط زر (نان فوڈ نان انرجی) نے بھی 20 فیصد سال بہ سال ترقی کے نشان کو عبور کر لیا، جو کہ وسیع بنیاد پر افراط زر کے دباؤ کو ظاہر کرتا ہے جو سست رفتاری سے کم ہونے کا امکان ہے۔ اسٹیٹ بینک آف پاکستان نے مالیاتی سختی کا سلسلہ جاری رکھا کیونکہ اس نے ریکارڈ بلند افراط زر کے رجحان پر نگاہ لگانے کی کوشش میں پالیسی ریٹ کو 21 فیصد کی اب تک کی بلند ترین سطح تک بڑھا دیا۔

پہلی سہ ماہی 2023 مسلسل اہم چیلنجز پیش کرتی رہی: ملک میں سیاسی عدم استحکام، عالمی اقتصادی سست روی، مہنگائی کے بڑھتے ہوئے دباؤ، کرنسی کی قدر میں کمی، اور سپلائی چین میں عدم توازن۔ انتخابی سال کے دوران معاشی حالات پر فیصلہ سازی سیاست سے متاثر ہوتی رہی۔ IMF کے رکے ہوئے پروگرام اور قرضوں کی ادائیگیوں کے درمیان کمزور غیر ملکی زرمبادلہ کے ذخائر کے ساتھ، پاکستانی روپے کی قدر مسلسل گرتی رہی، اور مہنگائی کئی دہائیوں کی بلند ترین سطح کو چھو گئی۔ ترقی کی رفتار نمایاں طور پر کم ہو گئی، جس کے نتیجے میں آمدنی کی سطح اور قوت خرید کو شدید دھچکا لگا۔ اس عرصے کے دوران، Moody's Investor Service اور Fitch نے پاکستان کی خود مختار کریڈٹ ریٹنگ کو بولتربیب Caa3 اور CCC ایک درجے سے نیچے کر دیا۔

اسٹیٹ بینک کے انتظامی اقدامات نے نتیجہ اخذ کیا ہے۔ تجارتی خسارے میں کمی کی وجہ سے کرنٹ اکاؤنٹ۔ بیلنس بہتر ہوا۔ 8MFY2023 کے دوران، درآمدی بل سال بہ سال 21 فیصد کم ہو کر 37.4 بلین امریکی ڈالر ہو گیا، جب کہ برآمدات 9.7 فیصد کم ہو کر 18.6 بلین امریکی ڈالر رہی، جس کے نتیجے میں تجارتی خسارہ 29.8 فیصد کم ہو کر 18.7 بلین امریکی ڈالر ہو گیا۔ تاہم، کارکنوں کی ترسیلات زر بھی 10.9 فیصد کم ہو کر 18.0 بلین امریکی ڈالر رہ گئیں۔ اس کے باوجود کرنٹ اکاؤنٹ خسارہ 8MFY2023 میں 68 فیصد کم ہو کر 3.9 بلین امریکی ڈالر کی قابل انتظام سطح پر آ گیا۔

غیر ملکی زرمبادلہ کے ذخائر 31 مارچ 2023 تک کم ہو کر 4.2 بلین امریکی ڈالر تک محدود ان فلوز اور قرضوں کی زیادہ ادائیگیوں کے ساتھ آ گئے۔ کرنٹ اکاؤنٹ اور قرضوں کی ادائیگی کے لیے غیر ملکی ان فلوز کا ہندوست کرنا حکومت کے لیے بنیادی چیلنج بنی ہوئی ہے، خاص طور پر جب کہ معاشی بحران کے دوران آئی ایم ایف کا پروگرام غیر یقینی ہے۔ اسی کی عکاسی کرتے ہوئے، پاکستانی روپیہ انتہائی اتار چڑھاؤ کا شکار رہا، پہلی سہ ماہی 2023 کے دوران امریکی ڈالر کے مقابلے میں 20 فیصد تک گر۔ چین کی طرف سے حالیہ رقوم اور سعودی عرب کی جانب سے پاکستان کی حمایت کا اعلان خوش آئند پیش رفت ہیں، تاہم آئی ایم ایف پروگرام پائیداری کے لیے اہم ہے۔

1HFY2023 کے لیے پاکستان کا مالیاتی خسارہ جی ڈی پی کا 2.0 فیصد ریکارڈ کیا گیا، جب کہ بنیادی توازن میں 0.2 فیصد کا سرپلس بتایا گیا۔ تاہم، معاشی سست روی کے درمیان مسلسل افراط زر، بلند شرح سود، اور بدف سے کم ٹیکس وصولی کے ساتھ، آنے والی سہ ماہیوں میں مالیاتی خسارہ بلند رہنے کی توقع ہے۔

کمزور معاشی منظر نامے اور گرما گرم سیاست کی عکاسی کرتے ہوئے، پہلی سہ ماہی 2023 کے دوران KSE100 انڈیکس میں 1.04 فیصد کمی واقع ہوئی۔

آگے بڑھتے ہوئے، جبکہ اقتصادی چیلنجز برقرار رہنے کا امکان ہے، ترقی کے لیے مالیاتی گنجائش پیدا کرنے کے ساتھ ساتھ اصلاحات کو نافذ کرنے کے لیے سنجیدہ کوششوں کی ضرورت ہے۔ معیشت پر اعتماد بحال کرنے کے لیے آئی ایم ایف پروگرام کی بحالی ضروری ہے۔

مارچ 2023 میں افراط زر 35.4 فیصد (سال بہ سال) تک پہنچ گئی، بنیادی طور پر خوراک (48.4 فیصد سالانہ اضافہ) اور توانائی (سال بہ سال 48.8 فیصد اضافہ) کی

A hand holding a pen pointing to a line graph and a candlestick chart. The background is a light gray with a subtle grid. The line graph has red dots and a red line. The candlestick chart has white candles with black outlines. The hand is in the foreground, holding a pen that points to the line graph.

BANK ALFALAH LIMITED

**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2023**

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
ASSETS			
Cash and balances with treasury banks	7	153,729,207	140,613,348
Balances with other banks	8	18,399,846	9,485,380
Lendings to financial institutions	9	210,799,979	115,353,599
Investments	10	1,283,986,288	1,114,406,758
Advances	11	697,992,597	732,374,851
Fixed assets	12	50,254,752	48,424,722
Intangible assets	13	1,373,601	1,296,297
Deferred tax assets	14	14,596,997	9,012,648
Other assets	15	101,181,791	82,229,125
		2,532,315,058	2,253,196,728
LIABILITIES			
Bills payable	16	25,464,860	40,033,806
Borrowings	17	672,466,496	491,179,531
Deposits and other accounts	18	1,554,034,983	1,486,845,346
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	14,000,000	14,000,000
Other liabilities	20	162,210,203	121,123,422
		2,428,176,542	2,153,182,105
NET ASSETS		104,138,516	100,014,623
REPRESENTED BY			
Share capital		15,771,651	15,771,651
Reserves		39,680,824	34,283,201
(Deficit) / Surplus on revaluation of assets	21	(2,162,360)	4,858,723
Unappropriated profit		50,848,401	45,101,048
		104,138,516	100,014,623
CONTINGENCIES AND COMMITMENTS			
	22		

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 quarter ended March 31, 2023

	Note	Quarter ended March 31, 2023	Quarter ended March 31, 2022
------(Rupees in '000)-----			
Mark-up/Return/Interest Earned	24	75,588,730	35,816,838
Mark-up/Return/Interest Expensed	25	47,651,510	21,527,785
Net Mark-up/Return/Interest Income		<u>27,937,220</u>	<u>14,289,053</u>
NON MARK-UP/RETURN/INTEREST INCOME			
Fee and Commission Income	26	3,305,003	2,473,525
Dividend Income		273,950	224,511
Foreign Exchange Income		3,324,964	1,430,821
(Loss) / gain from derivatives		(100,717)	80,457
(Loss) / gain on securities	27	(315,549)	11,505
Other income	28	64,183	160,769
Total non-mark-up / interest income		<u>6,551,834</u>	<u>4,381,588</u>
Total income		<u>34,489,054</u>	<u>18,670,641</u>
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	29	14,584,336	10,282,188
Workers' Welfare Fund	30	397,746	160,162
Other charges	31	10,973	1,803
Total non-mark-up / interest expenses		<u>14,993,055</u>	<u>10,444,153</u>
Profit before provisions		<u>19,495,999</u>	<u>8,226,488</u>
Provisions and write offs - net	32	521,775	387,150
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>18,974,224</u>	<u>7,839,338</u>
Taxation	33	8,231,574	2,820,667
PROFIT AFTER TAXATION		<u>10,742,650</u>	<u>5,018,671</u>
------(Rupees)-----			
Basic and Diluted Earnings per share	34	<u>6.81</u>	<u>2.82</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 Comprehensive Income (Un-audited)

For the quarter ended March 31, 2023

	Quarter ended March 31, 2023	Quarter ended March 31, 2022
	----- (Rupees in '000) -----	
Profit after taxation for the period	10,742,650	5,018,671
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	4,323,358	623,545
Movement in surplus / (deficit) on revaluation of investments - net of tax	(6,989,843)	(886,923)
	(2,666,485)	(263,378)
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	(8,961)	(29,201)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(398)	17,504
	(9,359)	(11,697)
Total comprehensive income	8,066,806	4,743,596

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 quarter ended March 31, 2023

	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)								
Balance as at January 01, 2022	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 quarter ended March 31, 2022									
Profit after taxation	-	-	-	-	-	-	-	5,018,671	5,018,671
Other comprehensive income - net of tax	-	-	623,545	-	(886,923)	(7,298)	17,534	-	(253,142)
Transfer to statutory reserve	-	-	-	501,867	-	-	-	(501,867)	-
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,884	(36,884)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(21,903)	(30)	21,933	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Balance as at March 31, 2022	17,771,651	4,731,049	8,834,634	17,513,692	(2,114,224)	12,587,876	68,308	41,820,894	101,213,880
Changes in equity for nine months ended December 31, 2022									
Profit after taxation	-	-	-	-	-	-	-	13,187,774	13,187,774
Other comprehensive income - net of tax	-	-	1,885,048	-	(5,430,650)	(74,938)	14,289	(294,012)	(3,900,263)
Transfer to statutory reserve	-	-	-	1,318,778	-	-	-	(1,318,778)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(191,846)	(92)	191,938	-
Transactions with owners, recorded directly in equity									
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)
Own shares purchased during the year	(2,000,000)	-	-	-	-	-	-	(4,043,855)	(6,043,855)
Balance as at December 31, 2022	15,771,651	4,731,049	10,719,682	18,832,470	(7,544,874)	12,321,092	82,505	45,101,048	100,014,623
Changes in equity for the quarter ended March 31, 2023									
Profit after taxation	-	-	-	-	-	-	-	10,742,650	10,742,650
Other comprehensive income - net of tax	-	-	4,323,358	-	(6,989,843)	(8,961)	(398)	-	(2,675,844)
Transfer to statutory reserve	-	-	-	1,074,265	-	-	-	(1,074,265)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(21,881)	-	21,881	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Balance as at March 31, 2023	15,771,651	4,731,049	15,043,040	19,906,735	(14,534,717)	12,290,250	82,107	50,848,401	104,138,516

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 quarter ended March 31, 2023

	Quarter ended	
	March 31, 2023	March 31, 2022
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,974,224	7,839,338
Dividend income	(273,950)	(224,511)
	<u>18,700,274</u>	<u>7,614,827</u>
Adjustments		
Depreciation	1,570,076	1,209,533
Amortisation	78,082	88,207
Provisions and write offs - net	521,775	387,150
Unrealised loss on revaluation of investments classified as held for trading-net	396,921	292,849
Gain on sale of operating fixed assets and non banking assets - net	(29,067)	(36,283)
Gain on termination of leases (IFRS 16) - net	(8,634)	(107,901)
Borrowing cost on lease liability	584,685	422,649
Workers' Welfare Fund	397,746	160,162
Charge for defined benefit plan	116,750	88,855
Charge for staff compensated absences	47,499	45,000
	<u>3,675,833</u>	<u>2,550,221</u>
	<u>22,376,107</u>	<u>10,165,048</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(87,868,430)	11,719,917
Held for trading securities	(126,751,333)	15,237,903
Advances	33,757,081	(12,896,674)
Other assets (excluding advance taxation)	(18,959,239)	(12,483,360)
	<u>(199,821,921)</u>	<u>1,577,786</u>
Increase / (decrease) in operating liabilities		
Bills payable	(14,568,946)	4,208,174
Borrowings	182,952,296	58,999,382
Deposits	67,189,637	39,113,983
Other liabilities (excluding current taxation)	33,551,364	6,078,188
	<u>269,124,351</u>	<u>108,399,727</u>
	<u>91,678,537</u>	<u>120,142,561</u>
	<u>(4,999,319)</u>	<u>(2,359,923)</u>
Income tax paid		
Net cash generated from operating activities	<u>86,679,218</u>	<u>117,782,638</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(53,108,320)	(110,126,677)
Net investments in held-to-maturity securities	(2,288,699)	(5,972,730)
Dividends received	207,269	174,349
Investments in operating fixed assets	(1,731,447)	(3,419,805)
Proceeds from sale of fixed assets and non banking assets	37,886	44,161
Effect of translation of net investment in foreign branches	4,323,358	623,545
Net cash used in investing activities	<u>(52,559,953)</u>	<u>(118,677,157)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	(973,480)	(757,517)
Dividend paid	(1,872,474)	(44,318)
Net cash used in financing activities	<u>(2,845,954)</u>	<u>(801,835)</u>
Increase / (decrease) in cash and cash equivalents	<u>31,273,311</u>	<u>(1,696,354)</u>
Cash and cash equivalents at beginning of the year	204,174,265	136,286,215
Effects of exchange rate changes on cash and cash equivalents - (gain)	(18,686,135)	(1,692,827)
	<u>185,488,130</u>	<u>134,593,388</u>
Cash and cash equivalents at end of the period	<u>216,761,441</u>	<u>132,897,034</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 quarter ended March 31, 2023

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. Chundigar 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 889 branches (December 31, 2022: 877 branches) and 17 sub-branches (December 31, 2022: 17 sub-branches). Out of the 889 branches, 587 (December 31, 2022: 586) are conventional, 291 (December 31, 2022: 280) are Islamic, 10 (December 31, 2022: 10) are overseas and 1 (December 31, 2022: 1) is an offshore banking unit.

2 BASIS OF PRESENTATION

2.1 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, 2022.

2.2 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 (IIFS). Further, SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'.

Moreover, the Bank has not adopted IFRS 9 in preparation of these accounts, as allowed by SBP BPRD circular no 7 of 2023 dated April 13, 2023.

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.

2.2.1 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.

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

2.2.3 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.

2.3 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, 2023 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.

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

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)
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Non current liabilities with covenants - Amendment to IAS 1	January 01, 2024

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 unconsolidated financial statements of the Bank for the year ended December 31, 2022.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this unconsolidated condensed interim financial statements is the same as that applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2022.

6 FINANCIAL RISK MANAGEMENT

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

(Un-audited) (Audited)
March 31, **December 31,**
2023 **2022**
 -----(Rupees in 000)-----

7 CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	33,311,760	34,295,195
Foreign currency	6,561,906	3,692,104
	39,873,666	37,987,299
With State Bank of Pakistan in		
Local currency current accounts	54,913,282	46,845,917
Foreign currency current accounts	7,737,535	3,528,124
Foreign currency deposit accounts	11,964,085	687,240
	74,614,902	51,061,281
With other central banks in		
Foreign currency current accounts	35,841,170	49,697,265
Foreign currency deposit accounts	1,810,773	1,679,531
	37,651,943	51,376,796
With National Bank of Pakistan in local currency current account	1,465,444	92,097
Prize bonds	123,252	95,875
	153,729,207	140,613,348

8 BALANCES WITH OTHER BANKS

In Pakistan in current account	24,082	17,994
Outside Pakistan		
In current account	18,340,648	9,438,572
In deposit account	35,116	28,814
	18,375,764	9,467,386
	18,399,846	9,485,380

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	47,952,031	40,384,136
Repurchase agreement lendings (Reverse Repo)	162,847,948	74,969,700
	210,799,979	115,353,836
Less: expected credit loss - overseas branches	-	(237)
Lending to Financial Institutions - net of provision	210,799,979	115,353,599

10 INVESTMENTS

Note

10.1 Investments by type:

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Held-for-trading securities								
Federal Government Securities								
Market Treasury Bills	70,157,267	-	(89,256)	70,068,011	2,074,210	-	(2,994)	2,071,216
Pakistan Investment Bonds	64,588,544	-	(266,312)	64,322,232	4,173,096	-	33,445	4,206,541
Government of Pakistan Sukuks	261,027	-	(11,515)	249,512	3,059,648	-	7,862	3,067,510
Shares								
Ordinary shares / units - Listed	455,719	-	(25,154)	430,565	567,811	-	(49,754)	518,057
Foreign Securities								
Overseas Bonds - Sovereign	4,845,673	-	(4,684)	4,840,989	3,698,451	-	(4,878)	3,693,573
	140,308,230	-	(396,921)	139,911,309	13,573,216	-	(16,319)	13,556,897
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	142,544,964	-	69,603	142,614,567	2,402	-	(7)	2,395
Pakistan Investment Bonds	693,413,528	-	(15,385,700)	678,027,828	831,017,092	-	(7,636,247)	823,380,845
Government of Pakistan Sukuks	135,263,527	-	(3,196,513)	132,067,014	104,886,109	-	(939,360)	103,946,749
Government of Pakistan Euro Bonds	14,875,102	(2,506,086)	(6,486,920)	5,882,096	11,917,603	(2,012,101)	(4,753,348)	5,152,154
Naya Pakistan Certificates	7,279,977	-	-	7,279,977	4,779,075	-	-	4,779,075
Shares								
Ordinary shares - Listed	5,931,706	(610,612)	(378,775)	4,942,319	7,205,583	(829,340)	(453,569)	5,922,674
Ordinary shares - Unlisted	1,211,363	(88,038)	-	1,123,325	1,211,363	(88,038)	-	1,123,325
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	3,233,166	(363,744)	-	2,869,422	2,986,517	(411,218)	(48)	2,575,251
Sukuks	16,669,677	(96,511)	85,267	16,658,433	16,676,056	(96,511)	129,707	16,709,252
Foreign Securities								
Overseas Bonds - Sovereign	34,562,048	(53,010)	(1,964,933)	32,544,105	26,861,689	(64,732)	(1,679,122)	25,117,835
Overseas Bonds - Others	30,209,468	(6,652)	(2,438,870)	27,763,946	25,310,922	(10,416)	(2,074,381)	23,226,125
Redeemable Participating Certificates 10.1.1	5,437,604	-	-	5,437,604	4,338,537	-	-	4,338,537
REIT Fund - Unlisted	700,000	-	-	700,000	700,000	-	-	700,000
	1,091,465,965	(3,858,488)	(29,696,841)	1,057,910,636	1,038,026,783	(3,646,191)	(17,406,375)	1,016,974,217
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	68,873,146	-	-	68,873,146	68,564,798	-	-	68,564,798
Non Government Debt Securities								
Term Finance Certificates	848,013	(214,680)	-	633,333	864,680	(24,680)	-	840,000
Sukuks	2,302,962	(78,076)	-	2,224,886	1,895,679	(80,722)	-	1,814,957
Foreign Securities								
Overseas Bonds - Sovereign	12,993,348	(212)	-	12,993,136	11,216,215	(168)	-	11,216,047
	85,017,469	(292,968)	-	84,724,501	82,541,372	(105,570)	-	82,435,802
Associates	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiary	305,217	(42,981)	-	262,236	305,217	(42,981)	-	262,236
Total Investments	1,318,274,487	(4,194,437)	(30,093,762)	1,283,986,288	1,135,624,194	(3,794,742)	(17,422,694)	1,114,406,758

10.1.1 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)
	March 31,	December 31,
	2023	2022
	------(Rupees in 000)-----	
Market Treasury Bills	88,419,520	-
Pakistan Investment Bonds	409,371,000	307,049,207
Overseas Bonds	7,640,074	4,981,480
	<u>505,430,594</u>	<u>312,030,687</u>

10.2.1 The market value of securities given as collateral is Rs. 495,589.102 million (December 31, 2022: 308,263.867 million).

10.3 Provision for diminution in value of investments	(Un-audited)	(Audited)
	March 31,	December 31,
	2023	2022
	------(Rupees in 000)-----	
10.3.1 Opening balance	3,794,742	1,228,991
Exchange and other adjustments	518,260	66,733
Charge / (reversals)		
Charge for the period / year	287,300	2,668,843
Reversals for the period / year	(61,547)	(9,397)
Reversal on disposals	(344,318)	(160,428)
	<u>(118,565)</u>	<u>2,499,018</u>
Closing balance	<u>4,194,437</u>	<u>3,794,742</u>

10.3.2 Particulars of provision against debt securities

Category of classification	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	NPI	Provision	NPI	Provision
	------(Rupees in '000)-----			
Domestic				
Loss	753,011	753,011	613,131	613,131

10.3.2.1 The overseas branches hold a provision of Rs. 2,565.960 million (December 31, 2022: Rs. 2,087.417 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 March 31, 2023 amounted to Rs. 73,190.099 million (December 31, 2022: Rs. 73,518.445 million).

11 ADVANCES

Note	Performing		Non Performing		Total	
	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----						
Loans, cash credits, running finances, etc.	521,785,003	570,301,605	26,254,396	22,797,118	548,039,399	593,098,723
Islamic financing and related assets	164,597,110	149,839,163	4,895,628	4,893,861	169,492,738	154,733,024
Bills discounted and purchased	12,675,415	14,580,885	1,655,526	3,280,234	14,330,941	17,861,119
Advances - gross	699,057,528	734,721,653	32,805,550	30,971,213	731,863,078	765,692,866
Provision against advances						
- Specific	-	-	(27,263,637)	(25,396,608)	(27,263,637)	(25,396,608)
- General / expected credit loss	(6,606,844)	(7,921,407)	-	-	(6,606,844)	(7,921,407)
	(6,606,844)	(7,921,407)	(27,263,637)	(25,396,608)	(33,870,481)	(33,318,015)
Advances - net of provision	692,450,684	726,800,246	5,541,913	5,574,605	697,992,597	732,374,851

11.1 Advances include an amount of Rs. 360.676 million (December 31, 2022: Rs. 339.983 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 15.84% to 30.43% (December 31, 2022: 13.37% to 27.25%) with maturities up to February 2043 (December 31, 2022: October 2042).

11.2 Particulars of advances (Gross)	(Un-audited) (Audited)	
	March 31, 2023	December 31, 2022
------(Rupees in '000)-----		
In local currency	664,109,817	713,973,693
In foreign currencies	67,753,261	51,719,173
	<u>731,863,078</u>	<u>765,692,866</u>

11.3 Advances include Rs. 32,805.550 million (December 31, 2022: Rs. 30,971.213 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non- Performing Loans	Provision	Non- Performing Loans	Provision
------(Rupees in '000)-----				
Domestic				
Other Assets Especially Mentioned	146,566	3,055	178,723	15,814
Substandard	1,440,093	349,248	2,352,882	683,787
Doubtful	8,375,853	4,419,195	6,885,829	3,407,905
Loss	22,061,515	21,903,406	20,896,541	20,794,387
	<u>32,024,027</u>	<u>26,674,904</u>	30,313,975	24,901,893
Overseas				
Overdue by:				
91 to 180 days	43,512	31,737	35,903	21,952
181 to 365 days	170,087	144,257	139,472	119,706
Above 365 days	567,924	412,739	481,863	353,057
	<u>781,523</u>	<u>588,733</u>	657,238	494,715
Total	<u>32,805,550</u>	<u>27,263,637</u>	30,971,213	25,396,608

11.4 Particulars of provision against advances

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
(Rupees in '000)						
Opening balance	25,396,608	7,921,407	33,318,015	21,125,068	4,067,236	25,192,304
Exchange and other adjustments	100,242	71,016	171,258	32,240	22,887	55,127
Charge for the period / year	2,757,391	(1,385,579)	1,371,812	7,544,341	3,831,284	11,375,625
Reversals for the period / year	(746,639)	-	(746,639)	(2,431,826)	-	(2,431,826)
	2,010,752	(1,385,579)	625,173	5,112,515	3,831,284	8,943,799
Amounts written off	(243,965)	-	(243,965)	(497,192)	-	(497,192)
Amounts charged off - agriculture financing	-	-	-	(69,791)	-	(69,791)
Amounts charged off - balance sheet cleaning	-	-	-	(306,232)	-	(306,232)
	(243,965)	-	(243,965)	(873,215)	-	(873,215)
Closing balance	27,263,637	6,606,844	33,870,481	25,396,608	7,921,407	33,318,015

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at March 31, 2023 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 113.735 million (December 31, 2022: Rs. 94.554 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; and

(iii) Provision of Rs. 4,595.000 million (December 31, 2022: Rs. 4,595.000 million) against the high risk portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposures, staff loans and loans secured against liquid collaterals. Provision against flood impacted portfolio of Rs. 1,376 million held as at December 31, 2022 was reversed during the period.

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)
		March 31, 2023	December 31, 2022
----- (Rupees in '000) -----			
12 FIXED ASSETS			
Capital work-in-progress	12.1	1,400,481	944,206
Property and equipment	12.2	32,394,610	32,090,993
Right-of-use assets		16,459,661	15,389,523
		<u>50,254,752</u>	<u>48,424,722</u>
12.1 Capital work-in-progress			
Civil works		1,097,557	706,019
Equipment		259,590	214,126
Others		43,334	24,061
		<u>1,400,481</u>	<u>944,206</u>

12.2 It includes land and buildings carried at revalued amount of Rs. 21,875.881 million (December 31, 2022: Rs. 21,661.195 million).

(Un-audited) Quarter ended	
March 31, 2023	March 31, 2022
----- (Rupees in '000) -----	

12.3 Additions to fixed assets

The following additions were made to fixed assets during the period:

Capital work-in-progress - net of transferred out for capitalisation	456,275	523,586
Property and equipment		
Freehold land	244	912,286
Leasehold land	116,000	-
Buildings on freehold land	119,965	490,384
Buildings on leasehold land	32,971	3,482
Leasehold improvement	105,035	213,737
Furniture and fixtures	49,812	36,958
Office equipment	638,992	691,134
Vehicles	32,244	-
	1,095,263	2,347,981
Total additions to fixed assets	1,551,538	2,871,567

12.4 Disposals of fixed assets

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

Leasehold improvements	7,003	1,864
Furniture and fixtures	291	31
Office equipment	1,525	5,983
Total disposal of fixed assets	8,819	7,878
	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
	----- (Rupees in '000) -----	

13 INTANGIBLE ASSETS

Capital work-in-progress / Advance payment to suppliers	606,369	455,945
Software	767,232	840,352
	1,373,601	1,296,297

13.1 Additions to intangible assets

The following additions were made to intangible assets during the period:

Capital work-in-progress - net of transferred out for capitalisation	150,424	139,438
Directly purchased	4,590	183,957
Total additions to intangible assets	155,014	323,395

13.2 There were no disposal of intangible assets during the periods ended March 31, 2023 and March 31, 2022.

Note	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022

------(Rupees in '000)-----

14 DEFERRED TAX ASSETS

Deductible Temporary Differences on:

- Provision against investments	1,825,750	1,702,211
- Provision against advances	2,844,774	3,096,128
- Unrealised loss on revaluation of held for trading investments	170,676	7,017
- Deficit on revaluation of available for sale investments	10,964,788	5,691,747
- Provision against other assets	1,029,154	1,001,744
- Provision against lending to financial institutions	-	32
- Workers' Welfare Fund	775,131	604,100
	17,610,273	12,102,979

Taxable Temporary Differences on:

- Surplus on revaluation of fixed assets	(495,850)	(486,889)
- Surplus on revaluation of non banking assets	(62,807)	(63,108)
- Accelerated tax depreciation	(2,454,619)	(2,540,334)
	(3,013,276)	(3,090,331)
	14,596,997	9,012,648

15 OTHER ASSETS

Income/ Mark-up accrued in local currency - net of provision	56,368,087	42,710,321
Income/ Mark-up accrued in foreign currency - net of provision	2,475,609	2,011,398
Advances, deposits, advance rent and other prepayments	5,336,102	3,542,062
Advance against subscription of share	270,454	-
Non-banking assets acquired in satisfaction of claims	15.1 1,438,374	1,439,606
Dividend receivable	66,681	-
Mark to market gain on forward foreign exchange contracts	4,140,062	922,573
Mark to market gain on derivatives	23.1 4,314,471	4,795,545
Stationery and stamps on hand	18,081	23,253
Defined benefit plan	36,957	153,707
Branch adjustment account	-	24,430
Due from card issuing banks	3,350,822	4,544,609
Account receivable	4,854,259	5,180,427
Claims against fraud and forgeries	123,324	119,455
Acceptances	20,869,541	19,090,181
Receivable against DSC/SSC and overseas government securities	29,352	131,517
Others	78,914	66,212
	103,771,090	84,755,296
Less: Provision held against other assets	15.2 (2,734,213)	(2,671,784)
Other assets (net of provision)	101,036,877	82,083,512
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	15.1 144,914	145,613
	101,181,791	82,229,125

15.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,583.288 million (December 31, 2022: Rs. 1,585.219 million).

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
15.2 Provision held against other assets		
Impairment against overseas operation	2,148,582	2,114,963
Expected credit loss (overseas operation)	28,173	10,397
Fraud and forgeries	139,147	119,455
Account receivable	51,618	38,349
Others	366,693	388,620
	<u>2,734,213</u>	<u>2,671,784</u>
15.2.1 Movement in provision held against other assets		
Opening balance	2,671,784	1,309,288
Exchange and other adjustments	2,764	35,684
Charge for the period / year	61,900	1,493,475
Reversals for the period / year	(2,235)	(164,308)
	59,665	1,329,167
Amount written off	-	(2,355)
Closing balance	<u>2,734,213</u>	<u>2,671,784</u>
16 BILLS PAYABLE		
In Pakistan	22,549,425	37,705,524
Outside Pakistan	2,915,435	2,328,282
	<u>25,464,860</u>	<u>40,033,806</u>
17 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export Refinance Scheme	50,348,109	53,477,830
Long-Term Finance Facility	27,585,314	28,643,178
Financing Facility for Renewable Energy Projects	12,010,374	11,917,647
Financing Facility for Storage of Agriculture Produce (FFSAP)	692,241	738,979
Refinance for Wages & Salaries	44,613	300,821
Temporary Economic Refinance Facility (TERF)	50,576,242	49,721,502
Export Refinance under Bill Discounting	5,760,281	10,633,712
SME Asaan Finance (SAAF)	1,748,471	949,413
Refinance Facility for Combating COVID (RFCC)	717,919	692,957
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	148,599	279,374
Modernization of Small and Medium Entities (MSMES)	1,040,267	871,659
Other refinance schemes	806	890
Repurchase agreement borrowings	438,699,520	256,900,000
	589,372,756	415,127,962
Repurchase agreement borrowings	16,155,013	4,830,897
Bai Muajjal	43,266,806	42,113,040
Medium Term Note	11,000,000	11,000,000
Total secured	<u>659,794,575</u>	<u>473,071,899</u>
Unsecured		
Call borrowings	4,478,139	5,766,732
Overdrawn nostro accounts	3,219,582	4,884,913
Others		
- Pakistan Mortgage Refinance Company	2,603,303	2,180,208
- Karandaaz Risk Participation	2,370,897	2,331,958
- Other financial institutions	-	2,943,821
Total unsecured	<u>12,671,921</u>	<u>18,107,632</u>
	<u>672,466,496</u>	<u>491,179,531</u>

18 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	------(Rupees in '000)-----					
Customers						
Current deposits	528,668,378	147,238,913	675,907,291	523,834,695	131,267,950	655,102,645
Savings deposits	317,976,224	41,623,110	359,599,334	294,762,649	37,937,222	332,699,871
Term deposits	336,309,324	53,769,153	390,078,477	287,557,414	49,767,276	337,324,690
Others	39,993,231	12,546,088	52,539,319	35,941,042	8,943,974	44,885,016
	1,222,947,157	255,177,264	1,478,124,421	1,142,095,800	227,916,422	1,370,012,222
Financial Institutions						
Current deposits	2,006,900	1,112,717	3,119,617	3,196,183	3,065,704	6,261,887
Savings deposits	14,282,361	3,798,075	18,080,436	68,751,793	2,911,307	71,663,100
Term deposits	51,101,000	2,904,938	54,005,938	38,073,100	354,319	38,427,419
Others	620,467	84,104	704,571	404,457	76,261	480,718
	68,010,728	7,899,834	75,910,562	110,425,533	6,407,591	116,833,124
	1,290,957,885	263,077,098	1,554,034,983	1,252,521,333	234,324,013	1,486,845,346

18.1 Current deposits include remunerative current deposits of Rs. 14,422.298 million (December 31, 2022: Rs. 14,325.601 million).

19 SUBORDINATED DEBT	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
	------(Rupees in '000)-----	

Term Finance Certificates (VI) - Additional Tier-1 (ADT-1) - Quoted, Unsecured

The Bank issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

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 The Pakistan Credit Rating Agency Limited.		
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 and instrument is replaced with capital of same and better quality.		

(Un-audited)	(Audited)
March 31,	December 31,
2023	2022
------(Rupees in '000)-----	

Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by State Bank of Pakistan (SBP) under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000	7,000,000	7,000,000
Issue date	December 2022		
Maturity date	Perpetual		
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency Limited.		
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	<p>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 + 2.00% with no step up feature.</p> <p>(Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.</p>		
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 and instrument is replaced with capital of same and better quality.		
		14,000,000	14,000,000

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
20 OTHER LIABILITIES			
Mark-up/ Return/ Interest payable in local currency		25,866,158	16,617,807
Mark-up/ Return/ Interest payable in foreign currency		1,633,990	1,443,987
Unearned fee commission and income on bills discounted and guarantees		2,967,848	2,591,163
Accrued expenses		10,990,841	12,576,602
Current taxation		16,442,378	12,890,155
Acceptances		20,869,541	19,090,181
Dividends payable		6,837,649	4,767,210
Mark to market loss on forward foreign exchange contracts		1,578,562	455,164
Mark to market loss on derivatives	23.1	102,690	-
Branch adjustment account		41,857	-
ADC settlement accounts		2,734,655	2,035,378
Provision for compensated absences		748,991	701,492
Payable against redemption of customer loyalty / reward points		659,653	607,208
Charity payable		73,696	65,998
Provision against off-balance sheet obligations	20.1	102,202	62,948
Security deposits against leases, lockers and others		15,779,002	13,300,923
Workers' Welfare Fund		3,776,643	3,378,897
Payable to vendors and suppliers		465,310	556,205
Margin deposits on derivatives		4,214,437	4,077,091
Payable to merchants (card acquiring)		2,121	16,536
Indirect taxes payable		2,369,557	2,360,341
Lease liabilities against right-of-use assets		18,929,950	17,495,747
Payable against marketable securities		470,942	339,679
Trading Liability		19,869,324	2,638,773
Others		4,682,206	3,053,937
		162,210,203	121,123,422

20.1 Provision against off-balance sheet obligations

Opening balance	62,948	137,639
Exchange and other adjustments	5,947	12,348
Charge / (reversal) for the period / year	33,307	(87,039)
Closing balance	102,202	62,948

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- (Rupees in 000) -----			
21 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	10.1	(29,696,841)	(17,406,375)
- Fixed Assets		12,786,100	12,807,981
- Non-banking assets acquired in satisfaction of claims		144,914	145,613
		(16,765,827)	(4,452,781)
Less: Deferred tax asset / (liability) on surplus / (deficit) on revaluation of:			
- Available for sale securities		12,769,642	7,484,741
- Fixed Assets		(495,850)	(486,889)
- Non-banking assets acquired in satisfaction of claims		(62,807)	(63,108)
		12,210,985	6,934,744
Derivatives (Deficit) / Surplus		(4,197,336)	(4,169,754)
Less: Deferred tax asset / (liability) on derivative		1,804,854	1,792,994
		(2,392,482)	(2,376,760)
		<u>(2,162,360)</u>	<u>4,858,723</u>
22 CONTINGENCIES AND COMMITMENTS			
-Guarantees	22.1	159,532,486	140,370,087
-Commitments	22.2	557,417,637	436,883,552
-Other contingent liabilities	22.3.1	24,595,327	6,903,292
		<u>741,545,450</u>	<u>584,156,931</u>
22.1 Guarantees:			
Performance guarantees		56,722,059	53,798,209
Other guarantees		102,810,427	86,571,878
		<u>159,532,486</u>	<u>140,370,087</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		177,802,114	171,719,857
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	255,130,490	170,721,451
- forward government securities transactions	22.2.2	50,301,688	17,438,813
- derivatives	22.2.3	49,929,421	46,734,911
- forward lending	22.2.4	20,974,215	26,798,555
Commitments for acquisition of:			
- operating fixed assets		2,791,737	3,004,717
- intangible assets		487,972	465,248
		<u>557,417,637</u>	<u>436,883,552</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		144,949,923	120,494,702
Sale		110,180,567	50,226,749
		<u>255,130,490</u>	<u>170,721,451</u>
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		31,755,224	12,990,116
Sale		18,546,464	4,448,697
		<u>50,301,688</u>	<u>17,438,813</u>

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
22.2.3 Commitments in respect of derivatives			
Interest Rate Swaps			
Purchase	23.1	49,226,770	46,160,838
Sale		-	-
		49,226,770	46,160,838
Cross Currency Swaps			
Purchase		-	-
Sale	23.1	702,651	574,073
		702,651	574,073
Total commitments in respect of derivatives		49,929,421	46,734,911
22.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.4.1	16,241,704	21,639,590
Commitments in respect of investments		4,732,511	5,158,965
		20,974,215	26,798,555

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		24,595,327	6,903,292
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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	March 31, 2023 (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	48	49,226,770	4,308,567	-	-	-
With other entities						
Market making	-	-	-	2	702,651	(96,786)
	48	49,226,770	4,308,567	2	702,651	(96,786)
December 31, 2022 (Audited)						
Counterparties	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	51	46,160,838	4,761,605	-	-	-
With other entities						
Market making	-	-	-	1	574,073	33,940
	51	46,160,838	4,761,605	1	574,073	33,940

	Note	(Un-audited)	
		Quarter ended	
		March 31, 2023	March 31, 2022
------(Rupees in '000)-----			
24	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	a) Loans and advances	25,893,271	14,497,086
	b) Investments	45,766,944	20,306,425
	c) Lendings to financial institutions / Bai Muajjal	841,974	348,518
	d) Balances with banks	39,866	7,890
	e) On securities purchased under resale agreements	3,046,675	656,919
		<u>75,588,730</u>	<u>35,816,838</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	a) Deposits	27,888,683	12,659,996
	b) Borrowings	3,658,824	2,042,895
	c) Securities sold under repurchase agreements	13,978,721	5,412,173
	d) Subordinated debt	638,273	170,802
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	810,749	768,308
	f) Borrowing cost on leased properties	584,685	422,649
	g) Reward points / customer loyalty	91,575	50,962
		<u>47,651,510</u>	<u>21,527,785</u>
26	FEE & COMMISSION INCOME		
	Branch banking customer fees	292,175	254,104
	Consumer finance related fees	140,150	119,702
	Card related fees (debit and credit cards)	637,552	449,086
	Credit related fees	142,211	52,845
	Investment banking fees	26,243	43,563
	Commission on trade	546,182	484,245
	Commission on guarantees	200,128	120,511
	Commission on cash management	14,726	10,798
	Commission on remittances including home remittances	300,487	228,721
	Commission on bancassurance	125,869	160,300
	Card acquiring business	337,348	171,472
	Wealth Management Fee	31,966	22,969
	Commission on Employees' Old-Age Benefit Institution (EOBI)	-	11,868
	Commission on Benazir Income Support Programme (BISP)	143,233	146,921
	Alternate Delivery Channels (ADC)	306,104	160,936
	Others	60,629	35,484
		<u>3,305,003</u>	<u>2,473,525</u>
27	(LOSS) / GAIN ON SECURITIES		
	Realised	27.1	81,372
	Unrealised - held for trading	10.1	(396,921)
			<u>(315,549)</u>
27.1	Realised gain / (loss) on:		
	Federal Government Securities		240,324
	Shares		(422,655)
	Non Government Debt Securities		-
	Foreign Securities		263,703
			<u>81,372</u>
28	OTHER INCOME		
	Rent on property		7,328
	Gain on sale of fixed assets-net		29,067
	Gain on sale of non banking assets	28.1	-
	Profit on termination of leased contracts (Ijarah)		19,154
	Gain on termination of leases (IFRS 16)		8,634
			<u>64,183</u>
			<u>160,769</u>

28.1 In 2022, the Bank earned an income of Rs. 9.200 million against sale of membership shares / cards.

29	OPERATING EXPENSES	Note	(Un-audited)	
			Quarter ended	
			March 31, 2023	March 31, 2022
			----- (Rupees in '000) -----	
	Total compensation expense	29.1	7,141,913	4,924,586
	Property expense			
	Rates and taxes		32,515	24,115
	Utilities cost		443,993	314,121
	Security (including guards)		247,898	227,092
	Repair and maintenance (including janitorial charges)		244,958	213,007
	Depreciation on right-of-use assets		761,494	631,636
	Depreciation on non-banking assets acquired in satisfaction of claims		1,232	1,075
	Depreciation on owned assets		202,228	150,465
			1,934,318	1,561,511
	Information technology expenses			
	Software maintenance		431,569	470,256
	Hardware maintenance		260,527	145,593
	Depreciation		257,417	157,626
	Amortisation		78,082	88,207
	Network charges		142,674	133,290
	Consultancy and support services		15,573	39,329
			1,185,842	1,034,301
	Other operating expenses			
	Directors' fees and allowances		40,977	50,500
	Fees and allowances to Shariah Board		3,780	3,345
	Legal and professional charges		82,235	202,511
	Outsourced services costs		218,786	170,115
	Travelling and conveyance		276,619	172,493
	Clearing and custodian charges		40,676	25,860
	Depreciation		347,705	268,731
	Training and development		32,272	28,662
	Postage and courier charges		114,056	122,745
	Communication		384,935	131,261
	Stationery and printing		293,221	227,130
	Marketing, advertisement and publicity		379,730	266,965
	Donations		944,500	2,600
	Auditors' remuneration		18,604	13,540
	Brokerage and commission		75,115	65,573
	Entertainment		145,190	80,280
	Repairs and maintenance		172,849	146,909
	Insurance		300,821	320,677
	Cash handling charges		255,714	251,769
	CNIC verification		64,973	43,763
	Others		129,505	166,361
			4,322,263	2,761,790
			14,584,336	10,282,188
29.1	Total compensation expense			
	Managerial remuneration			
	i) Fixed		4,752,761	3,622,299
	ii) Variable:			
	a) Cash Bonus / Awards etc.		1,425,765	616,669
	b) Bonus and Awards in Shares etc.		81,249	60,000
	Charge for defined benefit plan		116,750	88,855
	Contribution to defined contribution plan		179,206	149,114
	Medical		327,145	188,608
	Conveyance		127,030	87,287
	Staff compensated absences		47,499	45,000
	Others		69,979	44,024
	Sub-total		7,127,384	4,901,856
	Sign-on bonus		14,529	17,730
	Severance allowance		-	5,000
	Grand Total		7,141,913	4,924,586

30 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) Quarter ended	
		March 31, 2023	March 31, 2022
		------(Rupees in '000)-----	
31 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		<u>10,973</u>	<u>1,803</u>
32 PROVISIONS & WRITE OFFS - NET			
Reversal against lending to financial institutions (IFRS 9 - ECL)	9	(295)	-
(Reversal) / provision for diminution in value of investments / IFRS 9 - ECL	10.3.1	(118,565)	13,420
Provision against loans & advances / IFRS 9 - ECL	11.4	625,173	422,766
Provision against other assets / IFRS 9 - ECL	15.2.1	59,665	2,664
Provision against off-balance sheet obligations / IFRS 9 - ECL	20.1	33,307	37,053
Other provisions / write off - net		2,235	2,665
Recovery of written off / charged off bad debts		<u>(79,745)</u>	<u>(91,418)</u>
		<u>521,775</u>	<u>387,150</u>
33 TAXATION			
Charge / (reversal) :			
Current		8,551,542	3,126,333
Prior years		-	(1,420,539)
Deferred		<u>(319,968)</u>	<u>1,114,873</u>
		<u>8,231,574</u>	<u>2,820,667</u>

- 33.1 a) The income tax assessments of the Bank have been finalized upto and including tax year 2022. Certain addbacks have been 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 to 2022, 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. 639.939 million net of relief provided in appeal (December 31, 2022: Rs. 639.939). 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 had 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] 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) The bank had received an order from a tax authority wherein Sales tax and penalty amounting to Rs.5.191 million [excluding default surcharge] was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and appeal against this order is pending before Commissioner Appeals. Another 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 is pending before Appellate Tribunal. 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) Quarter ended	
	March 31, 2023	March 31, 2022
	------(Rupees in '000)-----	
34 BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period	<u>10,742,650</u>	<u>5,018,671</u>
	------(Number of shares in '000)-----	
Weighted average number of ordinary shares	<u>1,577,165</u>	<u>1,777,165</u>
	------(Rupees)-----	
Basic and diluted earnings per share	<u>6.81</u>	<u>2.82</u>

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

35 FAIR VALUE MEASUREMENTS

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:

	March 31, 2023 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	1,100,511,237	-	1,100,511,237
Shares	5,372,884	-	-	5,372,884
Non-Government Debt Securities	14,937,000	4,590,855	-	19,527,855
Foreign Securities	-	70,586,644	-	70,586,644
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	73,190,099	-	73,190,099
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	4,140,062	-	4,140,062
Forward sale of foreign exchange	-	1,578,562	-	1,578,562
Forward purchase of government securities	-	(30,900)	-	(30,900)
Forward sale government securities	-	42,303	-	42,303
Derivatives purchases	-	4,308,567	-	4,308,567
Derivatives sales	-	(96,786)	-	(96,786)
	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	946,606,485	-	946,606,485
Shares	6,440,731	-	-	6,440,731
Non-Government Debt Securities	14,937,000	4,347,503	-	19,284,503
Foreign Securities	-	56,376,070	-	56,376,070
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	73,518,446	-	73,518,446
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	922,573	-	922,573
Forward sale of foreign exchange	-	455,164	-	455,164
Forward purchase of government securities	-	4,432	-	4,432
Forward sale government securities transactions	-	(7,946)	-	(7,946)
Derivatives purchases	-	4,761,605	-	4,761,605
Derivatives sales	-	33,940	-	33,940

35.2 The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date of 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
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 PKISRVR 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.
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.
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 cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

36 SEGMENT INFORMATION

36.1 Segment details with respect to Business Activities

	For the period ended March 31, 2023 (Un-audited)						Total
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	
(Rupees in '000)							
Profit and loss							
Net mark-up/return/profit	(10,898,287)	5,686,906	5,155,677	26,469,629	2,702	1,834,992	(314,399)
Inter segment revenue - net	26,277,320	(1,926,747)	295,741	(25,638,296)	396,466	359,232	236,284
Non mark-up / return / interest income	1,921,800	859,648	2,022,258	2,678,605	219,464	291,944	78,115
Total Income / (loss)	17,300,833	4,619,807	5,953,676	3,509,938	618,632	2,486,168	6,551,834
Segment direct expenses	5,952,854	532,950	2,244,363	210,326	631,787	833,401	4,587,374
Inter segment expense allocation	2,774,429	423,957	773,782	242,056	254,294	118,956	(4,587,374)
Total expenses	8,727,283	956,907	3,018,145	452,382	886,081	952,257	14,993,055
Provisions / (reversals)	1,123,426	669,250	317,165	(218,872)	6,119	928	(1,376,241)
Profit / (loss) before tax	7,450,124	2,993,650	2,616,366	3,276,428	(273,568)	1,532,983	1,376,241
As at March 31, 2023 (Un-audited)							
(Rupees in '000)							
Balance Sheet							
Cash and bank balances	82,370,014	14,581,399	25,228,057	-	866,735	49,062,848	172,129,053
Investments	-	3,152,755	126,685,066	1,063,283,451	-	89,066,528	1,283,986,288
Net inter segment lending	722,865,872	-	-	-	12,584,367	-	116,001,237
Lendings to financial institutions	-	-	10,500,061	188,037,544	-	12,262,374	210,799,979
Advances - performing	189,970,303	284,507,793	164,454,142	-	118,981	40,843,642	692,450,684
Advances - non-performing	3,060,632	1,792,664	404,123	-	5,362	192,791	5,541,913
Others	19,141,361	32,649,157	32,895,024	43,606,754	1,388,818	17,903,993	167,407,141
Total assets	1,017,408,182	336,683,768	360,166,473	1,294,927,749	14,984,263	209,332,176	3,383,765,534
Borrowings	25,511,041	91,677,534	45,760,766	498,062,234	-	11,454,921	672,466,496
Subordinated debt	-	-	-	-	-	-	14,000,000
Deposits and other accounts	957,650,796	185,682,580	254,690,637	-	14,776,912	141,205,812	26,286
Net inter segment borrowing	-	19,516,031	16,686,957	770,139,980	-	45,108,508	851,451,476
Others	34,246,385	39,807,623	41,433,848	35,669,661	205,351	16,285,072	187,675,063
Total liabilities	1,017,408,182	336,683,768	358,574,208	1,303,871,875	14,984,263	214,054,313	34,051,409
Net assets	-	-	1,592,265	(6,944,126)	-	(4,722,137)	104,138,316
Equity	-	-	-	-	-	-	-
Contingencies and commitments	95,264,389	213,690,152	60,336,091	270,589,016	3,557	97,888,127	4,274,118

* Others include head office related activities.

For the period ended March 31, 2022 (Un-audited)

	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others *	Total
				(Rupees in '000)				
Profit and loss								
Net mark-up/return/profit	(1,794,999)	2,238,091	2,255,707	10,968,255	1,039	738,504	(117,544)	14,289,053
Inter segment revenue - net	9,721,586	(795,636)	86,427	(9,240,721)	211,923	120,588	(10,4,167)	-
Non mark-up / return / interest income	1,504,472	575,947	375,678	1,200,498	375,227	310,055	221,711	4,381,588
Total income	9,431,059	2,018,402	2,717,812	2,928,032	406,189	1,169,147	-	18,670,641
Segment direct expenses	4,307,463	284,663	1,429,604	128,907	414,423	530,882	3,348,211	10,444,153
Inter segment expense allocation	1,997,913	302,923	555,913	126,110	287,213	78,139	(3,348,211)	-
Total expenses	6,305,376	587,586	1,985,517	255,017	701,636	609,021	-	10,444,153
Provisions / (reversals)	450,099	(146,657)	53,058	20,898	3,563	6,189	-	387,150
Profit before tax	2,675,584	1,577,473	679,237	2,652,117	(299,010)	553,937	-	7,839,338

As at December 31, 2022 (Audited)

	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others *	Total
				(Rupees in '000)				
Balance sheet								
Cash and bank balances	54,369,186	13,662,612	22,294,976	-	1,380,127	58,391,827	-	150,098,728
Investments	-	3,065,299	123,324,033	913,838,262	-	72,564,199	1,614,965	1,14,406,758
Net inter segment lending	609,918,002	-	-	-	20,415,823	-	108,578,156	738,911,981
Lendings to financial institutions	-	-	30,000,061	81,309,765	-	4,043,773	-	115,353,599
Advances - performing	221,934,495	307,817,003	149,691,195	73,590	73,590	36,726,043	10,557,920	726,800,246
Advances - non-performing	2,942,331	1,660,287	726,449	3,985	-	162,523	79,030	5,574,605
Others	21,320,626	28,322,398	27,309,005	28,284,908	1,483,080	15,012,516	19,230,259	140,962,792
Total assets	910,484,640	354,527,599	353,345,719	1,023,432,935	23,336,605	186,900,881	140,060,330	2,992,068,709
Borrowings	26,937,622	95,851,939	39,964,773	314,660,326	-	13,764,871	-	491,179,531
Subordinated debt	-	-	-	-	-	-	14,000,000	14,000,000
Deposits and other accounts	860,878,106	210,843,465	255,671,950	-	23,002,118	136,392,013	57,694	1,486,845,346
Net inter segment borrowing	-	(1,059,219)	15,379,744	698,037,054	-	26,554,402	-	738,911,981
Others	27,112,775	48,891,414	40,321,510	15,282,535	354,487	12,816,381	16,378,126	161,157,228
Total liabilities	914,928,503	354,527,599	351,337,977	1,027,978,915	23,356,605	189,527,667	30,435,820	2,892,094,086
Net Assets	(4,443,863)	-	2,007,742	(4,546,980)	-	(2,626,786)	109,624,510	100,014,623
Equity								
Contingencies and commitments	94,420,516	188,433,780	631,999,284	158,500,073	5,014	76,880,088	2,718,176	584,156,931

* Others include head office related activities.

RELATED PARTY TRANSACTIONS

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 March 31, 2023 (Un-audited)				As at December 31, 2022 (Audited)			
	Directors/ CEO management personnel*	Subsidiary	Associates	Other related parties	Directors/ CEO management personnel*	Subsidiary	Associates	Other related parties
	(Rupees in '000)							
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	2,330,078
Addition during the period / year	-	-	-	3,984,159	-	-	-	25,964,631
Repaid during the period / year	-	-	-	(3,984,159)	-	-	-	(26,294,709)
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	305,217	1,177,606	1,119,230	-	300,000	1,177,606	1,119,230
Investment made during the period / year	-	-	-	-	-	5,217	-	-
Closing balance	-	305,217	1,177,606	1,119,230	-	305,217	1,177,606	1,119,230
Provision for diminution in value of investments	-	42,981	-	-	-	42,981	-	-
Advances								
Opening balance	18,062	672,608	-	2,367,924	77	1,184,057	-	1,997,552
Addition during the period / year	454	132,943	-	19,504,134	20,498	605,570	-	37,536,790
Repaid during the period / year	(1,174)	(201,588)	-	(19,424,928)	(2,513)	(173,321)	-	(36,264,097)
Transfer in / (out) - net	-	-	-	-	-	(943,498)	-	1,097,679
Closing balance	17,342	603,963	-	2,447,130	18,062	672,608	-	2,367,924
Provision held against advances	-	-	-	1,097,028	-	-	-	1,097,028
Other assets								
Interest / mark-up accrued	1,349	50,888	-	24,743	944	54,009	-	26,069
Receivable from staff retirement fund	-	-	-	36,957	-	-	-	153,707

	Directors/ CEO	Key management personnel*	Subsidiary	Associates	Other related parties	Directors/ CEO	Key management personnel*	Subsidiary	Associates	Other related parties
	As at March 31, 2023 (Un-audited)					As at December 31, 2022 (Audited)				
	(Rupees in '000)					(Rupees in '000)				
Borrowings										
Opening balance	-	-	-	-	2,180,207	-	-	-	-	2,280,921
Borrowings during the period / year	-	-	-	-	449,936	-	-	-	-	21,218,496
Settled during the period / year	-	-	-	-	(26,840)	-	-	-	-	(21,319,210)
Closing balance	-	-	-	-	2,603,303	-	-	-	-	2,180,207
Deposits and other accounts										
Opening balance	38,466	184,994	9,086	3,078,698	12,308,779	59,026	371,960	34,986	13,465,080	6,410,266
Received during the period / year	345,343	1,256,195	489,040	157,981,392	46,999,244	517,842	4,736,925	3,347,215	255,922,837	92,145,150
Withdrawn during the period / year	(272,726)	(1,001,920)	(496,932)	(157,603,703)	(46,798,053)	(538,402)	(4,728,582)	(3,373,115)	(266,309,219)	(87,581,596)
Transfer in / (out) - net	-	-	-	-	-	-	(95,309)	-	-	1,334,959
Closing balance	111,083	435,269	1,194	3,556,377	12,519,970	38,466	184,994	9,086	3,078,698	12,308,779
Other liabilities										
Interest / mark-up payable	394	5,442	-	5,548	80,446	253	158	-	-	13,231
Dividend payable	2,590,007	-	-	-	2,232,892	1,146,264	39	-	-	2,201,513
Others	-	-	6,183	-	82,252	-	-	4,701	-	70,267
Contingencies and commitments										
Contingencies	-	-	-	-	-	-	-	-	-	-
	For the period ended March 31, 2023 (Un-audited)					For the period ended March 31, 2022 (Un-audited)				
	(Rupees in '000)					(Rupees in '000)				
Income										
Mark-up / return / interest earned	398	5,387	-	29,633	30,567	-	12,769	-	21,053	11,898
Fee and commission income	-	-	-	66,000	-	-	-	-	30,000	-
Dividend income	-	-	-	-	-	-	-	-	-	-
Gain on sale of securities	-	1	-	-	-	-	-	-	-	-
Other income	-	36	-	3,114	-	-	9	-	19,358	-
Expenses										
Mark-up / return / interest paid	1,030	5,333	114	96,081	436,425	318	6,152	49	95,051	178,122
Other operating expenses										
Directors fee	40,977	-	-	-	-	50,500	-	-	-	-
Managerial remuneration	172,907	581,021	-	-	82,546	187,264	783,056	-	-	23,250
Software maintenance	-	-	-	-	42,566	-	-	-	-	8,511
Communication cost	-	-	3,477	-	-	-	-	563	-	-
Brokerage and commission	-	-	-	-	-	-	-	1,368	-	-
Legal and professional charges	-	-	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	116,750	-	-	-	-	67,204
Contribution to defined contribution plan	-	-	-	-	179,206	-	-	-	-	141,926
Others	-	-	-	-	163	-	-	-	-	5,428
Other information										
Dividend paid	2,177	5,019	-	5,903	134,203	-	-	-	672,066	-
Insurance premium paid	-	-	-	1,019,962	-	-	-	-	165,638	-
Insurance claims settled	-	-	-	163,751	-	-	-	-	-	-

* The definition of Key Management Personnel has been changed in light of the SBP Corporate Governance Regulatory Framework with effect from June 2022.

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) (Audited)
 March 31, December 31,
 2023 2022
 -----(Rupees in '000)-----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	15,771,651	15,771,651
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	81,023,127	81,419,248
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,550,000
Total Eligible Tier 1 Capital	94,573,127	94,969,248
Eligible Tier 2 Capital	23,445,984	23,447,310
Total Eligible Capital (Tier 1 + Tier 2)	118,019,111	118,416,558

Risk Weighted Assets (RWAs):

Credit risk	672,234,952	727,196,837
Market risk	12,552,600	8,784,588
Operational risk	120,042,363	120,042,363
Total	804,829,915	856,023,788

Common Equity Tier 1 Capital Adequacy ratio

	10.07%	9.51%
Tier 1 Capital Adequacy Ratio	11.75%	11.09%
Total Capital Adequacy Ratio	14.66%	13.83%

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*	95,707,705	95,911,585
Total exposures	2,744,517,637	2,706,795,649
Leverage ratio	3.49%	3.54%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	865,173,042	688,048,074
Total Net Cash Outflow	397,163,006	371,947,384
Liquidity coverage ratio	218%	185%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	1,335,677,593	1,275,978,211
Total Required Stable Funding	881,005,540	849,343,576
Net Stable Funding Ratio	152%	150%

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

39 ISLAMIC BANKING BUSINESS

The Bank operates 291 Islamic banking branches (December 31, 2022: 280 branches) and 5 sub branches (December 31, 2022: 5 sub branch) as at March 31, 2023.

STATEMENT OF FINANCIAL POSITION

		(Un-audited)	(Audited)
		March 31,	December 31,
	Note	2023	2022
------(Rupees in '000)-----			
ASSETS			
Cash and balances with treasury banks		24,034,376	20,521,711
Balances with other banks		1,193,681	1,773,265
Due from financial institutions	39.1	10,500,061	30,000,061
Investments	39.2	126,685,066	123,324,033
Islamic financing and related assets - net	39.3	164,858,265	150,417,644
Fixed assets		12,744,968	12,336,223
Intangible assets		33,761	32,914
Deferred tax assets		257,191	-
Other assets		19,859,104	14,939,868
Total Assets		360,166,473	353,345,719
LIABILITIES			
Bills payable		4,540,624	4,673,534
Due to financial institutions		45,760,766	39,964,773
Deposits and other accounts	39.4	254,690,637	255,671,950
Deferred tax liabilities		-	158,892
Other liabilities		36,895,224	35,489,084
		341,887,251	335,958,233
NET ASSETS		18,279,222	17,387,486
REPRESENTED BY			
Islamic Banking Fund		3,950,000	3,950,000
Surplus on revaluation of assets		1,592,266	2,007,741
Unappropriated/ Unremitted profit	39.5	12,736,956	11,429,745
		18,279,222	17,387,486
CONTINGENCIES AND COMMITMENTS	39.6		

PROFIT AND LOSS ACCOUNT

		(Un-audited)	
		Quarter ended	
	Note	March 31, 2023	March 31, 2022
----- (Rupees in '000) -----			
Profit / return earned	39.7	10,380,104	4,784,743
Profit / return expensed	39.8	5,224,427	2,529,036
Net Profit / return		5,155,677	2,255,707
Fee and Commission Income		324,081	270,495
Foreign Exchange Income		158,929	93,398
(Loss) / gain on securities		(5,496)	48
Other Income		24,744	11,737
Total other income		502,258	375,678
Total Income		5,657,935	2,631,385
Other expenses			
Operating expenses		2,965,689	1,973,407
Workers' Welfare Fund		52,033	12,098
Other charges		423	12
Total other expenses		3,018,145	1,985,517
Profit before provisions		2,639,790	645,868
Provisions and write offs - net		317,165	53,058
Profit before taxation		2,322,625	592,810
Taxation		1,015,754	219,248
Profit after taxation		1,306,871	373,562

39.1 Due from Financial Institutions

Musharaka Placements

March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
------(Rupees in '000)-----					
10,500,061	-	10,500,061	30,000,061	-	30,000,061

39.2 Investments

March 31, 2023 (Un-audited)				December 31, 2022 (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

Naya Pakistan Certificates

102,130,640	-	(1,608,870)	100,521,770	100,945,854	-	(925,105)	100,020,749
7,279,977	-	-	7,279,977	4,779,075	-	-	4,779,075
109,410,617	-	(1,608,870)	107,801,747	105,724,929	-	(925,105)	104,799,824

Held-to-maturity securities

Other Federal Government Securities

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

Non Government Debt Securities

Available-for-sale securities

Sukuks - Unlisted

16,573,166	-	85,267	16,658,433	16,579,545	-	129,707	16,709,252
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Held-to-maturity securities

Sukuks - Unlisted

2,302,962	(78,076)	-	2,224,886	1,895,679	(80,722)	-	1,814,957
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Total Investments

128,286,745	(78,076)	(1,523,603)	126,685,066	124,200,153	(80,722)	(795,398)	123,324,033
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(Un-audited) (Audited)
March 31, December 31,
2023 2022
------(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 Combating COVID

Advances against Islamic assets

Refinance Facility Under Bills Discounting

Inventory related to Islamic financing

Other Islamic modes

21,273,995	21,842,453
3,684,104	4,427,417
41,259,494	42,074,849
4,006,728	3,747,820
4,181,665	3,561,970
19,999,868	-
6,346,939	6,215,478
3,761,147	3,494,484
11,340,072	11,638,939
46,416	306,658
3,928,880	1,484,760
137,257	127,342
11,942,510	10,119,342
3,502,455	3,548,291
749,049	605,195
19,591,491	29,243,089
1,362,203	3,476,879
10,109,676	6,597,230
2,286,789	2,220,828
169,492,738	154,733,024

Less: provision against Islamic financings

- Specific

- General

(4,491,505)	(4,167,412)
(142,968)	(147,968)
(4,634,473)	(4,315,380)

Islamic financing and related assets - net of provision

164,858,265	150,417,644
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39.4 Deposits

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
------(Rupees in '000)-----						
Customers						
Current deposits	116,396,067	8,221,123	124,617,190	107,113,838	6,825,030	113,938,868
Savings deposits	63,063,151	3,642,839	66,705,990	64,899,308	3,174,282	68,073,590
Term deposits	35,162,100	263,855	35,425,955	45,821,709	212,069	46,033,778
Other deposits	4,213,605	1,471,048	5,684,653	2,290,176	465,542	2,755,718
	218,834,923	13,598,865	232,433,788	220,125,031	10,676,923	230,801,954
Financial Institutions						
Current deposits	501,373	-	501,373	244,430	-	244,430
Savings deposits	250,476	-	250,476	270,566	-	270,566
Term deposits	21,505,000	-	21,505,000	24,355,000	-	24,355,000
	22,256,849	-	22,256,849	24,869,996	-	24,869,996
	241,091,772	13,598,865	254,690,637	244,995,027	10,676,923	255,671,950

39.4.1 Current deposits include remunerative current deposits of Rs. 14,422.298 million (December 31, 2022: Rs. 14,325.601 million).

	(Un-audited)		(Audited)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
------(Rupees in '000)-----				
39.5 Islamic Banking Business Unappropriated Profit				
Opening Balance	11,429,745	8,924,121		
Add: Islamic Banking profit before taxation for the period / year	2,322,625	4,945,055		
Less: Taxation for the period / year	(1,015,754)	(2,440,810)		
Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	340	1,379		
Closing Balance	12,736,956	11,429,745		
39.6 Contingencies and Commitments				
-Guarantees	4,141,167	4,306,277		
-Commitments	56,194,924	58,893,007		
	60,336,091	63,199,284		
(Un-audited) Quarter ended				
	March 31, 2023	March 31, 2022		
------(Rupees in '000)-----				
39.7 Profit/Return Earned of Financing, Investments and Placement				
Financing	5,425,313	2,334,114		
Investments	4,708,887	2,296,783		
Placements	245,904	153,846		
	10,380,104	4,784,743		
39.8 Profit on Deposits and other Dues Expensed				
Deposits and other accounts	4,471,940	1,992,364		
Due to financial institutions	520,450	367,792		
Cost of foreign currency swaps against foreign currency deposits / borrowings	8,941	14,775		
Borrowing cost on lease liability	215,508	150,243		
Reward points / customer loyalty	7,588	3,862		
	5,224,427	2,529,036		

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.

39.9.2 Avenues/sectors where Mudaraba based deposits have been deployed.

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Agriculture, Forestry, Hunting and Fishing	20,766,521	784,589
Automobile and transportation equipment	7,090,335	7,595,658
Cement	3,674,435	4,622,222
Chemical and Pharmaceuticals	7,040,609	9,349,258
Construction	2,832,733	2,877,944
Electronics and electrical appliances	1,359,751	1,553,152
Exports / Imports	390	556
Financial	147,917	220,000
Food & Allied Products	8,731,630	9,398,453
Footwear and Leather garments	791,380	871,411
Glass and Ceramics	56,551	127,652
Individuals	33,494,557	33,543,245
Insurance	783	783
Metal & Allied industries	2,673,014	2,445,184
Mining and Quarrying	506,975	507,314
Oil and Allied	4,689,264	4,427,967
Paper and Board	667,740	957,214
Plastic and Allied Industries	2,975,788	2,979,808
Power (electricity), Gas, Water, Sanitary Services	7,240,785	7,923,231
Services	2,478,863	2,657,917
Sugar	3,680,074	2,778,838
Technology and Related services	57,506	56,530
Textile	46,265,070	46,702,510
Transport, Storage and Communication	7,024,242	6,289,478
Wholesale and Retail Trade	3,472,456	4,226,059
Others	1,773,369	1,836,051
Total Gross Islamic Financing and Related Assets	169,492,738	154,733,024
Total gross investments (at cost)	128,286,745	124,200,153
Total Islamic placements	10,500,061	30,000,061
Total Invested Funds	308,279,544	308,933,238

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	Profit rate / return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
			Mudarib Share / Fee	Rabbul Maal Share				
		(In %)	(In %)	(In %)	(Rupees in '000)	(In %)	(In %)	(Rupees in '000)
General Pools								
PKR Pool	Monthly	14.19%	50.00%	50.00%	2,024,251	9.18%	0.27%	21,092
USD Pool	Monthly	6.00%	85.00%	15.00%	37,620	0.79%	0.00%	-
GBP Pool	Monthly	4.15%	85.00%	15.00%	3,197	0.67%	0.00%	-
EUR Pool	Monthly	3.29%	85.00%	15.00%	2,438	0.71%	0.00%	-
AED Pool	Monthly	2.73%	85.00%	15.00%	119	0.19%	0.00%	-
SAR Pool	Monthly	3.22%	85.00%	15.00%	187	0.25%	0.00%	-
CAD Pool	Monthly	7.22%	85.00%	15.00%	99	0.38%	0.00%	-
Specific Pools								
Special Pool (Saving & TDRs)	Monthly	15.24%	3.58%	96.42%	38,252	15.19%	11.17%	9,340

SBP Refinance Borrowing pool	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share	Profit rate return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
			Bank Share	SBP Share				
		(In %)	(In %)	(In %)	(Rupees in '000)	(In %)	(In %)	(Rupees in '000)
Islamic Export Refinance (IERS) Pool	Monthly	14.54%	69.84%	30.16%	597,766	Nil	0.00%	-

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 has taken impairment against assets where there is an indication that carrying amount may be higher than its recoverable amount. 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 April 27, 2023 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.

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

Description of item	Nature	(Rupees in '000)	From	To
Net interest On Interest Rate Swap	Income	125,560	Mark-Up/Return/Interest Expensed - Borrowings	Mark-Up/Return/Interest Earned - Investments

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

A hand holding a pen pointing to a line graph and a candlestick chart. The background is a light gray with a subtle grid. The line graph has red dots and a red line connecting them, showing an overall upward trend. The candlestick chart consists of white bars with black outlines, representing price movements. The hand is positioned in the lower right, with the pen tip pointing towards the line graph.

BANK ALFALAH LIMITED

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2023**

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	153,729,351	140,613,751
Balances with other banks	8	18,756,880	10,105,449
Lendings to financial institutions	9	210,799,979	115,353,599
Investments	10	1,287,252,908	1,117,616,363
Advances	11	698,015,183	732,385,815
Fixed assets	12	50,321,904	48,493,284
Intangible assets	13	1,381,618	1,304,181
Deferred tax assets	14	13,110,875	7,550,773
Other assets	15	102,067,082	83,296,493
		2,535,435,780	2,256,719,708
LIABILITIES			
Bills payable	16	25,464,860	40,033,806
Borrowings	17	673,053,309	491,649,941
Deposits and other accounts	18	1,554,033,789	1,486,836,260
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	14,000,000	14,000,000
Other liabilities	20	162,668,959	122,136,332
		2,429,220,917	2,154,656,339
NET ASSETS		106,214,863	102,063,369
REPRESENTED BY			
Share capital		15,771,651	15,771,651
Reserves		39,680,824	34,283,201
(Deficit) / surplus on revaluation of assets	21	(2,174,421)	4,847,101
Unappropriated profit		52,810,712	47,033,616
Total equity attributable to the equity holders of the Holding Company		106,088,766	101,935,569
Non-controlling interest	22	126,097	127,800
		106,214,863	102,063,369
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 quarter ended March 31, 2023

	Note	Quarter ended March 31, 2023	Quarter ended March 31, 2022
------(Rupees in '000)-----			
Mark-up/Return/Interest Earned	25	75,600,919	35,826,601
Mark-up/Return/Interest Expensed	26	47,687,134	21,547,631
Net Mark-up/Return/Interest Income		<u>27,913,785</u>	<u>14,278,970</u>
NON MARK-UP/RETURN/INTEREST INCOME			
Fee and Commission Income	27	3,425,331	2,537,304
Dividend Income		207,950	194,511
Foreign Exchange Income		3,324,964	1,430,821
(Loss) / gain from derivatives		(100,717)	80,457
(Loss) / gain on securities	28	(312,459)	11,068
Share of profit from associates		123,158	61,268
Other Income	29	64,201	160,787
Total non-markup/interest Income		<u>6,732,428</u>	<u>4,476,216</u>
Total Income		<u>34,646,213</u>	<u>18,755,186</u>
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	30	14,686,579	10,341,029
Workers' Welfare Fund	31	397,746	160,162
Other charges	32	10,973	1,803
Total non-markup/interest expenses		<u>15,095,298</u>	<u>10,502,994</u>
Profit before provisions		<u>19,550,915</u>	<u>8,252,192</u>
Provisions and write offs - net	33	521,775	385,859
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>19,029,140</u>	<u>7,866,333</u>
Taxation	34	8,258,450	2,836,174
PROFIT AFTER TAXATION		<u>10,770,690</u>	<u>5,030,159</u>
Profit / (loss) attributable to:			
Equity holders of the Holding Company		10,772,393	5,033,102
Non-controlling interest		(1,703)	(2,943)
		<u>10,770,690</u>	<u>5,030,159</u>
------(Rupees)-----			
Basic and Diluted Earnings per share	35	<u>6.83</u>	<u>2.83</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

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

For the quarter ended March 31, 2023

	Quarter ended March 31, 2023	Quarter ended March 31, 2022
	------(Rupees in '000)-----	
Profit after taxation for the period	10,770,690	5,030,159
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	4,323,358	623,545
Movement in surplus / (deficit) on revaluation of investments - net of tax	(6,989,843)	(886,923)
Movement in surplus / (deficit) on revaluation of investments - net of tax (share of associates)	(439)	(2,183)
	(2,666,924)	(265,561)
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	(8,961)	(29,201)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(398)	17,504
	(9,359)	(11,697)
Total comprehensive income	8,094,407	4,752,901
Total comprehensive income / (loss) attributable to:		
Equity holders of the Holding Company	8,096,110	4,755,844
Non-controlling interest	(1,703)	(2,943)
	8,094,407	4,752,901

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 quarter ended March 31, 2023

	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, 2022	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 quarter ended March 31, 2022											
Profit / (loss) after taxation	-	-	-	-	-	-	-	5,033,102	5,033,102	(2,943)	5,030,159
Other comprehensive income - net of tax	-	-	623,545	-	(889,106)	(7,298)	17,534	-	(255,325)	-	(255,325)
Transfer to statutory reserve	-	-	-	501,867	-	-	-	(501,867)	-	-	-
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,884	(36,884)	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(21,903)	(90)	21,933	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Balance as at March 31, 2022	17,771,651	4,731,049	8,834,634	17,513,692	(2,116,741)	12,587,876	68,308	43,577,188	102,967,657	126,946	103,094,603
Changes in equity for nine months ended December 31, 2022											
Profit after taxation	-	-	-	-	-	-	-	13,361,664	13,361,664	5,641	13,367,305
Other comprehensive income - net of tax	-	-	1,885,048	-	(5,435,731)	(74,938)	14,289	(294,691)	(3,906,023)	(531)	(3,906,554)
Transfer to statutory reserve	-	-	-	1,318,778	-	-	-	(1,318,778)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(4,024)	(191,846)	(92)	195,962	-	-	-
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	-
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)	-	(4,442,913)
Own shares purchased during the year	(2,000,000)	-	-	-	-	-	-	(4,043,855)	(6,043,855)	-	(6,043,855)
Balance as at December 31, 2022	15,771,651	4,731,049	10,719,682	18,832,470	(7,556,496)	12,321,092	82,505	47,033,616	101,935,569	127,800	102,063,369
Changes in equity for the quarter ended March 31, 2023											
Profit / (loss) after taxation	-	-	-	-	-	-	-	10,772,393	10,772,393	(1,703)	10,770,690
Other comprehensive income - net of tax	-	-	4,323,358	-	(6,990,282)	(8,961)	(398)	-	(2,676,283)	-	(2,676,283)
Transfer to statutory reserve	-	-	-	1,074,265	-	-	-	(1,074,265)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(21,880)	-	21,881	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Balance as at March 31, 2023	15,771,651	4,731,049	15,043,040	19,906,735	(14,546,778)	12,290,250	82,107	52,810,712	106,088,766	126,097	106,214,863

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 quarter ended March 31, 2023

	Quarter ended	
	March 31, 2023	March 31, 2022
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,029,140	7,866,333
Dividend income	(207,950)	(194,511)
Share of profit from associates	(123,158)	(61,268)
	18,698,032	7,610,554
Adjustments		
Depreciation	1,577,110	1,215,565
Amortisation	78,258	88,261
Provisions and write offs - net	521,775	385,859
Unrealised loss on revaluation of investments classified as held for trading - net	396,293	294,980
Gain on sale of operating fixed assets and non banking assets - net	(29,085)	(36,301)
Gain on termination of leases (IFRS 16) - net	(8,634)	(107,901)
Borrowing cost on lease liability	585,381	423,638
Workers' Welfare Fund	397,746	160,162
Charge for defined benefit plan	116,750	88,855
Charge for staff compensated absences	47,499	45,000
	3,683,093	2,558,118
	22,381,125	10,168,672
(Increase) / decrease in operating assets		
Lendings to financial institutions	(87,868,430)	11,719,917
Held for trading securities	(126,751,333)	15,237,904
Advances	33,745,459	(12,908,408)
Other assets (excluding advance taxation)	(18,777,161)	(12,583,938)
	(199,651,465)	1,465,475
Increase/ (decrease) in operating liabilities		
Bills payable	(14,568,946)	4,208,174
Borrowings	183,068,699	59,306,814
Deposits	67,197,529	39,141,714
Other liabilities (excluding current taxation)	32,998,509	6,063,020
	268,695,791	108,719,722
	91,425,451	120,353,869
Income tax paid	(5,004,213)	(2,362,754)
Net cash generated from operating activities	86,421,238	117,991,115
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(53,108,320)	(110,126,677)
Net investments in held-to-maturity securities	(2,288,699)	(5,972,730)
Dividends received from associates	66,000	30,000
Dividends received	141,269	144,349
Investments in operating fixed assets	(1,735,596)	(3,434,177)
Proceed from sale proceeds of fixed assets	37,904	44,179
Effect of translation of net investment in foreign branches	4,323,358	623,545
Net cash used in investing activities	(52,564,084)	(118,691,511)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of leased obligations	(974,663)	(758,162)
Dividend paid	(1,872,474)	(44,318)
Net cash used in financing activities	(2,847,137)	(802,480)
Increase / (decrease) in cash and cash equivalents	31,010,017	(1,502,876)
Cash and cash equivalents at beginning of the year	204,794,737	136,485,549
Effects of exchange rate changes on cash and cash equivalents - (gain)	(18,686,135)	(1,692,827)
	186,108,602	134,792,722
Cash and cash equivalents at end of the period	217,118,619	133,289,846

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 quarter ended March 31, 2023

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 889 branches (December 31, 2022: 877 branches) and 17 sub-branches (December 31, 2022: 17 sub-branches). Out of the 889 branches, 587 (December 31, 2022: 586) are conventional, 291 (December 31, 2022: 280) are Islamic, 10 (December 31, 2022: 10) are overseas and 1 (December 31, 2022: 1) is an offshore banking unit.

Subsidiary	Percentage of Holding	
	March 2023	December 2022
Alfalah CLSA Securities (Private) Limited, Pakistan	62.50%	62.50%
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 Asset Management Limited (Formerly Alfalah GHP Investment Management Limited)	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. These consolidated condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 5 dated March 22, 2019.

2.1.1 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, 2022.

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 (IFS). Further, SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'.

Moreover, the Holding Company has not adopted IFRS 9 in preparation of these accounts, as allowed by SBP BPRD circular no 7 of 2023 dated April 13, 2023.

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 statements.

2.2.3 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 period

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, 2023 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)
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Non current liabilities with covenants - Amendment to IAS 1	January 01, 2024

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 condensed interim 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 consolidated financial statements of the Group for the year ended December 31, 2022.

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 annual consolidated financial statements for the year ended December 31, 2022.

6 FINANCIAL RISK MANAGEMENT

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

(Un-audited) (Audited)
March 31, **December 31,**
2023 **2022**
 -----(Rupees in '000)-----

7 CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	33,311,904	34,295,288
Foreign currency	6,561,906	3,692,104
	39,873,810	37,987,392
With State Bank of Pakistan in		
Local currency current accounts	54,913,282	46,845,917
Foreign currency current accounts	7,737,535	3,528,124
Foreign currency deposit accounts	11,964,085	687,240
	74,614,902	51,061,281
With other central banks in		
Foreign currency current accounts	35,841,170	49,697,265
Foreign currency deposit accounts	1,810,773	1,679,531
	37,651,943	51,376,796
With National Bank of Pakistan in local currency current account	1,465,444	92,407
Prize bonds	123,252	95,875
	153,729,351	140,613,751

8 BALANCES WITH OTHER BANKS

In Pakistan		
In current account	377,538	625,050
In deposit account	3,578	13,013
	381,116	638,063
Outside Pakistan		
In current account	18,340,648	9,438,572
In deposit account	35,116	28,814
	18,375,764	9,467,386
	18,756,880	10,105,449

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	47,952,031	40,384,136
Repurchase agreement lendings (Reverse Repo)	162,847,948	74,969,700
	210,799,979	115,353,836
Less: expected credit loss - overseas branches	-	(237)
Lending to Financial Institutions - net of provision	210,799,979	115,353,599

10 INVESTMENTS

Note

10.1 Investments by type:

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Held-for-trading securities								
Federal Government Securities								
Market Treasury Bills	70,157,267	-	(89,256)	70,068,011	2,074,210	-	(2,994)	2,071,216
Pakistan Investment Bonds	64,588,544	-	(266,312)	64,322,232	4,173,096	-	33,445	4,206,541
Government of Pakistan Sukuks	261,027	-	(11,515)	249,512	3,059,648	-	7,862	3,067,510
Shares								
Ordinary shares / units - Listed	471,095	-	(24,526)	446,569	593,977	-	(60,544)	533,433
Foreign Securities								
Overseas Bonds - Sovereign	4,845,673	-	(4,684)	4,840,989	3,698,451	-	(4,878)	3,693,573
	140,323,606	-	(396,293)	139,927,313	13,599,382	-	(27,109)	13,572,273
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	142,544,964	-	69,603	142,614,567	2,402	-	(7)	2,395
Pakistan Investment Bonds	693,413,528	-	(15,385,700)	678,027,828	831,017,092	-	(7,636,247)	823,380,845
Government of Pakistan Sukuks	135,263,527	-	(3,196,513)	132,067,014	104,886,109	-	(939,360)	103,946,749
Government of Pakistan Euro Bonds	14,875,102	(2,506,086)	(6,486,920)	5,882,096	11,917,603	(2,012,101)	(4,753,348)	5,152,154
Naya Pakistan Certificates	7,279,977	-	-	7,279,977	4,779,075	-	-	4,779,075
Shares								
Ordinary shares - Listed	5,931,706	(610,612)	(378,775)	4,942,319	7,205,583	(829,340)	(453,569)	5,922,674
Ordinary shares - Unlisted	1,211,363	(88,038)	-	1,123,325	1,211,363	(88,038)	-	1,123,325
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	3,233,166	(363,744)	-	2,869,422	2,986,517	(411,218)	(48)	2,575,251
Sukuks	16,669,677	(96,511)	85,267	16,658,433	16,676,056	(96,511)	129,707	16,709,252
Foreign Securities								
Overseas Bonds - Sovereign	34,562,048	(53,010)	(1,964,933)	32,544,105	26,861,689	(64,732)	(1,679,122)	25,117,835
Overseas Bonds - Others	30,209,468	(6,652)	(2,438,870)	27,763,946	25,310,922	(10,416)	(2,074,381)	23,226,125
Redeemable Participating Certificates	5,437,604	-	-	5,437,604	4,338,537	-	-	4,338,537
REIT Fund - Unlisted	700,000	-	-	700,000	700,000	-	-	700,000
	1,091,465,965	(3,858,488)	(29,696,841)	1,057,910,636	1,038,026,783	(3,646,191)	(17,406,375)	1,016,974,217
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	68,873,146	-	-	68,873,146	68,564,798	-	-	68,564,798
Non Government Debt Securities								
Term Finance Certificates	848,013	(214,680)	-	633,333	864,680	(24,680)	-	840,000
Sukuks	2,302,962	(78,076)	-	2,224,886	1,895,679	(80,722)	-	1,814,957
Foreign Securities								
Overseas Bonds - Sovereign	12,993,348	(212)	-	12,993,136	11,216,215	(168)	-	11,216,047
	85,017,469	(292,968)	-	84,724,501	82,541,372	(105,570)	-	82,435,802
Associates (valued at equity method)								
Alfalal Insurance Company Limited								
	637,538	-	-	637,538	601,034	-	-	601,034
Sapphire Wind Power Company Limited								
	3,445,135	-	-	3,445,135	3,436,726	-	-	3,436,726
Alfalal Asset Management Limited								
	607,785	-	-	607,785	596,311	-	-	596,311
	4,690,458	-	-	4,690,458	4,634,071	-	-	4,634,071
Total Investments	1,321,497,498	(4,151,456)	(30,093,134)	1,287,252,908	1,138,801,608	(3,751,761)	(17,433,484)	1,117,616,363

10.1.1 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.

10.2 Investments given as collateral	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
	----- (Rupees in '000) -----	
Market Treasury Bills	88,419,520	-
Pakistan Investment Bonds	409,371,000	307,049,207
Overseas Bonds	7,640,074	4,981,480
	<u>505,430,594</u>	<u>312,030,687</u>

10.2.1 The market value of securities given as collateral is Rs. 495,589.102 million (December 31, 2022: Rs. 308,263.867 million).

10.3 Provision for diminution in value of investments	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
	----- (Rupees in '000) -----	
10.3.1 Opening balance	3,751,761	1,186,010
Exchange and other adjustments	518,260	66,733
Charge / (reversals)		
Charge for the period / year	287,300	2,668,843
Reversals for the period / year	(61,547)	(9,397)
Reversal on disposals	(344,318)	(160,428)
	<u>(118,565)</u>	<u>2,499,018</u>
Closing Balance	<u>4,151,456</u>	<u>3,751,761</u>

10.3.2 Particulars of provision against debt securities

Category of classification	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	NPI	Provision	NPI	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	753,011	753,011	613,131	613,131

10.3.2.1 The overseas branches hold a provision of Rs. 2,565.960 million (December 31, 2022: Rs. 2,087.417 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 March 31, 2023 amounted to Rs. 73,190.099 million (December 31, 2022: Rs. 73,518.446 million).

11 ADVANCES

Note	Performing		Non Performing		Total	
	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.	521,807,590	570,312,570	26,255,665	22,798,387	548,063,255	593,110,957
Islamic financing and related assets	164,597,110	149,839,163	4,895,628	4,893,861	169,492,738	154,733,024
Bills discounted and purchased	12,675,415	14,580,885	1,655,526	3,280,234	14,330,941	17,861,119
Advances - gross	699,080,115	734,732,618	32,806,819	30,972,482	731,886,934	765,705,100
Provision against advances						
- Specific	11.4	-	(27,264,907)	(25,397,878)	(27,264,907)	(25,397,878)
- General / expected credit loss	11.4	(6,606,844)	-	-	(6,606,844)	(7,921,407)
		(6,606,844)	(27,264,907)	(25,397,878)	(33,871,751)	(33,319,285)
Advances - net of provision	692,473,271	726,811,211	5,541,912	5,574,604	698,015,183	732,385,815

11.1 Advances include an amount of Rs. 360.676 million (December 31, 2022: Rs. 339.983 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Holding Company, or were granted afresh, under a specific arrangement executed between the Holding Company 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 15.84% to 30.43% (December 31, 2022: 13.37% to 27.25%) with maturities up to February 2043 (December 31, 2022: October 2042).

11.2 Particulars of advances (Gross)	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
	------(Rupees in '000)-----	
In local currency	664,133,673	713,985,927
In foreign currencies	67,753,261	51,719,173
	<u>731,886,934</u>	<u>765,705,100</u>

11.3 Advances include Rs. 32,806.819 million (December 31, 2022: Rs. 30,972.482 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non-Performing Loans	General / expected credit loss	Non-Performing Loans	General / expected credit loss
	------(Rupees in '000)-----			
Domestic				
Other Assets Especially Mentioned	146,566	3,055	178,723	15,814
Substandard	1,440,093	349,248	2,352,882	683,787
Doubtful	8,375,853	4,419,195	6,885,829	3,407,905
Loss	22,062,784	21,904,676	20,897,810	20,795,657
	<u>32,025,296</u>	<u>26,676,174</u>	<u>30,315,244</u>	<u>24,903,163</u>
Overseas				
Overdue by:				
91 to 180 days	43,512	31,737	35,903	21,952
181 to 365 days	170,087	144,257	139,472	119,706
Above 365 days	567,924	412,739	481,863	353,057
	<u>781,523</u>	<u>588,733</u>	<u>657,238</u>	<u>494,715</u>
Total	<u>32,806,819</u>	<u>27,264,907</u>	<u>30,972,482</u>	<u>25,397,878</u>

11.4 Particulars of provision against advances

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
------(Rupees in '000)-----						
Opening balance	25,397,878	7,921,407	33,319,285	21,126,338	4,067,236	25,193,574
Exchange and other adjustments	100,242	71,016	171,258	32,240	22,887	55,127
Charge for the period / year	2,757,391	(1,385,579)	1,371,812	7,544,341	3,831,284	11,375,625
Reversals for the period / year	(746,639)	-	(746,639)	(2,431,826)	-	(2,431,826)
	2,010,752	(1,385,579)	625,173	5,112,515	3,831,284	8,943,799
Amounts written off	(243,965)	-	(243,965)	(497,192)	-	(497,192)
Amounts charged off - agriculture financing	-	-	-	(69,791)	-	(69,791)
Amounts charged off - balance sheet cleaning	-	-	-	(306,232)	-	(306,232)
	(243,965)	-	(243,965)	(873,215)	-	(873,215)
Closing balance	27,264,907	6,606,844	33,871,751	25,397,878	7,921,407	33,319,285

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at March 31, 2023 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 113.735 million (December 31, 2022: Rs. 94.554 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; and

(iii) Provision of Rs. 4,595.000 million (December 31, 2022: Rs. 4,595.000 million) against the high risk portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposures, staff loans and loans secured against liquid collaterals. Provision against flood impacted portfolio of Rs. 1,376 million held as at December 31, 2022 was reversed during the period.

11.4.3 Although the Holding Company 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)
		March 31, 2023	December 31, 2022
------(Rupees in '000)-----			
12 FIXED ASSETS			
Capital work-in-progress	12.1	1,400,481	944,206
Property and equipment	12.2	32,437,399	32,132,604
Right-of-use assets		16,484,024	15,416,474
		50,321,904	48,493,284
12.1 Capital work-in-progress			
Civil works		1,097,557	706,019
Equipment		259,590	214,126
Others		43,334	24,061
		1,400,481	944,206

12.2 It includes land and buildings carried at revalued amount of Rs. 21,875.881 million (December 31, 2022: Rs. 21,661.195 million).

12.3 Additions to fixed assets

The following additions were made to fixed assets during the period:

	(Un-audited) Quarter ended	
	March 31, 2023	March 31, 2022
	------(Rupees in '000)-----	
Capital work-in-progress - net of transferred out for capitalisation	456,275	523,586
Property and equipment		
Freehold land	244	912,286
Leasehold land	116,000	-
Buildings on freehold land	119,965	490,384
Buildings on leasehold land	32,971	3,482
Leasehold improvement	105,035	213,737
Furniture and fixtures	51,785	41,081
Office equipment	640,859	701,383
Vehicles	32,244	-
	1,099,103	2,362,353
Total additions to fixed assets	1,555,378	2,885,939

12.4 Disposals of fixed assets

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

Leasehold improvements	7,003	1,864
Furniture and fixtures	291	31
Office equipments	1,525	5,983
Total disposal of fixed assets	8,819	7,878

13 INTANGIBLE ASSETS

Capital work-in-progress / Advance payment to suppliers	606,369	455,945
Software	769,249	842,236
Membership Card	6,000	6,000
	1,381,618	1,304,181

13.1 Additions to intangible assets

The following additions were made to intangible assets during the period:

	(Un-audited) Quarter ended	
	March 31, 2023	March 31, 2022
	------(Rupees in '000)-----	
Capital work-in-progress - net of transferred out for capitalisation	150,424	139,438
Directly purchased	4,899	183,957
Total additions to intangible assets	155,323	323,395

13.2 There were no disposal of intangible assets during the periods ended March 31, 2023 and March 31, 2022.

14 DEFERRED TAX ASSETS	Note	(Un-audited)	(Audited)
		March 31, 2023	December 31, 2022
------(Rupees in '000)-----			
Deductible Temporary Differences on:			
- Provision against investments		1,825,750	1,702,211
- Provision against advances		2,844,774	3,096,128
- Unrealised loss on revaluation of held for trading investments		170,676	7,472
- Deficit on revaluation of available for sale investments		10,964,788	5,690,672
- Provision against other assets		1,029,154	1,002,851
- Provision against lending to financial institutions		-	32
- Workers' Welfare Fund		775,131	604,100
- Others		24,404	24,404
		17,634,677	12,127,870
Taxable Temporary Differences on:			
- Surplus on revaluation of fixed assets		(495,850)	(486,889)
- Surplus on revaluation of non banking assets		(62,807)	(63,108)
- Share of profit and other comprehensive income from associates		(1,510,526)	(1,486,280)
- Accelerated tax depreciation		(2,454,619)	(2,540,820)
		(4,523,802)	(4,577,097)
		13,110,875	7,550,773
15 OTHER ASSETS			
Income/ Mark-up accrued in local currency - net of provision		56,368,087	42,711,601
Income/ Mark-up accrued in foreign currency - net of provision		2,475,609	2,011,398
Advances, deposits, advance rent and other prepayments		5,412,944	3,748,465
Advance against subscription of share		270,454	-
Non-banking assets acquired in satisfaction of claims	15.1	1,438,374	1,439,606
Dividend receivable		66,681	-
Mark to market gain on forward foreign exchange contracts		4,140,062	922,573
Mark to market gain on derivatives	24.1	4,314,471	4,795,545
Stationery and stamps on hand		18,081	23,253
Defined benefit plan		36,957	153,707
Branch adjustment account		-	24,430
Due from card issuing banks		3,350,822	4,544,609
Account receivable		5,364,019	5,690,187
Claims against fraud and forgeries		123,324	119,455
Acceptances		20,869,541	19,090,181
Receivable against DSC/SSC and overseas government securities		29,352	131,517
Receivable against tradeable marketable securities		808,449	860,261
Others		78,914	65,636
		105,166,141	86,332,424
Less: Provision held against other assets	15.2	(3,243,973)	(3,181,544)
Other assets (net of provision)		101,922,168	83,150,880
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	15.1	144,914	145,613
		102,067,082	83,296,493

15.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,583.288 million (December 31, 2022: Rs. 1,585.219 million).

15.2 Provision held against other assets

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Impairment against overseas operation	2,148,582	2,114,963
Expected credit loss (overseas operation)	28,173	10,397
Fraud and forgeries	139,147	119,455
Account receivable	561,378	548,109
Others	366,693	388,620
	3,243,973	3,181,544

15.2.1 Movement in provision held against other assets

Opening balance	3,181,544	1,848,407
Exchange and other adjustments	2,764	35,684
Charge for the period / year	61,900	1,493,475
Reversals for the period / year	(2,235)	(165,599)
	59,665	1,327,876
Amount written off	-	(30,423)
Closing balance	3,243,973	3,181,544

16 BILLS PAYABLE

In Pakistan	22,549,425	37,705,524
Outside Pakistan	2,915,435	2,328,282
	25,464,860	40,033,806

17 BORROWINGS

Secured

Borrowings from State Bank of Pakistan under:

Export Refinance Scheme	50,348,109	53,477,830
Long-Term Finance Facility (LTFF)	27,585,314	28,643,178
Financing Facility for Renewable Energy Projects	12,010,374	11,917,647
Financing Facility for Storage of Agriculture Produce (FFSAP)	692,241	738,979
Refinance for Wages & Salaries	44,613	300,821
Temporary Economic Refinance Facility (TERF)	50,576,242	49,721,502
Export Refinance under Bill Discounting	5,760,281	10,633,712
SME Asaan Finance (SAAF)	1,748,471	949,413
Refinance Facility for Combating COVID (RFCC)	717,919	692,957
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	148,599	279,374
Modernization of Small and Medium Entities (MSMES)	1,040,267	871,659
Other refinance schemes	806	890
Repurchase agreement borrowings	438,699,520	256,900,000
	589,372,756	415,127,962

Repurchase agreement borrowings

Bai Muajjal	16,155,013	4,830,897
Medium Term Note	43,266,806	42,113,040
Others	11,000,000	11,000,000
	586,813	470,410
Total secured	660,381,388	58,414,347

Unsecured

Call borrowings	4,478,139	5,766,732
Overdrawn nostro accounts	3,219,582	4,884,913
Others		
- Pakistan Mortgage Refinance Company	2,603,303	2,180,208
- Karandaaz Risk Participation	2,370,897	2,331,958
- Other financial institutions	-	2,943,821
Total unsecured	12,671,921	18,107,632
	673,053,309	491,649,941

18 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
(Rupees in '000)						
Customers						
Current deposits	528,668,378	147,238,913	675,907,291	523,834,695	131,267,950	655,102,645
Savings deposits	317,976,224	41,623,110	359,599,334	294,762,649	37,937,222	332,699,871
Term deposits	336,309,324	53,769,153	390,078,477	287,557,414	49,767,276	337,324,690
Others	39,993,231	12,546,088	52,539,319	35,941,042	8,943,974	44,885,016
	1,222,947,157	255,177,264	1,478,124,421	1,142,095,800	227,916,422	1,370,012,222
Financial Institutions						
Current deposits	2,005,814	1,112,717	3,118,531	3,192,672	3,065,704	6,258,376
Savings deposits	14,282,253	3,798,075	18,080,328	68,746,218	2,911,307	71,657,525
Term deposits	51,101,000	2,904,938	54,005,938	38,073,100	354,319	38,427,419
Others	620,467	84,104	704,571	404,457	76,261	480,718
	68,009,534	7,899,834	75,909,368	110,416,447	6,407,591	116,824,038
	1,290,956,691	263,077,098	1,554,033,789	1,252,512,247	234,324,013	1,486,836,260

18.1 Current deposits include remunerative current deposits of Rs. 14,422.298 million (December 31, 2022 : Rs. 14,325.601 million).

(Un-audited) (Audited)
March 31, December 31,
2023 2022
----- (Rupees in '000) -----

19 SUBORDINATED DEBT

Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

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 The Pakistan Credit Rating Agency Limited		
Security	Unsecured		
Ranking	Subordinated to all other indebtedness of the Holding Company 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 Holding Company 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 Holding Company'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 Holding Company may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of SBP and instrument is replaced with capital of same and better quality.		

(Un-audited)	(Audited)
March 31,	December 31,
2023	2022
----- (Rupees in '000) -----	

Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by State Bank of Pakistan (SBP) under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000	7,000,000	7,000,000
Issue date	December 2022		
Maturity date	Perpetual		
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency Limited		
Security	Unsecured		
Ranking	Subordinated to all other indebtedness of the Holding Company 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 Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of SBP, mark-up rate will be Base Rate + 2.00% 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 Holding Company's current year's earning and if the Holding Company 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 Holding Company may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of SBP and instrument is replaced with capital of same and better quality.		
		14,000,000	14,000,000

20 OTHER LIABILITIES	Note	(Un-audited)	(Audited)
		March 31, 2023	December 31, 2022
------(Rupees in '000)-----			
Mark-up/ Return/ Interest payable in local currency		25,866,158	16,650,129
Mark-up/ Return/ Interest payable in foreign currency		1,633,990	1,443,987
Unearned fee commission and income on bills discounted and guarantees		2,967,848	2,591,163
Accrued expenses		11,059,984	12,610,353
Current taxation		16,393,192	12,843,565
Acceptances		20,869,541	19,090,181
Dividends payable		6,837,649	4,767,210
Mark to market loss on forward foreign exchange contracts		1,578,562	455,164
Mark to market loss on derivatives	24.1	102,690	-
Branch adjustment account		41,857	-
ADC settlement accounts		2,734,655	2,035,378
Provision for compensated absences		748,991	701,492
Payable against redemption of customer loyalty / reward points		659,653	607,208
Charity payable		73,696	65,998
Provision against off-balance sheet obligations	20.1	102,202	62,948
Security deposits against leases, lockers and others		15,779,002	13,300,923
Workers' Welfare Fund		3,776,643	3,378,897
Payable to vendors and suppliers		465,310	556,205
Margin deposits on derivatives		4,214,437	4,077,091
Payable to merchants (card acquiring)		2,121	16,536
Indirect Taxes Payable		2,369,557	2,360,341
Lease liabilities against right-of-use assets		18,949,701	17,514,201
Payable against marketable securities		849,345	1,277,915
Trading Liability		19,869,324	2,638,773
Others		4,722,851	3,090,674
		162,668,959	122,136,332

20.1 Provision against off-balance sheet obligations

Opening balance	62,948	137,639
Exchange and other adjustments	5,947	12,348
Charge / (reversal) for the period / year	33,307	(87,039)
Closing balance	102,202	62,948

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
21 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	10.1	(29,696,841)	(17,406,375)
- Available for sale securities of associates		(21,160)	(20,389)
- Fixed Assets		12,786,100	12,807,981
- Non-banking assets acquired in satisfaction of claims	15	144,914	145,613
		(16,786,987)	(4,473,170)
Less: Deferred tax asset / (liability) on surplus / (deficit) on revaluation of:			
- Available for sale securities		12,769,642	7,484,741
- Available for sale securities of associates		9,099	8,767
- Fixed Assets		(495,850)	(486,889)
- Non-banking assets acquired in satisfaction of claims		(62,807)	(63,108)
		12,220,084	6,943,511
Derivatives (Deficit) / Surplus		(4,197,336)	(4,169,754)
Less: Deferred tax asset / (liability) on derivative		1,804,854	1,792,994
		(2,392,482)	(2,376,760)
		(2,174,421)	4,847,101

22 NON-CONTROLLING INTEREST

Name	Principal activity	Principal place of Business	(Un-audited)	(Audited)
			March 31, 2023	December 31, 2022
			Ownership interest held by NCI	
Alfalsh CLSA Securities (Private) Limited, Pakistan	Stock Brokerage	Pakistan	37.50%	37.50%
Key financial information of the subsidiary			(Un-audited)	(Audited)
			March 31, 2023	December 31, 2022
------(Rupees in '000)-----				
Assets			1,439,321	1,875,409
Liabilities			1,103,064	1,534,610
Net Assets			336,257	340,799
Non-Controlling Interest (NCI)			126,097	127,800
			(Un-audited)	
			Quarter ended	
			March 31, 2023	March 31, 2022
------(Rupees in '000)-----				
Revenue			139,232	76,411
Expenses			141,474	80,683
Loss before tax			(2,242)	(4,272)
Loss after tax			(4,538)	(7,585)
Other Comprehensive (loss) / income for the period			(4,538)	(7,585)
Cash Flows:				
Cash Flows used in Operating Activities			(379,573)	(125,641)
Cash Flows used in Investing Activities			(5,915)	(14,417)
Cash Flows from / (used in) Financing Activities			602	(581)
Net decrease in cash and cash equivalent			(384,886)	(140,639)

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
23 CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	159,532,486	140,370,087
-Commitments	23.2	557,867,637	437,333,552
-Other contingent liabilities	23.3.1	24,595,327	6,903,292
		<u>741,995,450</u>	<u>584,606,931</u>
23.1 Guarantees:			
Performance guarantees		56,722,059	53,798,209
Other guarantees		102,810,427	86,571,878
		<u>159,532,486</u>	<u>140,370,087</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		177,802,114	171,719,857
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	255,130,490	170,721,451
- forward government securities transactions	23.2.2	50,301,688	17,438,813
- derivatives	23.2.3	49,929,421	46,734,911
- forward lending	23.2.4	20,974,215	26,798,555
Commitments for acquisition of:			
- operating fixed assets		2,791,737	3,004,717
- intangible assets		487,972	465,248
Other commitments	23.2.5	450,000	450,000
		<u>557,867,637</u>	<u>437,333,552</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		144,949,923	120,494,702
Sale		110,180,567	50,226,749
		<u>255,130,490</u>	<u>170,721,451</u>
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		31,755,224	12,990,116
Sale		18,546,464	4,448,697
		<u>50,301,688</u>	<u>17,438,813</u>
23.2.3 Commitments in respect of derivatives			
Interest rate swap			
Purchase	24.1	49,226,770	46,160,838
Sale		-	-
		<u>49,226,770</u>	<u>46,160,838</u>
Cross Currency Swaps			
Purchase		-	-
Sale	24.1	702,651	574,073
		<u>702,651</u>	<u>574,073</u>
Total commitments in respect of derivatives		<u>49,929,421</u>	<u>46,734,911</u>

	Note	(Un-audited) March 31, 2022	(Audited) December 31, 2021
23.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.4.1	16,241,704	21,639,590
Commitments in respect of investments		4,732,511	5,158,965
		<u>20,974,215</u>	<u>26,798,555</u>

23.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Holding Company 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 (December 31, 2022: 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	<u>24,595,327</u>	<u>6,903,292</u>
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These mainly represents counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex. employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Holding Company's favour and the possibility of any outcome against the Holding Company is remote and accordingly no provision has been made in these financial statements. 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

March 31, 2023 (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	48	49,226,770	4,308,567	-	-	-
With other entities						
Market making	-	-	-	2	702,651	(96,786)
	<u>48</u>	<u>49,226,770</u>	<u>4,308,567</u>	<u>2</u>	<u>702,651</u>	<u>(96,786)</u>

December 31, 2022 (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	51	46,160,838	4,761,605	-	-	-
With other entities						
Market making	-	-	-	1	574,073	33,940
	<u>51</u>	<u>46,160,838</u>	<u>4,761,605</u>	<u>1</u>	<u>574,073</u>	<u>33,940</u>

	Note	(Un-audited)	
		Quarter ended	
		March 31, 2023	March 31, 2022
		------(Rupees in '000)-----	
25 MARK-UP/RETURN/INTEREST EARNED			
On:			
a) Loans and advances		25,893,552	14,497,124
b) Investments		45,766,944	20,306,425
c) Lendings to financial institutions / Bai Muajjal		841,974	348,518
d) Balances with banks / financial institutions		51,774	17,614
e) On securities purchased under resale agreements		3,046,675	656,920
		<u>75,600,919</u>	<u>35,826,601</u>
26 MARK-UP/RETURN/INTEREST EXPENSED			
On:			
a) Deposits		27,888,569	12,659,947
b) Borrowings		3,693,866	2,061,801
c) Securities sold under repurchase agreements		13,978,721	5,412,173
d) Subordinated debt		638,273	170,802
e) Cost of foreign currency swaps against foreign currency deposits / borrowings		810,749	768,308
f) Borrowing cost on leased properties		585,381	423,638
g) Reward points / customer loyalty		91,575	50,962
		<u>47,687,134</u>	<u>21,547,631</u>
27 FEE & COMMISSION INCOME			
Branch banking customer fees		292,159	254,104
Consumer finance related fees		140,150	119,702
Card related fees (debit and credit cards)		637,552	449,086
Credit related fees		142,211	52,845
Investment banking fees		26,743	45,451
Commission on trade		546,182	484,245
Commission on guarantees		200,128	120,511
Commission on cash management		14,726	10,798
Commission on remittances including home remittances		300,487	228,721
Commission on bancassurance		125,869	160,300
Card acquiring business		337,348	171,472
Wealth Management Fee		31,966	22,969
Commission on Employees' Old-Age Benefit Institution (EOBI)		-	11,868
Commission on Benazir Income Support Programme (BISP)		143,233	146,921
Alternate Delivery Channels (ADC)		306,104	160,936
Brokerage/ Commission Income		119,844	61,891
Others		60,629	35,484
		<u>3,425,331</u>	<u>2,537,304</u>
28 (LOSS) / GAIN ON SECURITIES			
Realised	28.1	83,834	306,048
Unrealised - held for trading	10.1	(396,293)	(294,980)
		<u>(312,459)</u>	<u>11,068</u>
28.1 Realised gain / (loss) on:			
Federal Government Securities		240,324	110,671
Shares		(420,193)	(9,112)
Non Government Debt Securities		-	2,993
Foreign Securities		263,703	201,496
		<u>83,834</u>	<u>306,048</u>
29 OTHER INCOME			
Rent on property		7,328	6,057
Gain on sale of fixed assets-net		29,085	27,101
Gain on sale of non banking assets	29.1	-	9,200
Profit on termination of leased contracts (Ijarah)		19,154	10,528
Gain on termination of leases (IFRS 16)		8,634	107,901
		<u>64,201</u>	<u>160,787</u>

29.1 In 2022, The Holding Company earned an income of Rs. 9.200 million against sale of membership shares / cards.

30	OPERATING EXPENSES	Note	(Un-audited)	
			Quarter ended	
			March 31, 2023	March 31, 2022
			----- (Rupees in '000) -----	
	Total compensation expense	30.1	7,214,673	4,959,185
	Property expense			
	Rent and taxes		32,515	24,115
	Utilities cost		445,462	315,095
	Security (including guards)		247,898	227,092
	Repair and maintenance (including janitorial charges)		244,958	213,007
	Depreciation on right-of-use assets		765,866	635,674
	Depreciation on non-banking assets acquired in satisfaction of claims		1,232	1,075
	Depreciation on owned assets		202,228	150,465
			1,940,159	1,566,523
	Information technology expenses			
	Software maintenance		432,700	471,137
	Hardware maintenance		260,531	145,663
	Depreciation		257,417	157,626
	Amortisation		78,258	88,261
	Network charges		144,637	134,566
	Consultancy and support services		16,875	39,329
			1,190,418	1,036,582
	Other operating expenses			
	Directors' fees and allowances		40,977	50,500
	Fees and allowances to Shariah Board		3,780	3,345
	Legal and professional charges		83,538	203,151
	Outsourced services costs		218,786	170,115
	Travelling and conveyance		276,668	172,743
	Clearing and custodian charges		49,863	33,058
	Depreciation		350,367	270,725
	Training and development		32,272	28,662
	Postage and courier charges		114,094	122,829
	Communication		389,340	134,681
	Stationery and printing		293,836	227,586
	Marketing, advertisement and publicity		379,732	267,364
	Donations		944,500	2,600
	Auditors' remuneration		18,734	14,029
	Brokerage and commission		71,683	66,889
	Entertainment		145,653	80,721
	Repairs and maintenance		174,262	147,905
	Insurance		301,683	321,371
	Cash Handling charges		255,714	251,769
	CNIC verification		64,973	43,763
	Others		130,874	164,933
			4,341,329	2,778,739
			14,686,579	10,341,029
30.1	Total compensation expense			
	Managerial Remuneration			
	i) Fixed		4,789,485	3,655,679
	ii) Variable:			
	a) Cash Bonus / Awards etc.		1,452,022	617,888
	b) Bonus and Awards in Shares etc.		81,249	60,000
	Charge for defined benefit plan		116,750	88,855
	Contribution to defined contribution Plan		179,206	149,114
	Medical		327,155	188,608
	Conveyance		127,030	87,287
	Staff compensated absences		47,499	45,000
	Others		79,748	44,024
	Sub-total		7,200,144	4,936,455
	Sign-on Bonus		14,529	17,730
	Severance Allowance		-	5,000
	Grand Total		7,214,673	4,959,185

31 WORKERS' WELFARE FUND

The Supreme Court of Pakistan vide its order dated November 10, 2016 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 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)	
		Quarter ended	
		March 31, 2023	March 31, 2022
		------(Rupees in '000)-----	
32 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		10,973	1,803
33 PROVISIONS & WRITE OFFS - NET			
Reversal against lending to financial institutions (IFRS 9 - ECL)	9	(295)	-
(Reversal) / provision for diminution in value of investments / IFRS 9 - ECL	10.3.1	(118,565)	13,420
Provision against loans & advances / IFRS 9 - ECL	11.4	625,173	422,766
Provision against other assets / IFRS 9 - ECL	15.2.1	59,665	1,373
Provision against off-balance sheet obligations / IFRS 9 - ECL	20.1	33,307	37,053
Other provisions / write off - net		2,235	2,665
Recovery of written off / charged off bad debts		(79,745)	(91,418)
		521,775	385,859
34 TAXATION			
Charge / (reversal) :			
Current		8,553,840	3,129,646
Prior years		-	(1,420,539)
Deferred		(295,390)	1,127,067
		8,258,450	2,836,174

- 34.1 a) The income tax assessments of the Holding Company have been finalized upto and including tax year 2022. Certain addbacks have been 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 to 2022, 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. 639.939 million net of relief provided in appeal (December 31, 2022: Rs. 639.939). The Holding Company 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 Holding Company had 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) 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 Holding Company's favour through appellate process.
- c) The Holding Company had received an order from a tax authority wherein Sales tax and penalty amounting to Rs. 5.191 million (excluding default surcharge) was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and appeal against this order is pending before Commissioner Appeals. Another 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 is pending before Appellate Tribunal. The Holding Company 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) Quarter ended	
	March 31, 2023	March 31, 2022
	------(Rupees in '000)-----	
35 BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period attributable to equity holders of the Holding Company	<u>10,772,393</u>	<u>5,033,102</u>
	------(Number of shares in '000)-----	
Weighted average number of ordinary shares	<u>1,577,165</u>	<u>1,777,165</u>
	------(Rupees)-----	
Basic and diluted earnings per share	<u>6.83</u>	<u>2.83</u>

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

36 FAIR VALUE MEASUREMENTS

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:

	March 31, 2023 (Un-audited)			Total
	Level 1	Level 2	Level 3	
On balance sheet financial instruments	-----			-----
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	1,100,511,237	-	1,100,511,237
Shares	5,388,888	-	-	5,388,888
Non-Government Debt Securities	14,937,000	4,590,855	-	19,527,855
Foreign Securities	-	70,586,644	-	70,586,644
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	73,190,099	-	73,190,099
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	4,140,062	-	4,140,062
Forward sale of foreign exchange	-	1,578,562	-	1,578,562
Forward purchase of government securities	-	(30,900)	-	(30,900)
Forward sale government securities	-	42,303	-	42,303
Derivatives purchases	-	4,308,567	-	4,308,567
Derivatives Sales	-	(96,786)	-	(96,786)
	December 31, 2022 (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	-	946,606,485	-	946,606,485
Shares	6,456,107	-	-	6,456,107
Non-Government Debt Securities	14,937,000	4,347,503	-	19,284,503
Foreign Securities	-	56,376,070	-	56,376,070
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	73,518,446	-	73,518,446
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	922,573	-	922,573
Forward sale of foreign exchange	-	455,164	-	455,164
Forward purchase of government securities	-	4,432	-	4,432
Forward sale of government securities	-	(7,946)	-	(7,946)
Derivatives purchases	-	4,761,605	-	4,761,605
Derivatives sales	-	33,940	-	33,940

36.2 The Group's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date of 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 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 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 12 and 15. The valuations are conducted by the valuation experts appointed by the Holding Company which are also on the panel of State Bank of Pakistan.

36.3.3 Valuation techniques

Item	Valuation approach and input used
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.
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.
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 Holding Company'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 cannot 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 period ended March 31, 2023 (Un-audited)							Total
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokersage	
(Rupees in '000)								
Profit & Loss								
Net mark-up/return/profit	(10,898,287)	5,686,906	5,155,677	26,469,629	2,702	1,834,992	(23,435)	(314,399)
Inter segment revenue - net	26,277,320	(1,926,747)	295,741	(25,638,296)	396,466	359,232	-	236,284
Non mark-up/return/interest income	1,921,800	859,648	502,258	2,678,605	218,464	291,944	123,436	135,273
Total Income	17,300,833	4,619,807	5,953,676	3,509,936	618,632	2,486,168	100,001	57,158
Segment direct expenses	5,952,854	532,950	2,244,363	210,326	833,787	833,401	102,243	4,587,374
Inter segment expense allocation	2,774,429	423,957	773,782	242,056	254,294	118,856	-	(4,587,374)
Total expenses	8,727,283	956,907	3,018,145	452,382	888,081	952,257	102,243	-
Provisions / (reversals)	1,123,426	669,250	317,165	(218,872)	6,119	928	-	(1,376,241)
Profit / (loss) before tax	7,451,124	2,993,650	2,618,366	3,276,428	(273,568)	1,532,983	(2,242)	1,433,999
As at March 31, 2023 (Un-audited)								
(Rupees in '000)								
Balance Sheet								
Cash & Bank balances	82,366,694	14,581,399	25,228,057	-	886,735	49,062,848	360,498	-
Investments	-	3,152,755	126,685,066	1,063,283,451	-	89,066,528	16,004	5,049,104
Net inter segment lending	772,865,872	-	-	-	12,584,367	-	-	116,001,237
Lendings to financial institutions	-	-	10,500,061	188,037,544	-	12,262,374	-	-
Advances - performing	189,970,304	284,507,793	164,454,142	-	118,981	40,843,642	22,586	12,555,823
Advances - non-performing	3,060,631	1,792,664	404,123	-	5,362	192,791	-	86,341
Others	19,144,681	32,649,157	32,895,024	43,606,754	1,388,818	17,903,993	1,040,233	18,252,819
Total Assets	1,017,408,182	336,683,768	360,166,473	1,294,927,749	14,984,263	209,332,176	1,439,321	151,945,324
Borrowings	25,511,041	91,677,534	45,760,766	498,062,234	-	11,454,921	586,813	-
Subordinated debt	-	-	-	-	-	-	-	14,000,000
Deposits & other accounts	957,650,756	185,682,580	254,690,637	-	14,778,912	141,205,518	-	25,092
Net inter segment borrowing	-	19,516,031	16,686,957	770,139,980	-	45,108,502	-	851,451,476
Others	34,246,385	39,807,623	41,435,848	35,669,661	205,351	16,285,072	516,251	19,967,628
Total Liabilities	1,017,408,182	336,683,768	358,574,208	1,303,871,875	14,984,263	214,054,313	1,103,064	33,992,720
Net Assets	-	-	1,592,265	(8,944,126)	-	(4,722,137)	336,257	117,952,604
Equity								
Contingencies & Commitments	95,264,389	213,690,152	60,336,091	270,589,016	3,557	97,388,127	450,000	4,274,118
								741,995,450

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

For the period ended March 31, 2022 (Un-audited)

	(Rupees in '000)								
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage	Others*	Total
Profit & Loss									
Net mark-up/return/profit	(1,794,999)	2,238,091	2,255,707	10,968,255	1,039	738,504	(10,083)	(117,544)	14,278,970
Inter segment revenue - net	9,771,586	(795,636)	86,427	(9,240,721)	211,923	120,588	-	(104,167)	-
Non mark-up/return/interest income	1,504,472	575,947	375,678	1,200,498	193,227	310,055	65,308	251,031	4,476,216
Total Income	9,431,059	2,018,402	2,717,812	2,928,032	406,189	1,169,147	55,225	29,320	18,755,186
Segment direct expenses	4,305,515	284,664	1,429,604	128,907	414,423	80,882	60,788	3,348,211	10,502,994
Inter segment expense allocation	1,997,913	302,923	555,913	126,110	287,213	78,139	-	(3,348,211)	-
Total expenses	6,303,428	587,587	1,985,517	255,017	701,636	609,021	60,788	-	10,502,994
Provisions / (reversals)	450,099	(146,657)	53,058	20,898	3,563	6,189	(4,291)	-	385,859
Profit / (loss) before tax	2,677,532	1,577,472	679,237	2,652,117	(299,010)	533,937	(4,272)	29,320	7,866,333

As at December 31, 2022 (Audited)

	(Rupees in '000)								
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage	Others*	Total
Balance Sheet									
Cash & Bank balances	54,360,676	13,662,612	22,294,976	-	1,380,127	58,391,827	628,982	-	150,719,200
Investments	-	3,065,299	123,324,033	913,838,262	-	72,564,199	15,376	4,809,194	1,117,616,363
Net inter segment lending	609,918,002	-	-	-	20,415,823	-	-	108,578,156	738,911,981
Lendings to financial institutions	221,934,495	307,817,003	30,000,061	81,309,765	-	4,043,773	-	10,557,920	15,353,599
Advances - performing	2,942,330	1,660,287	149,691,195	-	73,590	36,726,043	10,965	79,030	726,811,211
Advances - non-performing	21,320,625	28,322,398	27,309,005	28,284,908	1,483,080	15,012,516	-	5,740,604	57,444,731
Others	910,476,128	354,527,599	353,345,719	1,023,432,935	23,356,605	186,900,881	1,875,409	141,716,413	2,995,631,689
Total Assets	26,937,622	95,851,939	39,964,773	314,660,326	-	13,764,871	470,410	-	491,649,941
Borrowings	860,878,106	210,843,465	255,671,950	-	23,002,118	136,392,013	-	14,000,000	14,000,000
Subordinated debt	-	(1,059,219)	15,379,744	698,037,054	-	26,554,402	-	48,608	1,486,836,260
Deposits & other accounts	27,112,775	48,891,414	40,521,510	15,282,535	54,487	12,816,381	1,064,200	16,326,896	78,911,981
Net inter segment borrowing	914,928,503	354,527,599	351,337,977	1,027,979,915	23,356,605	189,527,667	1,534,610	30,375,444	2,893,568,320
Others	(4,452,375)	-	2,007,742	(4,546,980)	-	(2,626,786)	340,799	111,340,969	102,063,369
Equity	94,420,516	188,433,780	63,199,284	158,500,073	5,014	76,880,088	450,000	2,718,176	584,606,931
Contingencies & Commitments									

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

RELATED PARTY TRANSACTIONS

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:

	Directors/ CEO	Key management personnel*	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	As at March 31, 2023 (Un-audited)				As at December 31, 2022 (Audited)			
	-(Rupees in '000)				-(Rupees in '000)			
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	2,330,078
Addition during the period / year	-	-	-	3,984,159	-	-	-	25,964,631
Repaid during the period / year	-	-	-	(3,984,159)	-	-	-	(28,294,709)
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	4,634,071	1,119,230	-	-	4,118,122	1,119,230
Equity method adjustment	-	-	56,387	-	-	-	515,949	-
Closing balance	-	-	4,690,458	1,119,230	-	-	4,634,071	1,119,230
Advances								
Opening balance	18,062	672,608	-	2,367,924	77	1,184,057	-	1,997,552
Addition during the period / year	454	132,943	-	19,504,134	20,498	605,570	-	37,536,790
Repaid during the period / year	(1,174)	(201,586)	-	(19,424,928)	(2,513)	(173,521)	-	(36,264,097)
Transfer in / (out) - net	-	-	-	-	-	(943,498)	-	1,097,679
Closing balance	17,342	603,963	-	2,447,130	18,062	672,608	-	2,367,924
Provision held against advances								
	-	-	-	1,097,028	-	-	-	1,097,028
Other Assets								
Interest / mark-up accrued	1,349	50,888	-	24,743	944	54,009	-	26,069
Receivable from staff retirement fund	-	-	-	36,957	-	-	-	13,707
Prepayment / rent receivable	-	-	2,341	-	-	-	-	975

	As at March 31, 2023 (Un-audited)				As at December 31, 2022 (Audited)			
	Directors/ CEO	Key management personnel*	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
Borrowings								
Opening balance	-	-	-	2,180,207	-	-	-	2,280,971
Borrowings during the period / year	-	-	-	449,836	-	-	-	21,218,486
Settled during the period / year	-	-	-	(26,840)	-	-	-	(21,319,210)
Closing balance	-	-	-	2,603,203	-	-	-	2,180,207
Deposits and other accounts								
Opening balance	38,466	184,994	3,078,688	12,308,779	59,026	371,859	13,465,085	6,410,266
Received during the period / year	345,343	1,256,195	157,881,382	46,999,244	517,842	4,736,925	255,922,887	92,145,150
Withdrawn during the period / year	(272,726)	(1,001,920)	(157,603,703)	(46,788,055)	(538,402)	(4,738,481)	(266,309,224)	(87,581,596)
Transfer in / (out) - net	-	-	-	-	-	(195,309)	-	1,334,959
Closing balance	111,083	439,269	3,356,377	12,519,970	38,466	184,994	3,078,688	12,308,779
Other Liabilities								
Interest / mark-up payable	394	5,442	5,548	80,446	253	158	-	13,231
Dividend Payable	2,590,007	-	-	2,232,892	1,146,264	39	-	2,201,513
Others	-	-	-	82,252	-	-	-	70,267
Contingencies and Commitments								
Other contingencies	-	-	-	-	-	-	-	-

	For the period ended March 31, 2023 (Un-audited)				For the period ended March 31, 2022 (Un-audited)			
	Directors/ CEO	Key management personnel*	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
Income								
Mark-up / return / interest earned	398	5,387	-	30,567	-	12,769	-	11,898
Fee and commission income	-	-	30,372	-	-	26	21,438	-
Dividend income	-	-	66,000	-	-	-	30,000	-
Gain on sale of securities	-	1	-	-	-	-	-	-
Other income	-	36	3,114	-	-	9	19,358	-
Expenses								
Mark-up / return / interest paid	1,030	5,333	96,081	436,425	318	6,152	95,051	178,122
Directors fee	40,977	-	-	-	50,500	-	-	-
Managerial remuneration	172,907	584,118	-	-	187,264	786,318	-	-
Software maintenance	-	-	-	-	-	-	-	-
Communication cost	-	-	82,546	-	-	-	-	23,250
Charge for defined benefit plan	-	-	42,566	-	-	-	-	8,511
Contribution to defined contribution plan	-	-	116,750	-	-	-	-	67,204
Others	-	-	179,206	-	-	-	-	141,926
	-	-	-	163	-	-	-	5,428
Other Information								
Dividend paid	2,177	5,019	5,903	134,203	-	-	-	-
Insurance premium paid	-	-	1,021,431	-	-	-	675,255	-
Insurance claims settled	-	-	163,751	-	-	-	165,368	-

* The definition of Key Management Personnel has been changed in light of the SPP Corporate Governance Regulatory Framework with effect from June 2022.

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) (Audited)
March 31, **December 31,**
2023 **2022**
 -----(Rupees in '000)-----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	15,771,651	17,771,651
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	84,750,891	84,234,454
Eligible Additional Tier 1 (ADT 1) Capital	13,566,874	13,568,130
Total Eligible Tier 1 Capital	98,317,765	97,802,584
Eligible Tier 2 Capital	23,717,504	23,442,613
Total Eligible Capital (Tier 1 + Tier 2)	122,035,269	121,245,197

Risk Weighted Assets (RWAs):

Credit Risk	692,868,558	755,004,734
Market Risk	12,584,613	8,815,338
Operational Risk	121,895,800	121,895,800
Total	827,348,971	885,715,872

Common Equity Tier 1 Capital Adequacy ratio

	10.24%	9.51%
--	--------	-------

Tier 1 Capital Adequacy Ratio

	11.88%	11.04%
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Total Capital Adequacy Ratio

	14.75%	13.69%
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In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Holding Company:

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*	99,443,869	98,201,491
Total Exposures	2,751,156,764	2,710,331,582
Leverage Ratio	3.61%	3.62%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	865,173,042	688,048,074
Total Net Cash Outflow	397,163,006	371,947,384
Liquidity Coverage Ratio	218%	185%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	1,335,677,593	1,275,978,211
Total Required Stable Funding	881,005,540	849,343,576
Net Stable Funding Ratio	152%	150%

*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 Holding Company 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 Holding Company has taken impairment against assets where there is an indication that carrying amount may be higher than its recoverable amount. The Holding Company 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 April 27, 2023 by the Board of Directors of the Holding Company.

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.

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

Description of item	Nature	(Rupees in '000)	From	To
Net interest On Interest Rate Swap	Income	125,560	Mark-Up/Return/Interest Expensed - Borrowings	Mark-Up/Return/Interest Earned - Investments

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director



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