



Bank Alfalah

LDN/CA/24
24th April 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Financial Results for the Quarter ended 31st March 2024 of Bank Alfalah Limited

Dear Sir,

We have to inform you that the Board of Directors of Bank Alfalah Limited (“**the Bank**”) in its meeting held on 24th April 2024 at 11:00 A.M. (UAE time) at Abu Dhabi and via Weblink, recommended the following:

- (i) **CASH DIVIDEND** - An interim Cash Dividend for the quarter ended 31st March 2024 at the rate of Rs. 2/- per share i.e.20%.
- (ii) **BONUS SHARES** - Nil
- (iii) **RIGHT SHARES** - Nil
- (iv) **ANY OTHER PRICE-SENSITIVE INFORMATION** - Nil
- (v) **ANY OTHER ENTITLEMENT/CORPORATE ACTION** -

The Board of Director of the Bank has decided to convene an Extra Ordinary General Meeting (“**EOGM**”) of the shareholders on **Monday, 27th May 2024 at 10:30 AM at Karachi**, for the purpose of election of directors. The share transfer books for EOGM will be closed from **20th May 2024 to 27th May 2024** (both days inclusive). The Notice of EOGM will be dispatched to the shareholders and the Exchange as per requirements of the PSX Rule Book in due course.

The Share Transfer Books of the Bank for the purpose of interim cash dividend will be closed from **7th May 2024 to 9th May 2024** (both days inclusive). The above entitlement will be paid to the shareholders whose names will appear in the Register of Members on the close of business on 6th May 2024. Transfers received at the office of Bank’s Share Registrar F.D. Registrar Services (Pvt.) Ltd (1705, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi-74000) at the close of business on 6th May 2024 will be treated in time for the purpose of above entitlement to the transferees.

The unconsolidated and consolidated financial results of the Bank as on 31st March 2024 are enclosed as Annexures ‘A’, ‘B’ and ‘C’. The Quarterly Report will be transmitted through PUCARS separately, within the specified time.

Yours truly,

Muhammad Akram Sawleh
Company Secretary

Encl: as above

c.c. Executive Director/HOD,
Offsite-II Department, Supervision Division,
Securities & Exchange Commission of Pakistan,
63, NIC Building, Jinnah Avenue, Blue Area, Islamabad.

Annexure 'A'

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	Quarter ended March 31, 2024	Quarter ended March 31, 2023
		-----Rupees in '000)-----	
Mark-up / return / interest earned	26	128,673,751	75,588,730
Mark-up / return / interest expensed	27	97,862,789	47,651,510
Net mark-up / return / interest income		30,810,962	27,937,220
NON MARK-UP/RETURN/INTEREST INCOME			
Fee and commission income	28	4,401,554	3,329,180
Dividend income		402,545	273,950
Foreign exchange income	29	2,303,621	3,324,964
Gain / (loss) from derivatives		544,412	(100,717)
Gain / (loss) on securities	30	67,676	(315,549)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Other income	31	54,135	64,183
Total non-mark-up / interest income		7,773,943	6,576,011
Total income		38,584,905	34,513,231
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	32	18,353,904	14,608,513
Workers' welfare fund	33	425,221	397,746
Other charges	34	208,643	10,973
Total non-mark-up / interest expenses		18,987,768	15,017,232
Profit before credit loss allowance / provisions		19,597,137	19,495,999
Credit loss allowance / provisions and write offs - net	35	(112,425)	521,775
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		19,709,562	18,974,224
Taxation	36	9,798,053	8,231,574
PROFIT AFTER TAXATION		9,911,509	10,742,650
-----Rupees-----			
Basic and diluted earnings per share	37	6.28	6.81

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.



President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Annexure 'B'

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	Quarter ended March 31, 2024	Quarter ended March 31, 2023
------(Rupees in '000)-----			
Mark-up / return / interest earned	27	128,652,122	75,600,919
Mark-up / return / interest expensed	28	97,866,549	47,687,134
Net mark-up / return / interest income		30,785,573	27,913,785
NON MARK-UP / RETURN / INTEREST INCOME			
Fee and commission income	29	4,534,694	3,449,508
Dividend income		297,545	207,950
Foreign exchange income	30	2,303,621	3,324,964
Gain / (loss) from derivatives		544,412	(100,717)
Gain / (loss) on securities	31	65,723	(312,459)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Share of profit from associates		274,893	123,158
Other income	32	54,135	64,201
Total non-mark-up / interest income		8,075,023	6,756,605
Total Income		38,860,596	34,670,390
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	33	18,523,925	14,710,756
Workers' welfare fund	34	425,656	397,746
Other charges	35	208,643	10,973
Total non-mark-up / interest expenses		19,158,224	15,119,475
Profit before credit loss allowance / provisions		19,702,372	19,550,915
Credit loss allowance / provisions and write offs - net	36	(112,425)	521,775
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		19,814,797	19,029,140
Taxation	37	9,886,855	8,258,450
PROFIT AFTER TAXATION		9,927,942	10,770,690
Profit / (loss) attributable to:			
Equity holders of the Holding Company		9,954,444	10,772,393
Non-controlling interest		(26,502)	(1,703)
		9,927,942	10,770,690
-----Rupees-----			
Basic and diluted earnings per share	38	6.31	6.83

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.



President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Annexure "C"



Bank Alfalah Limited
Financial Statements
Quarter ended March 31, 2024



Bank Alfalah Limited
Unconsolidated Condensed Interim
Financial Statements
Quarter ended March 31, 2024

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----			
ASSETS			
Cash and balances with treasury banks	7	186,677,247	202,692,402
Balances with other banks	8	23,931,858	16,617,834
Lendings to financial institutions	9	19,717,872	119,554,109
Investments	10	1,813,007,537	2,067,262,700
Advances	11	708,028,748	735,051,510
Property and equipment	12	48,717,873	41,816,110
Right-of-use assets	13	20,149,872	19,951,571
Intangible assets	14	1,351,567	1,369,899
Deferred tax assets	15	5,505,510	6,008,159
Other assets	16	157,597,021	135,592,533
Total assets		2,984,685,105	3,345,916,827
LIABILITIES			
Bills payable	17	21,737,546	26,004,538
Borrowings	18	581,463,765	909,543,453
Deposits and other accounts	19	2,043,329,315	2,084,997,130
Lease liabilities	20	23,654,781	22,894,533
Subordinated debt	21	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	22	160,164,606	150,554,340
Total liabilities		2,844,350,013	3,207,993,994
NET ASSETS		<u>140,335,092</u>	<u>137,922,833</u>
REPRESENTED BY			
Share capital		15,771,651	15,771,651
Reserves		41,686,120	41,401,130
Surplus on revaluation of assets	23	14,506,121	11,268,364
Unappropriated profit		68,371,200	69,481,688
		<u>140,335,092</u>	<u>137,922,833</u>
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

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BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	Quarter ended March 31, 2024	Quarter ended March 31, 2023
-----Rupees in '000)-----			
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Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Other income	31	54,135	64,183
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NON MARK-UP / INTEREST EXPENSES			
Operating expenses	32	18,353,904	14,608,513
Workers' welfare fund	33	425,221	397,746
Other charges	34	208,643	10,973
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Profit before credit loss allowance / provisions		<u>19,597,137</u>	<u>19,495,999</u>
Credit loss allowance / provisions and write offs - net	35	(112,425)	521,775
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>19,709,562</u>	<u>18,974,224</u>
Taxation	36	9,798,053	8,231,574
PROFIT AFTER TAXATION		<u>9,911,509</u>	<u>10,742,650</u>
-----Rupees-----			
Basic and diluted earnings per share	37	<u>6.28</u>	<u>6.81</u>

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

	Quarter ended March 31, 2024	Quarter ended March 31, 2023
	------(Rupees in '000)-----	
Profit after taxation for the period	9,911,509	10,742,650
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	(706,161)	4,323,358
Movement in deficit on revaluation of debt investments through FVOCI - net of tax	(1,844,649)	-
Movement in deficit on revaluation of investments - net of tax	-	(6,989,843)
	(2,550,810)	(2,666,485)
Items that will not be reclassified to the profit and loss account in subsequent periods:		
Movement in surplus on revaluation of equity investments - net of tax	121,711	-
Movement in surplus on revaluation of property and equipment - net of tax	(9,824)	(8,961)
Movement in surplus on revaluation of non-banking assets - net of tax	(178)	(398)
	111,709	(9,359)
Total comprehensive income	<u>7,472,408</u>	<u>8,066,806</u>

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2024

	Share capital	Capital Reserves		Statutory reserve	Surplus/(Deficit) on revaluation			Unappropriated profit	Total
		Share premium	Exchange translation reserve		Investments	Property and equipment	Non Banking Assets		
----- (Rupees in '000) -----									
Opening balance as at January 01, 2023 (audited)	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
Effect of translation of net investment in foreign branches	-	-	4,323,358	-	-	-	-	-	4,323,358
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(6,989,843)	-	-	-	(6,989,843)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(8,961)	-	-	(8,961)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(398)	-	(398)
Total other comprehensive income / (loss) - 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 (un-audited)	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
Changes in equity for nine months ended December 31, 2023									
Profit after taxation	-	-	-	-	-	-	-	25,713,722	25,713,722
Effect of translation of net investment in foreign branches	-	-	(851,066)	-	-	-	-	-	(851,066)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	13,627,911	-	-	-	13,627,911
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	118,891	118,891
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(98,265)	-	-	(98,265)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	4,619	-	4,619
Total other comprehensive income - net of tax	-	-	(851,066)	-	13,627,911	(98,265)	4,619	118,891	12,802,090
Transfer to statutory reserve	-	-	-	2,571,372	-	-	-	(2,571,372)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(103,541)	-	103,541	-
Transactions with owners, recorded directly in equity									
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)
Balance as at December 31, 2023 (audited)	15,771,651	4,731,049	14,191,974	22,478,107	(906,806)	12,088,444	86,726	69,481,688	137,922,833
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	5,002,695	-	-	(2,177,018)	2,825,677
Balance as at January 01, 2024 after adoption of IFRS 9 / carried forward	15,771,651	4,731,049	14,191,974	22,478,107	4,095,889	12,088,444	86,726	67,304,670	140,748,510

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2024

	Share capital	Capital Reserves		Statutory reserve	Surplus/(Deficit) on revaluation			Unappropriated profit	Total
		Share premium	Exchange translation reserve		Investments	Property and equipment	Non Banking Assets		
------(Rupees in '000)-----									
Balance brought forward	15,771,651	4,731,049	14,191,974	22,478,107	4,095,889	12,088,444	86,726	67,304,670	140,748,510
Changes in equity for the quarter ended March 31, 2024									
Profit after taxation	-	-	-	-	-	-	-	9,911,509	9,911,509
Effect of translation of net investment in foreign branches	-	-	(706,161)	-	-	-	-	-	(706,161)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	(1,844,649)	-	-	-	(1,844,649)
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	121,711	-	-	-	121,711
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(9,824)	-	-	(9,824)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(178)	-	(178)
Total other comprehensive income - net of tax	-	-	(706,161)	-	(1,722,938)	(9,824)	(178)	-	(2,439,101)
Transfer to statutory reserve	-	-	-	991,151	-	-	-	(991,151)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(22,119)	(9,180)	31,299	-
Gain on disposal of FVOCI equity investments at transferred to unappropriated profit - net of tax	-	-	-	-	(699)	-	-	699	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	-	-	-	-	-	(7,885,826)	(7,885,826)
Closing balance as at March 31, 2024 (un-audited)	<u>15,771,651</u>	<u>4,731,049</u>	<u>13,485,813</u>	<u>23,469,258</u>	<u>2,372,252</u>	<u>12,056,501</u>	<u>77,368</u>	<u>68,371,200</u>	<u>140,335,092</u>

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	Quarter ended	
		March 31, 2024	March 31, 2023
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		19,709,562	18,974,224
Dividend income		(402,545)	(273,950)
		<u>19,307,017</u>	<u>18,700,274</u>
Adjustments:			
Net Markup / interest income		(30,810,962)	(27,937,220)
Depreciation	32	1,038,426	808,582
Depreciation on right-of-use assets	32	924,630	761,494
Amortisation	32	86,363	78,082
Credit loss allowance /provisions and write offs - net	35	(112,425)	521,775
Unrealised loss on revaluation of investments classified as held for trading-net	30	-	396,921
Unrealised loss- Measured at FVPL	31	712,962	-
Gain on sale of property and equipment - net	31	(3,687)	(29,067)
Gain on sale of non banking assets - net	31	(27,800)	-
Gain on termination of leases (IFRS 16) - net	31	(13,929)	(8,634)
Borrowing cost on leased properties	27	783,923	584,685
Workers' welfare fund		425,221	397,746
Charge for defined benefit plan	32.1	167,824	116,750
Charge for staff compensated absences	32.1	52,500	47,499
		<u>(26,776,954)</u>	<u>(24,261,387)</u>
		(7,469,937)	(5,561,113)
Decrease / (increase) in operating assets			
Lendings to financial institutions		84,789,152	(87,868,430)
Held for trading securities		-	(126,751,333)
Securities classified as FVPL		14,575,634	-
Advances		22,735,310	33,757,081
Other assets (excluding advance taxation)		(649,937)	(4,837,262)
		<u>121,450,159</u>	<u>(185,699,944)</u>
(Decrease) / Increase in operating liabilities			
Bills payable		(4,266,992)	(14,568,946)
Borrowings		(328,452,569)	182,952,296
Deposits		(41,667,815)	67,189,637
Other liabilities (excluding current taxation)		13,224,616	24,113,010
		<u>(361,162,760)</u>	<u>259,685,997</u>
		(247,182,538)	68,424,940
Mark-up / Interest received		107,176,439	61,466,753
Mark-up / Interest paid		(102,126,035)	(38,213,156)
Income tax paid		(12,532,344)	(4,999,319)
Net cash (used in) / generated from operating activities		<u>(254,664,478)</u>	<u>86,679,218</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		-	(53,108,320)
Net Investments in securities classified as FVOCI		241,542,679	-
Net investments in held to maturity securities		-	(2,288,699)
Net investments in amortised cost securities		5,805,646	-
Investment in subsidiary		(1,000,000)	-
Dividends received		326,009	207,269
Investments in property and equipment and intangible assets		(8,006,979)	(1,731,447)
Proceeds from sale of property and equipment		6,744	37,886
Proceeds from sale of non-banking assets		267,800	-
Effect of translation of net investment in foreign branches		(706,161)	4,323,358
Net cash used in investing activities		<u>238,235,738</u>	<u>(52,559,953)</u>
Balance carried forward		(16,428,740)	34,119,265

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

	Quarter ended	
	March 31, 2024	March 31, 2023
	------(Rupees in '000)-----	
Balance brought forward	(16,428,740)	34,119,265
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(1,124,317)	(973,480)
Dividend paid	(6,552,473)	(1,872,474)
Net cash used in financing activities	(7,676,790)	(2,845,954)
Effect of translation of net investment in foreign branches (Decrease) / increase in cash and cash equivalents	(24,105,530)	31,273,311
Cash and cash equivalents at the beginning of the period	249,548,424	204,174,265
Effects of exchange rate changes on cash and cash equivalents - (gain)	(1,648,505)	(18,686,135)
Cash and cash equivalents at the end of the period	247,899,919	185,488,130
	<u>223,794,389</u>	<u>216,761,441</u>

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

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 1,023 branches (December 31, 2023: 1,009 branches) and 14 sub-branches (December 31, 2023: 15 sub-branches). Out of the 1,023 branches, 662 (December 31, 2023: 650) are conventional, 350 (December 31, 2023: 348) are Islamic, 10 (December 31, 2023: 10) are overseas and 1 (December 31, 2023: 1) is an offshore banking unit.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the 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; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS, the 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 the 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). Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

Moreover, as allowed by SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022, IFRS 9 has not been adopted for overseas branches where it is not applicable as per their local regulations.

2.1.1 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited unconsolidated financial statements for the year ended December 31, 2023.

2.1.2 These unconsolidated condensed interim financial statements represent separate financial statements of Bank Alfalah Limited in which investment in subsidiaries and associates are accounted for on the basis of cost less accumulated impairment losses, if any.

- 2.1.3 Key financial figures of the Islamic Banking branches are disclosed in note 42 to these unconsolidated condensed interim financial statements.
- 2.1.4 The Bank believes that there is no significant doubt on the **Bank's** ability to continue as a going concern. Therefore, the unconsolidated condensed interim financial statements have been prepared on a going concern basis.

2.2 Standards, interpretations of and amendments to published approved accounting and reporting 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, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 4.2.

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

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, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements.

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 property and equipment and non banking assets acquired in satisfaction of claims which are stated at revalued amounts; fair value through profit or loss, fair value through other comprehensive income 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 condensed interim 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 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for changes mentioned in notes 4.1 and 4.2.

4.1 Adoption of new forms for the preparation of condensed interim financial statements

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 vide BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. Significant ones being: Right of use assets and corresponding lease liability are now presented separately on the face of the Statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the unconsolidated condensed interim financial statements.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 46.2

4.2 IFRS 9 - 'Financial Instruments'

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

4.2.1 Classification

Financial Assets

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS), Held to maturity (HTM) and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortized cost

Financial Liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortized cost except for derivatives which are being measured at FVTPL.

4.2.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- The expected frequency, value and timing of sale are also important aspects of the **Bank's** assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

- i) Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash flows
- ii) Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets
- iii) Other business models: Resulting in classification of financial assets as FVTPL

4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. **'Principal'** for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

4.2.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukus, cash and balances with treasury banks, balances with other banks, and other financial assets.

a. These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The **Bank's** business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Bank assesses whether and how the sales are consistent with the HTC objective.

b. Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

c. Debt based financial assets if are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in PIBs and Ijarah Sukuk held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS 9 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 01, 2024 - before ECL
------(Rupees in '000)-----					
Federal Government Securities					
- Pakistan Investment Bonds - AFS	948,595,063	FVOCI Amortised Cost	850,963,067 97,631,996	- 6,276,632	850,963,067 103,908,628
- Ijarah Sukuk - AFS	226,923,690	FVOCI Amortised Cost	215,930,116 10,993,574	- 1,538,294	215,930,116 12,531,868
	1,175,518,753		1,175,518,753	7,814,926	1,183,333,679

Equity based financial assets

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has decided to classify Rs 767.222 million out of its available for sale equity investment (listed shares) portfolio as of December 31, 2023 as FVTPL on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rs. 59.818 million on listed equity investments and Rs. 88.038 million for unlisted equity investment held as at December 31, 2023 to surplus / deficit on revaluation of investments through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Financial assets	Before adoption of IFRS 9*		After adoption of IFRS 9	
	Measurement category	Carrying amount as at December 31, 2023 Rupees in '000	Measurement category	Carrying amount as at January 01, 2024 Rupees in '000
Cash and balances with treasury banks	Loans and receivables	202,692,402	Amortised cost	202,692,402
Balances with other banks	Loans and receivables	16,617,834	Amortised cost	16,617,834
Lending to financial institutions	Loans and receivables	119,554,109	Amortised cost	119,554,109
Investments - net	Held-for-trading	279,667,615	Fair value through profit or loss	279,667,615
			Fair value through profit or loss	14,126,368
	Available-for-sale	1,620,900,202	Fair value through other comprehensive income	1,501,175,992
			Amortised cost	116,440,496
	Held-to-maturity	165,517,277	Fair value through profit or loss	600,000
			Amortised cost	164,917,277
Advances - net	Loans and receivables	735,051,510	Amortised cost	735,051,510
Other assets	Loans and receivables	135,592,533	Amortised cost	135,592,533
		<u>3,275,593,482</u>		<u>3,286,436,136</u>

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

4.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the **customers'** account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised cost (AC)

Financial assets and liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit or loss. Interest income / profit / expense on these assets / liabilities are recognised in the profit or loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the profit or loss account.

b. Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the profit or loss account. Interest / profit / dividend income on these assets are recognised in the profit or loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the profit or loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to retained earnings.

c. Fair value through profit or loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the profit or loss. These assets are subsequently measured at fair value with changes recorded in the profit or loss account. Interest / dividend income on these assets are recognised in the profit or loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the profit or loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

Revenue:

The Bank's revenue recognition policy is consistent with the annual audited financial statements for the year ended December 31, 2023.

4.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

4.2.7 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Bank recalculates the gross carrying amount of the financial asset to recognise a modification gain or loss in the profit or loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial **asset's** original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

4.2.8 Expected Credit Loss (ECL)

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 **months'** expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at transactional / facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1:	When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cashflows are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the lifetime expected credit losses for these instruments. the Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
Undrawn financing commitments	When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities-
Guarantee and letters of credit contracts	The Bank estimates ECLs based on the BASEL driven & Internally developed credit conversion factor (CCF) for Guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD	The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information.
EAD	The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- **History of legal certainty and enforceability**
- **History of enforceability and recovery.**

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

Forward looking information

In its ECL models, the Bank relies on range of following forward looking information as economic inputs, such as:

- **GDP growth**
- **Consumer price index**
- **Unemployment rate**

Definition of default

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

The Bank has defined that an exposure will be treated as having defaulted if it becomes 90+ days past due (DPDs) in repaying its contractual dues or as defined in Prudential Regulations from State Bank of Pakistan (SBP) issued from time to time. Accordingly, such exposures will be classified under Stage 3 under the Standard.

This implies that If one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

Adoption impacts

The Bank has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of Rs. 2,826 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	Balances as of December 31, 2023 (Audited)	Impact due to:					Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 01, 2024	IFRS 9 Category
		Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPI assessments	Remeasurements	Reversal of provisions held					
ASSETS											
Cash and balances with treasury banks	202,692,402	(24,590)	-	-	-	-	(24,590)	-	(24,590)	202,667,812	Amortised cost
Balances with other banks	16,617,834	(1,613)	-	-	-	-	(1,613)	-	(1,613)	16,616,221	Amortised cost
Lending to financial institutions	119,554,109	(13,066)	-	-	-	-	(13,066)	-	(13,066)	119,541,043	Amortised cost
Investments											
- Classified as available for sale	1,620,900,202	-	(1,620,900,202)	-	-	-	(1,620,900,202)	-	(1,620,900,202)	-	FVOCI
- Classified as fair value through other comprehensive income	-	(48)	1,620,900,202	(121,969,074)	2,244,864	-	1,501,175,944	-	1,501,175,944	1,501,175,944	
- Classified as held to maturity	165,517,277	-	(165,517,277)	-	-	-	(165,517,277)	-	(165,517,277)	-	
- Classified as amortized cost	-	-	165,517,277	115,840,496	-	-	281,357,773	-	281,357,773	281,357,773	Amortised cost
- Classified as held for trading	279,667,615	-	(279,667,615)	-	-	-	(279,667,615)	-	(279,667,615)	-	
- Classified as fair value through profit or loss	-	-	279,667,615	14,726,368	-	-	294,393,983	-	294,393,983	294,393,983	FVTPL
- Associates	1,177,606	-	-	-	-	-	-	-	-	1,177,606	Outside the scope of IFRS 9
- Subsidiary	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
	2,067,262,700	(48)	-	8,597,790	2,244,864	-	10,842,606	-	10,842,606	2,078,105,306	
Advances											
- Gross amount	777,286,977	-	-	-	-	-	-	-	-	777,286,977	
- Provisions	(42,235,467)	(4,087,143)	-	-	-	-	(4,087,143)	-	(4,087,143)	(46,322,610)	
	735,051,510	(4,087,143)	-	-	-	-	(4,087,143)	-	(4,087,143)	730,964,367	Amortised cost
Property and equipment	41,816,110	-	-	-	-	-	-	-	-	41,816,110	Outside the scope of IFRS 9
Right-of-use assets	19,951,571	-	-	-	-	-	-	-	-	19,951,571	Outside the scope of IFRS 9
Intangible assets	1,369,899	-	-	-	-	-	-	-	-	1,369,899	Outside the scope of IFRS 9
Deferred tax asset	6,008,159	-	-	-	-	-	(2,714,864)	(2,714,864)	3,293,295	Outside the scope of IFRS 9	
Other assets - financial assets	124,985,949	(370,152)	-	-	-	-	(370,152)	(370,152)	124,615,797	Amortised cost	
Other assets - non financial assets	10,606,584	-	-	-	-	-	-	-	10,606,584	Outside the scope of IFRS 9	
	3,345,916,827	(4,496,612)	-	8,597,790	2,244,864	-	6,346,042	(2,714,864)	3,631,178	3,349,548,005	
LIABILITIES											
Bills payable	26,004,538	-	-	-	-	-	-	-	-	26,004,538	Amortised cost
Borrowings	909,543,453	-	-	-	-	-	-	-	-	909,543,453	Amortised cost
Deposits and other accounts	2,084,997,130	-	-	-	-	-	-	-	-	2,084,997,130	Amortised cost
Lease liability against right-of-use assets	22,894,533	-	-	-	-	-	-	-	-	22,894,533	Amortised cost
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	63,778,027	-	-	-	-	-	-	-	-	63,778,027	Outside the scope of IFRS 9
Other liabilities - financial liabilities	86,776,313	805,501	-	-	-	-	805,501	805,501	805,501	87,581,814	Amortised cost
	3,207,993,994	805,501	-	-	-	-	805,501	-	805,501	3,208,799,495	
NET ASSETS	137,922,833	(5,302,113)	-	8,597,790	2,244,864	-	5,540,541	(2,714,864)	2,825,677	140,748,510	
REPRESENTED BY											
Share capital	15,771,651	-	-	-	-	-	-	-	-	15,771,651	Outside the scope of IFRS 9
Reserves	41,401,130	-	-	-	-	-	-	-	-	41,401,130	Outside the scope of IFRS 9
Surplus on revaluation of assets - net of tax	11,268,364	-	-	7,712,199	2,244,864	(147,857)	9,809,206	(4,806,511)	5,002,695	16,271,059	
Unappropriated profit	69,481,688	(5,302,113)	-	885,591	-	147,857	(4,268,665)	2,091,647	(2,177,018)	67,304,670	
	137,922,833	(5,302,113)	-	8,597,790	2,244,864	-	5,540,541	(2,714,864)	2,825,677	140,748,510	

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2023 except for matters related to adoption of IFRS 9 which have been disclosed in note 4.2 to the unconsolidated condensed interim financial statements.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2023.

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	41,586,288	39,440,188
- foreign currency	5,476,991	7,354,310
	47,063,279	46,794,498
With State Bank of Pakistan in		
- local currency current accounts	83,319,879	76,392,873
- foreign currency current accounts	8,887,587	8,989,528
- foreign currency deposit accounts	12,807,321	12,227,044
	105,014,787	97,609,445
With other central banks in		
- foreign currency current accounts	29,962,059	45,379,083
- foreign currency deposit accounts	1,747,919	1,695,718
	31,709,978	47,074,801
With National Bank of Pakistan in local currency current account	2,740,368	11,062,857
Prize bonds	172,836	186,661
	186,701,248	202,728,262
Less: Credit loss allowance held against cash and balances with treasury banks	(24,001)	(35,860)
	<u>186,677,247</u>	<u>202,692,402</u>
8 BALANCES WITH OTHER BANKS		
In Pakistan in current account	23,751	11,071
Outside Pakistan		
- in current accounts	23,879,687	16,575,317
- in deposit accounts	34,429	34,503
	23,914,116	16,609,820
	23,937,867	16,620,891
Less: Credit loss allowance held against balances with other banks	(6,009)	(3,057)
	<u>23,931,858</u>	<u>16,617,834</u>
9 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	16,996,094	32,018,705
Repurchase agreement lendings (Reverse Repo)	2,746,686	87,535,847
	19,742,780	119,554,552
Less: Credit loss allowance held against lending to financial institutions	(24,908)	(443)
	<u>19,717,872</u>	<u>119,554,109</u>

9.1 Lending to Financial Institutions- Particulars of credit loss allowance

March 31, 2024 (Un-audited)		December 31, 2023 (Audited)	
Lending	Credit loss allowance held	Lending	Credit loss allowance held

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

Domestic					
Performing	Stage 1	13,066	13,066	-	-
		13,066	13,066	-	-
Overseas					
Performing	Stage 1	11,842	11,842	443	443
		11,842	11,842	443	443
		24,908	24,908	443	443

10 INVESTMENTS

10.1 Investments by type:

March 31, 2024 (Un-audited)				December 31, 2023 (Audited)			
Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value

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

Fair value through profit or loss

Federal Government Securities							
- Market Treasury Bills	78,647,545	-	(144,583)	78,502,962	-	-	-
- Pakistan Investment Bonds	162,198,805	-	(555,657)	161,643,148	-	-	-
- Ijarah Sukuk	3,860,661	-	7,453	3,868,114	-	-	-
- Naya Pakistan Certificates	3,841,543	-	-	3,841,543	-	-	-
Shares							
- Ordinary shares / units - Listed	1,846,192	-	(64,950)	1,781,242	-	-	-
Non Government Debt Securities							
- Term Finance Certificates	1,450,000	-	-	1,450,000	-	-	-
- Sukuks	422,000	-	-	422,000	-	-	-
Foreign Securities							
- Overseas Bonds - Sovereign	21,341,801	-	(16,924)	21,324,877	-	-	-
- Redeemable Participating Certificates	6,209,802	-	61,699	6,271,501	-	-	-
	279,818,349	-	(712,962)	279,105,387	-	-	-

Held for trading securities

Federal Government Securities								
- Market Treasury Bills	-	-	-	-	158,519,893	-	(283,083)	158,236,810
- Pakistan Investment Bonds	-	-	-	-	116,583,496	-	(74,689)	116,508,807
- Ijarah Sukuk	-	-	-	-	4,661,665	-	(15,205)	4,646,460
Shares								
- Ordinary shares / units - Listed	-	-	-	-	228,833	-	-	228,833
Foreign Securities								
- Overseas Bonds - Sovereign	-	-	-	-	51,626	-	(4,921)	46,705
	-	-	-	-	280,045,513	-	(377,898)	279,667,615

Fair value through other comprehensive income

Federal Government Securities							
- Market Treasury Bills	140,338,659	-	(903,063)	139,435,596	-	-	-
- Pakistan Investment Bonds	771,019,276	-	(1,191,020)	769,828,256	-	-	-
- Ijarah Sukuk	232,584,950	-	2,729,593	235,314,543	-	-	-
- Government of Pakistan Euro Bonds	14,490,425	(2,219,626)	496,008	12,766,807	-	-	-
Shares							
- Ordinary shares - Listed	3,801,103	-	733,957	4,535,060	-	-	-
- Ordinary shares - Unlisted	1,211,363	-	1,332,923	2,544,286	-	-	-
- Preference Shares - Listed	108,835	(108,835)	-	-	-	-	-
- Preference Shares - Unlisted	25,000	(25,000)	-	-	-	-	-
Non Government Debt Securities							
- Term Finance Certificates	2,219,189	(121,448)	-	2,097,741	-	-	-
- Sukuk	16,023,736	(96,511)	85,329	16,012,554	-	-	-
Foreign Securities							
- Overseas Bonds - Sovereign	50,226,712	(117,109)	(1,668,556)	48,441,047	-	-	-
- Overseas Bonds - Others	24,582,925	(6,951)	(1,419,995)	23,155,979	-	-	-
- Equity securities - Listed	272,456	-	8,092	280,548	-	-	-
REIT Fund - Unlisted	1,000,000	-	760,000	1,760,000	-	-	-
	1,257,904,629	(2,695,480)	963,268	1,256,172,417	-	-	-

Balance carried forward 1,537,722,978 (2,695,480) 250,306 1,535,277,804 280,045,513 - (377,898) 279,667,615

10.1 Investments by type:

	March 31, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
	------(Rupees in '000)-----							
Balance brought forward	1,537,722,978	(2,695,480)	250,306	1,535,277,804	280,045,513	-	(377,898)	279,667,615
Available for sale securities								
Federal Government Securities								
- Market Treasury Bills	-	-	-	-	332,007,074	-	(823,401)	331,183,673
- Pakistan Investment Bonds	-	-	-	-	951,035,850	-	(2,440,787)	948,595,063
- Ijarah Sukuk	-	-	-	-	225,217,164	-	1,706,526	226,923,690
- Government of Pakistan Euro Bonds	-	-	-	-	14,715,017	(2,355,129)	(1,339,847)	11,020,041
- Naya Pakistan Certificates	-	-	-	-	5,687,184	-	-	5,687,184
Shares								
- Ordinary shares - Listed	-	-	-	-	3,500,848	(59,818)	594,515	4,035,545
- Ordinary shares - Unlisted	-	-	-	-	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	-	-	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	-	-	-	-	25,000	(25,000)	-	-
Non Government Debt Securities								
- Term Finance Certificates	-	-	-	-	3,169,109	(221,322)	-	2,947,787
- Sukuk	-	-	-	-	16,452,185	(96,511)	66,970	16,422,644
REIT Fund - Unlisted	-	-	-	-	1,000,000	-	-	1,000,000
Foreign Securities								
- Overseas Bonds - Sovereign	-	-	-	-	44,686,242	(108,774)	(1,448,004)	43,129,464
- Overseas Bonds - Others	-	-	-	-	24,656,200	(7,551)	(1,615,830)	23,032,819
- Redeemable Participating Certificates	-	-	-	-	5,514,371	-	-	5,514,371
- Equity securities - Listed	-	-	-	-	275,698	-	8,898	284,596
	-	-	-	-	1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202
Amortised cost								
Federal Government Securities								
- Pakistan Investment Bonds	217,493,546	-	-	217,493,546	-	-	-	-
- Ijarah Sukuk	40,307,214	-	-	40,307,214	-	-	-	-
Non Government Debt Securities								
- Term Finance Certificates	324,680	(24,771)	-	299,909	-	-	-	-
- Sukuk	3,302,601	(63,730)	-	3,238,871	-	-	-	-
Foreign Securities								
- Overseas Bonds - Sovereign	14,212,823	(236)	-	14,212,587	-	-	-	-
	275,640,864	(88,737)	-	275,552,127	-	-	-	-
Held to maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds	-	-	-	-	111,987,852	-	-	111,987,852
- Ijarah Sukuk	-	-	-	-	27,754,444	-	-	27,754,444
Non Government Debt Securities								
- Term Finance Certificates	-	-	-	-	814,680	(214,680)	-	600,000
- Sukuk	-	-	-	-	3,339,720	(69,517)	-	3,270,203
Foreign Securities								
- Overseas Bonds - Sovereign	-	-	-	-	21,905,016	(238)	-	21,904,778
	-	-	-	-	165,801,712	(284,435)	-	165,517,277
Associates	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiaries	1,305,217	(305,217)	-	1,000,000	305,217	(305,217)	-	-
Total Investments	1,815,846,665	(3,089,434)	250,306	1,813,007,537	2,076,592,188	(3,660,630)	(5,668,858)	2,067,262,700

Subsidiary / Associate	Country of incorporation	Percentage of Holding	March 31, 2024 (Un-audited)					Total Comprehensive income
			Assets	Liabilities	Revenue	Profit / (loss) for the period		
------(Rupees in '000)-----								

10.2 Particulars of assets and liabilities of subsidiary and associates

Alfalah CLSA Securities (Private) Limited	Subsidiary	Pakistan	62.50%	2,434,092	3,290,541	145,582	(70,673)	(70,673)
Alfalah Currency Exchange (Private) Limited	Subsidiary	Pakistan	100.00%	1,047,005	46,543	31,511	462	462
Alfalah Asset Management Limited	Associate	Pakistan	40.22%	2,454,193	570,340	311,139	78,104	78,104
Alfalah Insurance Company Limited	Associate	Pakistan	30.00%	7,946,095	5,254,239	622,125	180,123	178,531
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	20,886,698	6,181,341	805,688	638,280	638,280

Subsidiary / Associate	Country of incorporation	Percentage of Holding	December 31, 2023 (Audited)		March 31, 2023 (Un-audited)			
			Assets	Liabilities	Revenue	Profit for the period	Total Comprehensive income	
------(Rupees in '000)-----								
Alfalaha CLSA Securities (Private) Limited	Subsidiary	Pakistan	62.50%	1,482,410	2,268,182	139,232	(4,538)	(4,538)
Alfalaha Currency Exchange (Private) Limited	Subsidiary	Pakistan	100.00%	-	-	-	-	-
Alfalaha Asset Management Limited	Associate	Pakistan	40.22%	2,366,955	556,130	147,288	31,152	31,152
Alfalaha Insurance Company Limited	Associate	Pakistan	30.00%	7,402,766	4,889,441	515,515	124,249	121,679
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	20,656,087	6,239,010	448,147	248,029	248,029

						(Un-audited)	(Audited)
						March 31,	December 31,
						2024	2023
						------(Rupees in '000)-----	

10.3 Investments given as collateral

Market Treasury Bills	15,798,294	160,501,809
Pakistan Investment Bonds	388,727,500	575,983,500
Overseas Bonds	14,274,580	15,037,219
	<u>418,800,374</u>	<u>751,522,528</u>

10.3.1 The market value of securities given as collateral is Rs. 411,970.114 million (December 31, 2023: Rs. 739,217.237 million).

						(Un-audited)	(Audited)
						March 31,	December 31,
						2024	2023
						------(Rupees in '000)-----	

10.4 Credit loss allowance / provision for diminution in value of investments

10.4.1 Opening balance		3,660,630	3,794,742
Impact of adoption of IFRS 9		(437,728)	-
Balance as at January 01 after adopting IFRS 9		3,222,902	3,794,742
Exchange and other adjustments		(40,708)	576,126
Charge / (reversals)			
Charge for the period / year		147	580,917
Reversals for the period / year		(92,665)	(363,351)
Reversal on disposals		(242)	(927,804)
		(92,760)	(710,238)
Closing balance		<u>3,089,434</u>	<u>3,660,630</u>

10.4.2 Particulars of credit loss allowance / provision against debt securities

Category of classification	March 31, 2024 (Un-audited)		December 31, 2023 (Audited)	
	Outstanding amount	Credit loss allowance / Provision Held	Outstanding amount	Credit loss allowance / Provision Held
------(Rupees in '000)-----				
Domestic				
Performing	Stage 1	1,088,474	192	-
Underperforming	Stage 2	-	-	-
Non-performing	Stage 3	-	-	-
Substandard		-	-	-
Doubtful		-	-	-
Loss		306,268	306,268	602,030
		<u>1,394,742</u>	<u>306,460</u>	<u>602,030</u>
Overseas				
Performing	Stage 1	89,022,460	124,296	70,747,537
Underperforming	Stage 2	14,490,425	2,219,626	14,715,017
Non-performing	Stage 3	-	-	-
Substandard		-	-	-
Doubtful		-	-	-
Loss		-	-	-
Total		<u>104,907,627</u>	<u>2,650,382</u>	<u>86,064,584</u>
				<u>3,073,722</u>

10.4.3 The market value of securities classified as amortised cost as at March 31, 2024 amounted to Rs. 258,550.459 million (held-to-maturity as at December 31, 2023: Rs. 154,796.433 million).

11 ADVANCES

Note	Performing		Non Performing		Total	
	March 31, 2024 (Un-audited)	December 31, 2023 (Audited)	March 31, 2024 (Un-audited)	December 31, 2023 (Audited)	March 31, 2024 (Un-audited)	December 31, 2023 (Audited)
------(Rupees in '000)-----						
Loans, cash credits, running finances, etc.	548,303,644	565,251,668	31,970,471	32,594,592	580,274,115	597,846,260
Islamic financing and related assets	42.3 156,827,054	162,102,341	5,009,960	4,872,026	161,837,014	166,974,367
Bills discounted and purchased	11,998,189	12,300,229	188,465	166,121	12,186,654	12,466,350
Advances - gross	<u>717,128,887</u>	<u>739,654,238</u>	<u>37,168,896</u>	<u>37,632,739</u>	<u>754,297,783</u>	<u>777,286,977</u>
Credit loss allowance / provision against advances						
- Stage 1	11.4 (2,936,370)	(25,670)	-	-	(2,936,370)	(25,670)
- Stage 2	11.4 (2,151,977)	-	-	-	(2,151,977)	-
- Stage 3	11.4 -	-	(32,480,112)	-	(32,480,112)	-
- Specific	11.4 -	-	(542,075)	(32,373,670)	(542,075)	(32,373,670)
- General	11.4 (8,158,501)	(9,836,127)	-	-	(8,158,501)	(9,836,127)
	(13,246,848)	(9,861,797)	(33,022,187)	(32,373,670)	(46,269,035)	(42,235,467)
Advances - net of credit loss allowance /provision	<u>703,882,039</u>	<u>729,792,441</u>	<u>4,146,709</u>	<u>5,259,069</u>	<u>708,028,748</u>	<u>735,051,510</u>

11.1 Advances include an amount of Rs. 371.319 million (December 31, 2023: Rs. 362.630 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 OS ED departments. These loans carry mark-up at the rates ranging from 17.99% to 41.28% (December 31, 2023: 17.99% to 41.28%) with maturities up to October 2043) (December 31, 2023: October 2043).

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
11.2 Particulars of advances (Gross)		
In local currency	679,385,577	700,776,703
In foreign currencies	74,912,206	76,510,274
	<u>754,297,783</u>	<u>777,286,977</u>

11.3 Advances include Rs. 37,168.896 million (December 31, 2023: Rs. 37,632.739 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2024 (Un-audited)		December 31, 2023 (Audited)		
	Non-Performing Loans	Credit loss allowance /provision	Non-Performing Loans	Credit loss allowance /provision	
------(Rupees in '000)-----					
Domestic					
Other Assets Especially Mentioned (OEAM)	Stage 3	226,751	3,779	186,364	3,568
Substandard	Stage 3	953,718	227,200	1,800,068	444,281
Doubtful	Stage 3	5,720,789	2,821,013	6,694,041	3,293,830
Loss	Stage 3	29,550,181	29,428,120	28,284,026	28,141,674
		<u>36,451,439</u>	<u>32,480,112</u>	<u>36,964,499</u>	<u>31,883,353</u>
Overseas					
Other Assets Especially Mentioned (OEAM)	Stage 3	-	-	-	-
Substandard	Stage 3	42,342	25,331	43,013	25,688
Doubtful	Stage 3	-	-	-	-
Loss	Stage 3	675,115	516,744	625,227	464,629
		<u>717,457</u>	<u>542,075</u>	<u>668,240</u>	<u>490,317</u>
Total		<u>37,168,896</u>	<u>33,022,187</u>	<u>37,632,739</u>	<u>32,373,670</u>

11.4 Particulars of Credit loss allowance / provision against advances

	March 31, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
------(Rupees in '000)-----									
Opening balance	-	-	-	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015
Impact of adoption of IFRS 9	3,383,986	1,941,534	32,360,480	(31,883,353)	(1,715,503)	4,087,144	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,986	1,941,534	32,360,480	490,317	8,146,294	46,322,611	25,396,608	7,921,407	33,318,015
Exchange and other adjustments	(356)	-	-	(6,947)	(5,440)	(12,743)	83,703	57,723	141,426
Charge for the period / year	-	210,443	1,832,388	58,896	17,647	2,119,374	12,130,032	1,882,667	14,012,699
Reversals for the period / year	(447,260)	-	(1,471,614)	(191)	-	(1,919,065)	(3,503,697)	-	(3,503,697)
	(447,260)	210,443	360,774	58,705	17,647	200,309	8,626,335	1,882,667	10,509,002
Amounts written off	-	-	(241,142)	-	-	(241,142)	(1,732,976)	-	(1,732,976)
	-	-	(241,142)	-	-	(241,142)	(1,732,976)	-	(1,732,976)
Closing balance	2,936,370	2,151,977	32,480,112	542,075	8,158,501	46,269,035	32,373,670	9,861,797	42,235,467

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at March 31, 2024 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 84.828 million (December 31, 2023: Rs. 86.021 million).

11.4.2 During the period, non performing loans and provisions were reduced by Rs. 836.427 million (December 31, 2023: Rs. 231.391 million) due to debt property swap transaction.

11.4.3 Specific provision relates to overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate.

11.4.4 General provision includes:

- (i) Provision held at overseas branch to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate and where IFRS 9 is not applicable; and
- (ii) Provision of Rs. 7,748.000 million (December 31, 2023: Rs. 7,748.000 million) against the high risk portfolio, which is showing higher economic vulnerability.

11.4.5 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.

11.5 Advances - Particulars of credit loss allowance / provision against advances

	March 31, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
	Stage 1	Stage 2	Stage 3						
------(Rupees in '000)-----									
Opening balance	-	-	-	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015
Impact of adoption of IFRS 9	3,383,986	1,941,534	32,360,480	(31,883,353)	(1,715,503)	4,087,144	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,986	1,941,534	32,360,480	490,317	8,146,294	46,322,611	25,396,608	7,921,407	33,318,015
Exchange and other adjustments	(356)	-	-	(6,947)	(5,440)	(12,743)	83,703	57,723	141,426
New Advances	312,989	-	-	58,896	-	371,885	12,130,032	1,882,667	14,012,699
Due to credit deterioration	-	373,118	1,997,473	-	-	2,370,591	-	-	-
Advances derecognised or repaid / reversal	(704,561)	(121,509)	(1,471,614)	(191)	17,647	(2,280,228)	(3,503,697)	-	(3,503,697)
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	(49,444)	58,147	(8,703)	-	-	-	-	-	-
Transfer to stage 3	(9,138)	(93,859)	102,997	-	-	-	-	-	-
Changes in risk parameters	2,894	(5,454)	(259,379)	-	-	(261,939)	-	-	-
	(447,260)	210,443	360,774	58,705	17,647	200,309	8,626,335	1,882,667	10,509,002
Amounts written off / charged off	-	-	(241,142)	-	-	(241,142)	(1,732,976)	-	(1,732,976)
Closing balance	2,936,370	2,151,977	32,480,112	542,075	8,158,501	46,269,035	32,373,670	9,861,797	42,235,467

11.6 Advances - Category of classification

March 31, 2024 (Un-audited)		December 31, 2023 (Audited)	
Outstanding	Credit loss allowance /provision	Outstanding	Credit loss allowance /provision

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

Domestic					
Performing	Stage 1	540,253,167	2,911,111	695,123,443	-
Underperforming	Stage 2	132,799,556	2,151,977	-	-
Non-Performing	Stage 3				
Other Assets Especially Mentioned		226,751	3,779	186,364	3,568
Substandard		953,718	227,200	1,800,068	444,281
Doubtful		5,720,789	2,821,013	6,694,041	3,293,830
Loss		29,550,181	29,428,120	28,284,026	28,141,674
General Provision		-	7,748,000	-	9,345,810
		<u>709,504,162</u>	<u>45,291,200</u>	<u>732,087,942</u>	<u>41,229,163</u>
Overseas					
Performing	Stage 1	44,076,164	25,259	44,530,795	25,670
Underperforming	Stage 2	-	-	-	-
Non-Performing	Stage 3				
Other Assets Especially Mentioned		-	-	-	-
Substandard		42,342	25,331	43,013	25,688
Doubtful		-	-	-	-
Loss		675,115	516,744	625,227	464,629
General Provision		-	410,501	-	490,317
		<u>44,793,621</u>	<u>977,835</u>	<u>45,199,035</u>	<u>1,006,304</u>
Total		<u>754,297,783</u>	<u>46,269,035</u>	<u>777,286,977</u>	<u>42,235,467</u>

	Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023
12 PROPERTY AND EQUIPMENT			
			------(Rupees in '000)-----
Capital work-in-progress	12.1	4,332,929	3,525,139
Property and equipment	12.2	<u>44,384,944</u>	<u>38,290,971</u>
		<u>48,717,873</u>	<u>41,816,110</u>
12.1 Capital work-in-progress			
Civil works		2,709,062	2,454,986
Equipment		1,428,420	999,120
Others		195,447	71,033
		<u>4,332,929</u>	<u>3,525,139</u>

12.2 It includes land and buildings carried at revalued amount of Rs. 29,642.632 million (December 31, 2023: Rs. 24,380.890 million).

		(Un-audited) Quarter ended	
		March 31, 2024	March 31, 2023
		------(Rupees in '000)-----	
12.3	Additions to property and equipment		
	The following additions were made to property and equipment during the period:		
	Capital work-in-progress - net of transferred out for capitalisation	807,790	456,275
	Property and equipment		
	Freehold land	101,138	244
	Leasehold land	5,149,174	116,000
	Buildings on freehold land	47,511	119,965
	Buildings on leasehold land	26,182	32,971
	Leasehold improvement	498,149	105,035
	Furniture and fixtures	174,757	49,812
	Office equipment	875,246	638,992
	Vehicles	263,765	32,244
		7,135,922	1,095,263
	Total additions to property and equipment	<u>7,943,712</u>	<u>1,551,538</u>
12.4	Disposals of property and equipment		
	The net book values of property and equipment disposed off during the period are as follows:		
	Leasehold improvements	-	7,003
	Furniture and fixtures	-	291
	Office equipment	3,057	1,525
	Total disposal of property and equipment	<u>3,057</u>	<u>8,819</u>
		(Un-audited) March 31, 2024	(Audited) December 31, 2023
		------(Rupees in '000)-----	
13	RIGHT-OF-USE ASSETS	Buildings	Buildings
	At January 1		
	Cost	28,813,726	22,322,416
	Accumulated Depreciation	(8,862,155)	(6,932,893)
	Net Carrying amount at January 1	<u>19,951,571</u>	<u>15,389,523</u>
	Additions / renewals / amendments / (terminations)		
	- net during the period / year	1,137,084	7,837,519
	Depreciation charge during the period / year	(924,630)	(3,349,633)
	Exchange rate adjustments	(14,153)	74,162
	Closing net carrying amount	<u>20,149,872</u>	<u>19,951,571</u>
14	INTANGIBLE ASSETS		
	Capital work-in-progress / advance payment to suppliers	488,145	436,536
	Software	863,422	933,363
		<u>1,351,567</u>	<u>1,369,899</u>
		(Un-audited) Quarter ended	
		March 31, 2024	March 31, 2023
		------(Rupees in '000)-----	
14.1	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	51,609	150,424
	Directly purchased	16,723	4,590
	Total additions to intangible assets	<u>68,332</u>	<u>155,014</u>
14.2	There were no disposals of intangible assets during the periods ended March 31, 2024 and March 31, 2023.		

Note (Un-audited) (Audited)
March 31, December 31,
2024 2023
------(Rupees in '000)-----

15 DEFERRED TAX ASSETS

Deductible Temporary Differences on:

- Credit loss allowance / provision against investments	2,152,024	2,224,378
- Credit loss allowance / provision against advances	6,400,178	4,183,318
- Unrealised loss on FVPTL investments	350,526	-
- Unrealised loss on revaluation of held for trading investments	-	191,895
- Deficit on revaluation of available for sale investments	-	871,244
- Credit loss allowance / provision against other assets	1,433,321	1,250,843
- Credit loss allowance against cash with treasury	12,311	-
- Credit loss allowance against balance with other banks	2,964	-
- Credit loss allowance / provision against lending to financial institutions	12,065	73
- Workers' Welfare Fund	1,737,007	1,528,648
	12,100,396	10,250,399

Taxable Temporary Differences on:

- Surplus on revaluation of FVOCI investments	(2,279,221)	-
- Surplus on revaluation of property and equipment	(603,520)	(593,695)
- Surplus on revaluation of non banking assets	(76,604)	(85,595)
- Accelerated tax depreciation	(3,635,541)	(3,562,950)
	(6,594,886)	(4,242,240)

5,505,510 6,008,159

16 OTHER ASSETS

Income / mark-up accrued in local currency - net of credit loss allowance / provision	102,715,342	81,665,580
Income / mark-up accrued in foreign currency - net of credit loss allowance / provision	2,526,368	2,402,118
Advances, deposits, advance rent and other prepayments	7,791,550	8,651,936
Advance against subscription of share	140,000	140,000
Non-banking assets acquired in satisfaction of claims	16.1 2,631,235	1,684,771
Dividend receivable	86,967	10,431
Mark to market gain on forward foreign exchange contracts	2,676,451	2,606,750
Mark to market gain on derivatives	25.1 4,364,396	4,175,322
Stationery and stamps on hand	24,262	11,350
Defined benefit plan	272,761	440,585
Branch adjustment account	566,809	-
Due from card issuing banks	3,284,494	4,829,866
Accounts receivable	3,921,958	3,336,986
Claims against fraud and forgeries	124,725	126,066
Acceptances	29,090,495	24,618,660
Receivable against Government of Pakistan and overseas government securities	32,870	2,925,206
Receivable against marketable securities	-	692,656
Others	253,441	86,206
	160,504,124	138,404,489
Less: Credit loss allowance / provision held against other assets	16.2 (3,061,075)	(2,984,277)
Other assets (net of credit loss allowance / provision)	157,443,049	135,420,212
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	16.1 153,972	172,321
Other assets - total	<u>157,597,021</u>	<u>135,592,533</u>

16.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 2,785.207 million (December 31, 2023: Rs. 1,857.092 million).

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
16.2 Credit loss allowance / provision held against other assets		
Impairment against overseas operations	2,359,988	2,359,988
Expected credit loss	154,422	46,807
Fraud and forgeries	124,725	126,066
Accounts receivable	66,648	67,807
Others	355,292	383,609
	<u>3,061,075</u>	<u>2,984,277</u>
16.2.1 Movement in credit loss allowance / provision held against other assets		
Opening balance	2,984,277	2,671,784
Impact of adoption of IFRS 9	46,852	-
Balance as at January 01 after adopting IFRS 9	<u>3,031,129</u>	<u>2,671,784</u>
Exchange and other adjustments	(891)	2,531
Charge for the period / year	127,986	394,024
Reversals for the period / year	(97,149)	(83,100)
	30,837	310,924
Amount written off	-	(962)
Closing balance	<u>3,061,075</u>	<u>2,984,277</u>
17 BILLS PAYABLE		
In Pakistan	21,112,469	24,750,227
Outside Pakistan	625,077	1,254,311
	<u>21,737,546</u>	<u>26,004,538</u>
18 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export Refinance Scheme	39,356,387	43,281,491
Long-Term Finance Facility	23,495,258	24,595,991
Financing Facility for Renewable Energy Projects	11,879,585	11,891,156
Financing Facility for Storage of Agriculture Produce (FFSAP)	514,261	532,102
Temporary Economic Refinance Facility (TERF)	46,933,354	48,528,109
Export Refinance under Bill Discounting	13,705,226	14,244,331
SME Asaan Finance (SAAF)	5,551,956	2,096,250
Refinance Facility for Combating COVID (RFCC)	1,208,524	988,049
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	114,266	125,595
Modernization of Small and Medium Entities (MSMES)	1,562,800	1,205,658
Other refinance schemes	468	553
Repurchase agreement borrowings	320,000,000	666,510,980
	464,322,085	814,000,265
Repurchase agreement borrowings	52,642,133	26,895,775
Bai Muajjal	46,733,436	44,830,207
Medium Term Note	-	11,000,000
Total secured	<u>563,697,654</u>	<u>896,726,247</u>
Unsecured		
Call borrowings	8,822,791	3,946,050
Overdrawn nostro accounts	3,840,820	3,467,939
Others		
- Pakistan Mortgage Refinance Company	2,137,096	2,605,576
- Karandaz Risk Participation	2,965,404	2,797,641
Total unsecured	<u>17,766,111</u>	<u>12,817,206</u>
	<u>581,463,765</u>	<u>909,543,453</u>

19 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	------(Rupees in '000)-----					
Customers						
- Current deposits	622,184,610	153,347,977	775,532,587	630,357,408	152,436,273	782,793,681
- Savings deposits	468,468,257	37,061,658	505,529,915	440,331,863	38,469,718	478,801,581
- Term deposits	434,184,772	69,578,004	503,762,776	437,377,886	61,496,821	498,874,707
- Others	45,176,150	16,631,883	61,808,033	44,709,160	14,317,598	59,026,758
	1,570,013,789	276,619,522	1,846,633,311	1,552,776,317	266,720,410	1,819,496,727
Financial Institutions						
- Current deposits	4,364,735	3,130,300	7,495,035	4,324,374	3,241,325	7,565,699
- Savings deposits	108,994,879	3,270,307	112,265,186	171,934,453	3,442,726	175,377,179
- Term deposits	74,755,000	1,850,765	76,605,765	79,780,000	2,258,236	82,038,236
- Others	270,509	59,509	330,018	518,072	1,217	519,289
	188,385,123	8,310,881	196,696,004	256,556,899	8,943,504	265,500,403
	1,758,398,912	284,930,403	2,043,329,315	1,809,333,216	275,663,914	2,084,997,130

19.1 Current deposits include remunerative current deposits of Rs. 18,746.302 million (December 31, 2023: Rs. 20,788.733 million).

	(Un-audited)		(Audited)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
	------(Rupees in '000)-----			
20 LEASE LIABILITIES				
Opening as at January 1		22,894,533		17,495,747
Additions / renewals / amendments / (terminations) - net		1,116,718		7,724,656
Borrowing cost		783,923		2,657,661
Lease payments including interest		(1,124,317)		(5,054,441)
Exchange rate / other adjustment		(16,076)		70,910
Closing net carrying amount		<u>23,654,781</u>		<u>22,894,533</u>
20.1 Liabilities Outstanding				
Not later than one year		1,827,254		1,848,642
Later than one year and upto five years		8,908,773		9,140,725
Over five years		12,918,754		11,905,166
Total at the period / year end		<u>23,654,781</u>		<u>22,894,533</u>

For the purpose of discounting PKRV rates are being used.

		(Un-audited)		(Audited)	
		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
		------(Rupees in '000)-----			
21 SUBORDINATED DEBT					
Term Finance Certificates VI - Additional Tier-I (ADT-1)	21.1	7,000,000		7,000,000	
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	21.2	7,000,000		7,000,000	
		<u>14,000,000</u>		<u>14,000,000</u>	

21.1 Term Finance Certificates VI - Additional Tier-I (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 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
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 the 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 the SBP from time to time.
Loss absorbency clause	In conformity with the 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 the SBP and instrument is replaced with capital of same and better quality.

21.2 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 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
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	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the 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 Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the 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 the SBP and instrument is replaced with capital of same and better quality.

	Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----			
22	OTHER LIABILITIES		
		34,935,626	39,434,467
		1,926,368	1,690,773
		3,364,427	3,201,308
		13,766,307	16,119,849
		12,294,961	14,462,758
		29,090,495	24,618,660
		7,500,035	6,166,682
		3,223,229	2,779,042
	25.1	79,306	96,507
		-	73,434
	22.2	13,050,149	3,409,741
		926,617	874,117
		932,065	857,241
		131,468	114,052
	22.1	806,232	78,624
		12,925,509	12,983,647
		5,518,925	5,093,704
		824,220	850,048
		3,854,294	3,906,392
		34,551	776,097
		3,892,018	3,874,309
		278,422	-
		251,932	483,001
		2,263,274	2,412,845
		8,294,176	6,197,042
		<u>160,164,606</u>	<u>150,554,340</u>

22.1 Credit loss allowance / provision against off-balance sheet obligations

Opening balance	78,624	62,948
Impact of adoption of IFRS 9	805,501	-
Balance as at January 01 after adopting IFRS 9	884,125	62,948
Exchange and other adjustments	(688)	4,029
(Reversal) / charge for the period / year	(77,205)	11,647
Closing balance	<u>806,232</u>	<u>78,624</u>

22.2 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

	Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023
23	SURPLUS ON REVALUATION OF ASSETS		
		------(Rupees in '000)-----	
	(Deficit) / surplus on revaluation of:		
	- Securities measured at FVOCI - debt	10.1 (1,871,704)	-
	- Securities measured at FVOCI - equity	10.1 2,834,972	-
	- Available for sale securities	10.1 -	(5,290,960)
	- Property and equipment	12,660,021	12,682,139
	- Non-banking assets acquired in satisfaction of claims	153,972	172,321
		13,777,261	7,563,500
	Less: Deferred tax asset / (liability) on surplus / (deficit) on revaluation of:		
	- Securities measured at FVOCI - debt	917,135	-
	- Securities measured at FVOCI - equity	(1,389,136)	-
	- Available for sale securities	-	2,592,570
	- Property and equipment	(603,520)	(593,695)
	- Non-banking assets acquired in satisfaction of claims	(76,604)	(85,595)
		(1,152,125)	1,913,280
	Derivatives (deficit) / surplus	(3,688,205)	(3,512,910)
	Less: Deferred tax asset / (liability) on derivative	1,807,220	1,721,326
		(1,880,985)	(1,791,584)
		<u>14,506,121</u>	<u>11,268,364</u>
24	CONTINGENCIES AND COMMITMENTS		
	- Guarantees	24.1 166,068,539	173,579,640
	- Commitments	24.2 662,100,538	731,198,269
	- Other contingent liabilities	24.3.1 23,793,899	23,816,758
		<u>851,962,976</u>	<u>928,594,667</u>
24.1	Guarantees:		
	Performance guarantees	54,113,698	55,684,506
	Other guarantees	111,954,841	117,895,134
		<u>166,068,539</u>	<u>173,579,640</u>
24.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- Letters of credit	219,143,156	196,248,432
	Commitments in respect of:		
	- forward foreign exchange contracts	24.2.1 298,206,221	350,664,300
	- forward government securities transactions	24.2.2 71,883,093	109,207,715
	- derivatives	24.2.3 48,864,092	51,150,198
	- forward lending	24.2.4 18,783,896	19,247,075
	Commitments for acquisition of:		
	- Property and equipment	4,263,378	3,713,022
	- Intangible assets	375,202	312,027
	Commitments in respect of donations	581,500	655,500
		<u>662,100,538</u>	<u>731,198,269</u>
24.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	179,485,678	198,859,218
	Sale	118,720,543	151,805,082
		<u>298,206,221</u>	<u>350,664,300</u>
24.2.2	Commitments in respect of forward government securities transactions		
	Purchase	57,611,264	20,461,347
	Sale	14,271,829	88,746,368
		<u>71,883,093</u>	<u>109,207,715</u>

	Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----			
24.2.3			
Interest Rate Swaps			
Purchase	25.1	37,498,135	39,466,304
Sale		-	-
		37,498,135	39,466,304
Cross Currency Swaps			
Purchase		-	-
Sale	25.1	11,365,957	11,683,894
		11,365,957	11,683,894
Total commitments in respect of derivatives		48,864,092	51,150,198
24.2.4			
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.4.1	15,182,780	15,828,600
Commitments in respect of investments		3,601,116	3,418,475
		18,783,896	19,247,075

24.2.4.1 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.

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----		
24.3		
Other contingent liabilities		
24.3.1		
Claims against the Bank not acknowledged as debts	23,793,899	23,816,758

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

24.4 Contingency for tax payable

24.4.1 There were no tax related contingencies other than as disclosed in note 36.1.

25 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.

25.1	Product Analysis	March 31, 2024 (Un-audited)					
		Interest Rate Swaps			Cross Currency Swaps		
		No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
------(Rupees in '000)-----							
	Counterparties With Banks for Hedging	40	37,498,135	3,443,225	-	-	-
	With other entities Market making	-	-	-	6	11,365,957	841,865
		40	37,498,135	3,443,225	6	11,365,957	841,865
25.1	Product Analysis	December 31, 2023 (Audited)					
		Interest Rate Swaps			Cross Currency Swaps		
		No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
------(Rupees in '000)-----							
	Counterparties With Banks for Hedging	41	39,466,304	3,371,331	-	-	-
	With other entities Market making	-	-	-	6	11,683,894	707,484
		41	39,466,304	3,371,331	6	11,683,894	707,484

		(Un-audited)	
		Quarter ended	
		March 31, 2024	March 31, 2023
		------(Rupees in '000)-----	
26	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	a) Loans and advances	31,838,071	25,893,271
	b) Investments	93,553,966	45,766,944
	c) Lendings to financial institutions	1,747,917	841,974
	d) Balances with banks	7,336	39,866
	e) On securities purchased under resale agreements / Bai Muajjal	1,526,461	3,046,675
		<u>128,673,751</u>	<u>75,588,730</u>
26.1	Interest income (calculated using effective interest rate method) recognised on:		
	Financial assets measured at amortised cost	43,789,382	
	Financial assets measured at fair value through OCI	70,690,334	
	Financial assets measured at fair value through P/L	14,194,035	
		<u>128,673,751</u>	
27	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	a) Deposits	58,784,349	27,888,683
	b) Borrowings	4,273,815	3,658,824
	c) Securities sold under repurchase agreements	30,867,789	13,978,721
	d) Subordinated debt	834,214	638,273
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	2,206,189	810,749
	f) Borrowing cost on leased properties	783,923	584,685
	g) Reward points / customer loyalty	112,510	91,575
		<u>97,862,789</u>	<u>47,651,510</u>
27.1	Interest expense calculated using effective interest rate method		
	Financial liabilities	<u>97,862,789</u>	
28	FEE & COMMISSION INCOME		
	Branch banking customer fees	387,805	292,175
	Consumer finance related fees	152,853	140,150
	Card related fees (debit and credit cards)	809,765	637,552
	Credit related fees	180,637	142,211
	Investment banking fees	21,520	26,243
	Commission on trade	741,660	546,182
	Commission on guarantees	182,648	200,128
	Commission on cash management	12,337	14,726
	Commission on remittances including home remittances	651,528	324,664
	Commission on bancassurance	133,778	125,869
	Card acquiring business	463,530	337,348
	Wealth Management Fee	78,897	31,966
	Commission on Benazir Income Support Programme (BISP)	200,744	143,233
	Alternative Delivery Channel (ADC) settlement accounts	330,367	306,104
	Others	53,485	60,629
		<u>4,401,554</u>	<u>3,329,180</u>
29	FOREIGN EXCHANGE INCOME / (LOSS)		
	Foreign exchange income	2,820,353	3,163,962
	Foreign exchange (loss) / income related to derivatives	(516,732)	161,002
		<u>2,303,621</u>	<u>3,324,964</u>

	Note	(Un-audited)	
		Quarter ended	
		March 31, 2024	March 31, 2023
------(Rupees in '000)-----			
30	GAIN / (LOSS) ON SECURITIES		
	Realised gain / (loss)	30.1 783,036	81,372
	Unrealised loss - Measured at FVPL	10.1 (712,962)	-
	Unrealised loss - held for trading	-	(396,921)
	Unrealised (loss) / gain on trading liabilities - net	(2,398)	-
		<u>67,676</u>	<u>(315,549)</u>
30.1	Realised gain / (loss) on:		
	Federal Government Securities	672,174	240,324
	Shares	8,124	(422,655)
	Foreign Securities	102,738	263,703
		<u>783,036</u>	<u>81,372</u>
30.2	Net gain / (loss) on financial assets / liabilities measured:		
	At FVPL		
	Designated upon initial recognition	(545,288)	
	Mandatorily measured at FVPL	61,699	
		<u>(483,589)</u>	
	Net gain / (loss) on financial assets measured at FVOCI - Debt	551,265	
		<u>67,676</u>	
31	OTHER INCOME		
	Rent on property	8,719	7,328
	Gain on sale of property and equipment - net	3,687	29,067
	Gain on sale of non banking assets - net	27,800	-
	Profit on termination of leased contracts (Ijarah)	-	19,154
	Gain on termination of leases (IFRS 16)	13,929	8,634
		<u>54,135</u>	<u>64,183</u>
32	OPERATING EXPENSES		
	Total compensation expense	32.1 8,823,445	7,141,913
	Property expense		
	Rates and taxes	45,048	32,515
	Utilities cost	826,487	443,993
	Security (including guards)	346,383	247,898
	Repair and maintenance (including janitorial charges)	445,742	244,958
	Depreciation on right-of-use assets	924,630	761,494
	Depreciation on non-banking assets acquired in satisfaction of claims	4,298	1,232
	Depreciation on owned assets	229,618	202,228
		<u>2,822,206</u>	<u>1,934,318</u>
	Information technology expenses		
	Software maintenance	795,174	429,024
	Hardware maintenance	178,244	260,527
	Depreciation	313,082	257,417
	Amortisation	86,363	78,082
	Network charges	176,865	142,674
	Consultancy and support services	38,609	14,273
		<u>1,588,337</u>	<u>1,181,997</u>
	Balance carried forward	<u>13,233,988</u>	<u>10,258,228</u>

(Un-audited)	
Quarter ended	
March 31, 2024	March 31, 2023
----- (Rupees in '000) -----	

Balance brought forward	13,233,988	10,258,228
Other operating expenses		
Directors' fees and allowances	50,800	40,977
Fees and allowances to Shariah Board	4,993	3,780
Legal and professional charges	86,473	67,320
Outsourced services costs	379,767	218,786
Travelling and conveyance	341,515	276,619
Clearing and custodian charges	41,625	40,676
Depreciation	491,428	347,705
Training and development	74,652	32,272
Postage and courier charges	117,564	114,056
Communication	587,937	409,112
Stationery and printing	462,960	293,221
Marketing, advertisement and publicity	514,124	379,730
Donations	126,320	944,500
Auditors' remuneration	30,489	37,364
Brokerage and commission	117,796	75,115
Entertainment	208,567	145,190
Repairs and maintenance	201,362	172,849
Insurance	516,567	300,821
Cash handling charges	475,237	255,714
CNIC verification	67,095	64,973
Others	222,645	129,505
	5,119,916	4,350,285
	18,353,904	14,608,513

32.1 Total compensation expense

Managerial remuneration		
i) Fixed	5,878,258	4,774,807
ii) Variable:		
a) Cash Bonus / Awards etc.	1,391,348	1,425,765
b) Bonus and Awards in Shares etc.	143,750	81,249
Charge for defined benefit plan	167,824	116,750
Contribution to defined contribution plan	213,652	179,206
Medical	539,922	327,145
Conveyance	347,152	127,030
Staff compensated absences	52,500	47,499
Staff life insurance	43,869	42,847
Staff welfare	7,010	4,315
Club subscription	1,011	771
Sub-total	8,786,296	7,127,384
Sign-on bonus	37,149	14,529
Severance allowance	-	-
Grand Total	8,823,445	7,141,913

33 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 the 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 petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

(Un-audited)	
Quarter ended	
March 31, 2024	March 31, 2023
----- (Rupees in '000) -----	

34 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	208,643	10,973
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	Note	(Un-audited) Quarter ended	
		March 31, 2024	March 31, 2023
------(Rupees in '000)-----			
35	CREDIT LOSS ALLOWANCE / PROVISIONS & WRITE OFFS - NET		
	Reversal of credit loss allowance against cash with treasury	(35,325)	-
	Credit loss allowance against balance with other bank	1,379	-
	Credit loss allowance / (reversal) against lending to financial institutions	11,408	(295)
	Reversal of credit loss allowance / reversal for diminution in value of investments	10.4.1 (92,760)	(118,565)
	Credit loss allowance / provision against loans & advances	11.4 200,309	625,173
	Credit loss allowance / provision against other assets	16.2.1 30,837	59,665
	Reversal of credit loss allowance / provision against off-balance sheet obligations	22.1 (77,205)	33,307
	Reversal of other credit loss allowance / provisions / write off - net	(15,432)	2,235
	Recovery of written off / charged off bad debts	(135,636)	(79,745)
		<u>(112,425)</u>	<u>521,775</u>

36	TAXATION		
	Charge / (reversal) :		
	Current	10,417,922	8,551,542
	Prior years	(54,047)	-
	Deferred	(565,822)	(319,968)
		<u>9,798,053</u>	<u>8,231,574</u>

36.1 a) The income tax assessments of the Bank have been finalized up to and including tax year 2023. Certain addbacks 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 and 2019 to 2023, the tax authority has 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. 764.870 million net of relief provided in appeal (December 31, 2023: 764.870 million). Bank has filed appeal which is pending before Commissioner Appeals. The management is confident that matter will be decided in favour of the bank and consequently has not made any provision in this respect.

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 redemanded. A similar order for the accounting years 2017 and 2018 was also issued with tax demand of Rs. 11.536 million (excluding default surcharge). Bank has filed appeals against these orders and has not made any provision against these orders. The management is of the view that these matters will be favourably settled through appellate process.

	(Un-audited) Quarter ended	
	March 31, 2024	March 31, 2023
------(Rupees in '000)-----		
37	BASIC AND DILUTED EARNINGS PER SHARE	
	Profit for the period	<u>9,911,509</u> <u>10,742,650</u>
		------(Number of shares in '000)-----
	Weighted average number of ordinary shares	<u>1,577,165</u> <u>1,577,165</u>
		------(Rupees)-----
	Basic and diluted earnings per share	<u>6.28</u> <u>6.81</u>

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

38 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 participants at the measurement date. The fair value of quoted securities other than those classified as held to maturity / amortised cost, is based on quoted market price. Quoted debt securities classified as held to maturity / amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of valuation methodologies which are best reflective of their business model. 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.

38.1 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, 2024 (Un-audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	------(Rupees in '000)-----			
Financial assets - measured at fair value				
Investments				
- Federal government securities	-	1,405,200,969	-	1,405,200,969
- Non-government debt securities	14,951,400	5,030,895	-	19,982,295
- Shares - listed companies	6,316,302	-	-	6,316,302
- Shares - unlisted companies	-	-	2,194,286	2,194,286
- Mutual funds - unlisted companies	-	-	1,760,000	1,760,000
- Foreign government securities	-	69,765,924	-	69,765,924
- Foreign non-government debt securities	-	23,155,979	6,271,501	29,427,480
- Foreign equity securities	280,548	-	-	280,548
Financial assets - disclosed but not measured at fair value				
Investments - Amortised cost	-	258,550,459	-	258,550,459
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	2,676,451	-	2,676,451
- Forward sale of foreign exchange	-	(3,223,229)	-	(3,223,229)
- Forward purchase of government securities	-	(87,453)	-	(87,453)
- Forward sale government securities	-	33,745	-	33,745
- Derivatives purchases	-	3,443,225	-	3,443,225
- Derivatives sales	-	841,865	-	841,865
	December 31, 2023 (Audited)			
On balance sheet financial instruments	------(Rupees in '000)-----			
Financial assets - measured at fair value				
Investments				
- Federal government securities	-	1,802,801,728	-	1,802,801,728
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Shares - listed companies	4,264,378	-	-	4,264,378
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign non-government debt securities	-	28,547,190	-	28,547,190
- Foreign equity securities	284,596	-	-	284,596
Financial assets - disclosed but not measured at fair value				
Investments - held to maturity securities	-	154,796,433	-	154,796,433
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities transactions	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484

38.2 The Bank's policy is to recognise 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.

38.3 Valuation techniques used in determination of fair values:

38.3.1 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, unquoted shares, 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

The fair value of unquoted shares and unquoted mutual funds are measured at fair value based on valuation technique mentioned in the table below.

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.

38.3.2 Fair value of non-financial assets

Certain categories of property and equipment (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 16. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

38.3.3 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.
Ordinary shares - unlisted	The fair value of investments in unlisted equity securities are valued on the basis of dividend discount model / discounted cashflow / price earnings multiple.
Mutual funds - unlisted	The fair value of investments in unlisted mutual funds are valued based on net asset value.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
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.
Property and equipment 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 unconsolidated condensed interim financial statements.

39 SEGMENT INFORMATION

39.1 Segment details with respect to Business Activities

For the quarter ended March 31, 2024 (Un-audited)								
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
----- (Rupees in '000) -----								
Profit and loss								
Net mark-up / return/ profit	(28,877,174)	3,098,207	8,128,075	47,250,100	(2,139)	1,975,211	(761,318)	30,810,962
Inter segment revenue - net	49,550,426	1,729,104	(292,414)	(51,272,534)	2,119,188	372,103	(2,962,312)	-
Non mark-up / return / interest income	2,390,611	1,307,073	570,814	2,781,323	275,519	443,724	-	7,773,943
Total income	23,063,863	6,134,384	8,406,475	(1,241,111)	2,392,568	2,791,038	(2,962,312)	38,584,905
Segment direct expenses	7,528,523	180,017	2,964,537	255,801	733,403	1,033,418	-	18,987,768
Inter segment expense allocation	3,948,317	447,596	1,335,452	189,204	570,552	141,462	(340,514)	-
Total expenses	11,476,840	627,613	4,299,989	445,005	1,303,955	1,174,880	(340,514)	18,987,768
Credit loss allowance / provision / (reversals)	(188,527)	109,181	41,839	(65,323)	5,144	(14,739)	-	(112,425)
Profit / (loss) before tax	11,775,550	5,397,590	4,064,647	(1,620,793)	1,083,469	1,630,897	(2,621,798)	19,709,562
As at March 31, 2024 (Un-audited)								
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
----- (Rupees in '000) -----								
Statement of financial position								
Cash and bank balances	108,709,504	17,344,649	37,870,182	-	830,288	46,239,665	(385,183)	210,609,105
Investments	-	3,909,787	232,434,615	1,448,901,873	-	125,018,544	2,742,718	1,813,007,537
Net inter segment lending	968,513,472	87,004,766	-	-	11,744,330	-	86,175,940	(1,153,438,508)
Lendings to financial institutions	-	-	21,020,384	15,611,369	-	9,227,398	(26,141,279)	19,717,872
Advances - performing	199,162,887	287,763,269	156,160,411	-	131,104	42,208,194	18,456,174	703,882,039
- non-performing	2,064,966	1,233,710	582,475	-	3,088	175,383	87,087	4,146,709
Others	31,097,010	35,363,835	49,415,064	67,200,126	1,613,567	(17,583,487)	66,215,692	233,321,843
Total assets	1,309,547,839	432,620,016	497,483,131	1,531,713,368	14,322,377	205,285,697	173,677,611	2,984,685,105
Borrowings	22,860,500	88,658,200	37,572,930	422,310,128	-	37,520,694	(27,458,687)	581,463,765
Subordinated debt	-	-	-	-	-	-	14,000,000	14,000,000
Deposits and other accounts	1,239,629,992	259,035,382	376,293,743	-	13,838,136	153,712,243	12,558	2,043,329,315
Net inter segment borrowing	-	33,023,987	24,424,662	1,094,992,000	-	997,876	(1,153,438,525)	-
Others	47,057,347	51,902,447	55,811,030	13,522,015	484,241	12,523,083	24,131,753	205,556,933
Total liabilities	1,309,547,839	432,620,016	494,102,365	1,530,824,143	14,322,377	204,753,896	38,144,311	2,844,350,013
Net assets	-	-	3,380,766	89,225	-	531,801	135,533,300	140,335,092
Equity	-	-	3,380,766	89,225	-	531,801	135,533,300	140,335,092
Contingencies and commitments	127,744,963	234,891,669	70,871,566	349,324,461	76,006	63,412,992	5,641,319	851,962,976

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

For the quarter ended March 31, 2023 (Un-audited)								
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
----- (Rupees in '000) -----								
Profit and loss								
Net mark-up / return / profit	(10,663,789)	5,686,906	5,155,677	26,796,215	2,702	1,588,460	(628,951)	27,937,220
Inter segment revenue - net	27,133,335	(1,154,749)	(306,030)	(25,649,913)	1,612,761	(12,875)	550,836	-
Non mark-up / return / interest income	1,921,799	859,648	502,258	2,702,782	219,464	291,945	78,115	6,576,011
Total income	18,391,345	5,391,805	5,351,905	3,849,084	1,834,927	1,867,530	(2,173,365)	34,513,231
Segment direct expenses	5,983,902	532,950	2,213,513	210,326	631,788	833,401	4,611,352	15,017,232
Inter segment expense allocation	2,711,796	444,948	804,632	242,056	359,148	118,856	(4,611,352)	-
Total expenses	8,695,698	977,898	3,018,145	452,382	990,936	952,257	(70,084)	15,017,232
Credit loss allowance / provision / (reversals)	1,126,045	669,250	317,165	(218,872)	6,120	928	(1,378,861)	521,775
Profit before tax	8,569,602	3,744,657	2,016,595	3,615,574	837,871	914,345	(2,103,281)	18,974,224
As at December 31, 2023 (Audited)								
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
----- (Rupees in '000) -----								
Statement of financial position								
Cash and bank balances	107,505,103	20,666,132	33,920,116	-	801,318	56,947,383	-	219,310,236
Investments	-	3,609,787	214,732,021	1,743,435,218	-	104,537,703	947,971	2,067,262,700
Net inter segment lending	973,612,195	87,039,833	-	-	11,390,718	-	124,249,350	-
Lendings to financial institutions	-	-	32,832,027	94,864,225	-	13,960,199	(22,102,342)	119,554,109
Advances - performing	207,915,194	299,248,029	161,980,731	-	80,881	44,106,831	16,460,775	729,792,441
- non-performing	2,955,353	1,449,384	589,393	-	8,333	177,923	78,683	5,259,069
Others	21,680,353	30,738,634	41,414,392	62,367,729	1,333,206	9,780,632	37,423,219	204,738,272
Total assets	1,313,668,198	442,751,799	485,468,680	1,900,667,172	13,614,456	229,510,671	(1,218,924,147)	3,345,916,827
Borrowings	23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	(23,007,821)	909,543,453
Subordinated debt	-	-	-	-	-	-	14,000,000	14,000,000
Deposits and other accounts	1,243,732,370	305,616,623	365,397,636	-	13,355,298	157,205,824	(310,621)	2,084,997,130
Net inter segment borrowing	-	-	22,614,166	1,144,470,847	-	29,207,083	(1,196,292,096)	-
Others	45,979,808	48,567,443	53,942,917	9,462,016	259,158	12,072,324	28,483,354	199,453,411
Total liabilities	1,313,668,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,248,206	(1,218,924,147)	3,207,993,994
Net assets	-	-	3,011,970	(1,028,246)	-	(737,535)	136,676,644	137,922,833
Equity								137,922,833
Contingencies and commitments	127,717,077	220,203,714	66,758,549	447,453,464	8	61,147,942	5,313,913	928,594,667

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

40 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its 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, 2024 (Un-audited)					As at December 31, 2023 (Audited)				
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties
	------(Rupees in '000)-----					------(Rupees in '000)-----				
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	6,332,364
Repaid during the period / year	-	-	-	-	-	-	-	-	-	(6,332,364)
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	305,217	1,177,606	1,802,909	-	-	305,217	1,177,606	1,552,048
Investment made during the period / year	-	-	1,000,000	-	59,265	-	-	-	-	683,255
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	(504,303)
Revaluation of investment during the period / year	-	-	-	-	71,206	-	-	-	-	71,909
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	1,305,217	1,177,606	1,933,380	-	-	305,217	1,177,606	1,802,909
Credit loss allowance / provision for diminution in value of investments	-	-	305,217	-	-	-	-	305,217	-	-
Advances										
Opening balance	14,918	935,186	-	-	1,925,526	18,062	672,608	-	-	2,367,924
Addition during the period / year	-	85,811	16,320,484	-	19,648,491	911	604,716	-	-	90,959,543
Repaid during the period / year	(673)	(53,021)	(15,332,728)	-	(19,301,358)	(4,055)	(314,643)	-	-	(90,662,727)
Transfer in / (out) - net	-	-	-	-	-	-	(27,495)	-	-	-
Write off	-	-	-	-	-	-	-	-	-	(739,214)
Closing balance	14,245	967,976	987,756	-	2,272,659	14,918	935,186	-	-	1,925,526
Credit loss allowance / provision held against advances	-	-	-	-	-	-	-	-	-	-
Other assets										
Interest / mark-up accrued	3,180	66,272	31,832	-	149,249	2,791	59,977	-	-	90,690
Receivable from staff retirement fund	-	-	-	-	272,761	-	-	-	-	440,585
Prepayment / rent receivable	-	-	-	650	-	-	-	-	4,617	-
Receivable against pre-incorporation expenses	-	-	-	-	-	-	-	17,014	-	-
Advance against shares	-	-	-	-	140,000	-	-	-	-	140,000

	As at March 31, 2024 (Un-audited)					As at December 31, 2023 (Audited)				
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties
	------(Rupees in '000)-----					------(Rupees in '000)-----				
Borrowings										
Opening balance	-	-	-	-	2,605,576	-	-	-	-	2,180,207
Borrowings during the period / year	-	-	-	-	1,500,000	-	-	-	-	2,095,000
Settled during the period / year	-	-	-	-	(1,968,480)	-	-	-	-	(1,669,631)
Closing balance	-	-	-	-	2,137,096	-	-	-	-	2,605,576
Deposits and other accounts										
Opening balance	406,959	340,757	55,874	17,153,420	18,550,205	38,466	184,994	9,086	3,078,698	12,308,779
Received during the period / year	2,245,625	1,305,744	20,215,607	238,111,620	50,715,530	1,190,788	3,877,341	4,563,007	840,300,568	318,163,352
Withdrawn during the period / year	(661,504)	(1,127,246)	(19,285,371)	(252,256,961)	(57,064,344)	(822,295)	(3,686,772)	(4,516,219)	(826,225,846)	(311,950,193)
Transfer in / (out) - net	-	-	-	-	-	-	(34,806)	-	-	28,267
Closing balance	1,991,080	519,255	986,110	3,008,079	12,201,391	406,959	340,757	55,874	17,153,420	18,550,205
Subordinated debt										
Opening balance	-	-	-	-	300,000	-	-	-	-	300,000
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	300,000	-	-	-	-	300,000
Other liabilities										
Interest / mark-up payable	945	5,389	-	-	106,052	737	1,045	-	-	130,491
Dividend payable	1,854,361	1	-	-	2,047,128	1,975,728	-	-	-	1,845,246
Payable to defined benefit plan	-	-	-	-	-	-	-	-	-	-
Others	-	-	1,422	-	57,824	-	-	956	-	54,868
Contingencies and commitments	-	-	1,200,000	-	1,216,027	-	-	1,000,000	-	1,573,620
	For the quarter ended March 31, 2024 (Un-audited)					For the quarter ended March 31, 2023 (Un-audited)				
	------(Rupees in '000)-----					------(Rupees in '000)-----				
Income										
Mark-up / return / interest earned	435	8,174	33,303	-	152,496	398	5,387	-	-	35,491
Fee and commission income	-	-	-	75,191	1,964	-	-	-	29,633	1,605
Dividend income	-	-	-	105,000	115,692	-	-	-	66,000	11,464
Gain / (loss) on sale of securities	-	4	-	-	-	-	1	-	-	(2,182)
Rent on property	-	-	-	975	-	-	-	-	1,556	-
Gain on sale of property and equipment - net	-	-	-	2,504	-	-	36	-	1,558	-
Expenses										
Mark-up / return / interest paid	5,655	10,081	31,980	228,504	555,799	1,030	5,333	114	96,081	436,425
Other operating expenses										
Directors fee	50,800	-	-	-	-	40,977	-	-	-	-
Managerial remuneration	239,373	838,271	-	-	-	172,907	581,021	-	-	-
Software maintenance	-	-	-	-	67,709	-	-	-	-	82,546
Travelling and accommodation	-	-	-	-	-	-	-	-	-	-
Communication cost	-	-	-	-	151,780	-	-	-	-	42,566
Brokerage and commission	-	-	2,252	-	-	-	-	3,477	-	-
Legal and professional charges	-	-	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	167,824	-	-	-	-	116,750
Contribution to defined contribution plan	-	-	-	-	213,652	-	-	-	-	179,206
Training and subscription	-	-	-	-	416	-	-	-	-	163
Other Information										
Dividend paid	1,975,727	9,056	-	7,465	1,661,448	2,177	5,019	-	5,903	134,203
Insurance premium paid	-	-	-	1,092,940	-	-	-	-	1,019,962	-
Insurance claims settled	-	-	-	215,993	-	-	-	-	163,751	-

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	15,771,651	15,771,651
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	111,315,508	110,321,098
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,550,000
Total eligible tier 1 capital	124,865,508	123,871,098
Eligible tier 2 capital	37,072,837	34,802,149
Total eligible capital (tier 1 + tier 2)	161,938,345	158,673,247
Risk weighted assets (RWAs):		
Credit risk	732,661,820	754,283,194
Market risk	44,698,888	18,194,850
Operational risk	175,157,500	175,157,500
Total	952,518,208	947,635,544
Common equity tier 1 capital adequacy ratio	11.69%	11.64%
Tier 1 capital adequacy ratio	13.11%	13.07%
Total capital adequacy ratio	17.00%	16.74%
In line with Basel III capital adequacy guidelines, the 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, the Bank has adopted Standardised Approach for credit and market risk related exposures and Alternate Standardised Approach (ASA) for operational risk.		
Leverage Ratio (LR):		
Eligible tier-1 capital	124,865,508	123,871,098
Total exposures	3,545,286,888	3,536,686,713
Leverage ratio	3.52%	3.50%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	1,287,297,946	1,082,954,156
Total net cash outflow	642,272,127	488,388,254
Liquidity coverage ratio	200%	222%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	1,648,613,452	1,634,520,450
Total required stable funding	1,137,879,520	1,012,638,563
Net stable funding ratio	145%	161%

The Bank operates 350 Islamic banking branches (December 31, 2023: 348 branches) and 5 sub branches (December 31, 2023: 6 sub branch) as at March 31, 2024.

STATEMENT OF FINANCIAL POSITION

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
Note	------(Rupees in '000)-----	
ASSETS		
Cash and balances with treasury banks	30,559,550	32,341,423
Balances with other banks	7,310,632	1,578,693
Due from financial institutions	42.1 21,020,384	32,832,027
Investments	42.2 232,434,615	214,732,021
Islamic financing and related assets - net	42.3 156,742,886	162,570,124
Property and equipment	9,932,999	9,419,759
Right-of-use assets	7,775,254	7,693,170
Intangible assets	37,664	39,602
Other assets	31,669,147	24,261,861
Total Assets	497,483,131	485,468,680
LIABILITIES		
Bills payable	3,909,633	4,847,290
Due to financial institutions	37,572,930	40,501,991
Deposits and other accounts	42.4 376,293,743	365,397,636
Lease liabilities	9,223,962	8,931,856
Deferred tax liabilities	1,281,845	1,291,105
Other liabilities	41,395,590	38,872,666
	<u>469,677,703</u>	<u>459,842,544</u>
NET ASSETS	<u>27,805,428</u>	<u>25,626,136</u>
REPRESENTED BY		
Islamic banking fund	3,950,000	3,950,000
Surplus on revaluation of assets	3,380,765	3,011,969
Unappropriated/ unremitted profit	42.5 <u>20,474,663</u>	<u>18,664,167</u>
	<u>27,805,428</u>	<u>25,626,136</u>
CONTINGENCIES AND COMMITMENTS	42.6	

PROFIT AND LOSS ACCOUNT

	(Un-audited)	
	Quarter ended	
Note	March 31, 2024	March 31, 2023
	------(Rupees in '000)-----	
Profit / return earned on Islamic financing and related assets, investments and placements	42.7 19,958,431	10,380,104
Profit / return expensed on deposits and other dues expensed	42.8 11,830,356	5,224,427
Net profit / return	<u>8,128,075</u>	<u>5,155,677</u>
Fee and commission income	479,895	324,081
Foreign exchange income	87,957	158,929
(Loss) / gain on securities	786	(5,496)
Other income	2,176	24,744
Total other income	<u>570,814</u>	<u>502,258</u>
Total income	<u>8,698,889</u>	<u>5,657,935</u>
OTHER EXPENSES		
Operating expenses	4,203,938	2,965,689
Workers' welfare fund	88,920	52,033
Other charges	7,131	423
Total other expenses	<u>4,299,989</u>	<u>3,018,145</u>
Profit before credit loss allowance / provisions	<u>4,398,900</u>	<u>2,639,790</u>
Credit loss allowance /provisions and write offs - net	41,839	317,165
PROFIT BEFORE TAXATION	<u>4,357,061</u>	<u>2,322,625</u>
Taxation	2,163,210	1,015,754
PROFIT AFTER TAXATION	<u><u>2,193,851</u></u>	<u><u>1,306,871</u></u>

	March 31, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
42.1 Due from Financial Institutions	------(Rupees in '000)-----					
Musharaka Placements	8,500,000	-	8,500,000	24,400,000	-	24,400,000
Bai Muajjal Receivables	12,521,850	-	12,521,850	8,432,027	-	8,432,027
	21,021,850	-	21,021,850	32,832,027	-	32,832,027
Less: Credit loss allowance Stage 1	(1,466)	-	(1,466)	-	-	-
	21,020,384	-	21,020,384	32,832,027	-	32,832,027

42.2 Investments

	March 31, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
By segment & type:	------(Rupees in '000)-----							
Fair value through profit or loss								
Federal Government Securities								
Ijarah Sukuk	1,996,724	-	4,876	2,001,600	-	-	-	-
Naya Pakistan Certificates	3,841,543	-	-	3,841,543	-	-	-	-
Non Government Debt Securities								
Sukuk - Unlisted	200,000	-	-	200,000	-	-	-	-
	6,038,267	-	4,876	6,043,143	-	-	-	-
Held-for-trading securities								
Federal Government Securities								
Ijarah Sukuk	-	-	-	-	3,022,557	-	(4,857)	3,017,700
Fair value through other comprehensive income								
Federal Government Securities								
Ijarah Sukuk	193,801,359	-	1,760,484	195,561,843	-	-	-	-
Non Government Debt Securities								
Sukuk - Unlisted	15,927,225	-	85,329	16,012,554	-	-	-	-
	209,728,584	-	1,845,813	211,574,397	-	-	-	-
Available for sale securities								
Federal Government Securities								
Ijarah Sukuk	-	-	-	-	182,501,466	-	1,054,823	183,556,289
Naya Pakistan Certificates	-	-	-	-	5,687,184	-	-	5,687,184
Non Government Debt Securities								
Sukuk - Unlisted	-	-	-	-	16,133,675	-	66,970	16,200,645
	-	-	-	-	204,322,325	-	1,121,793	205,444,118
Amortised cost								
Federal Government Securities								
Ijarah Sukuk	11,578,204	-	-	11,578,204	-	-	-	-
Non Government Debt Securities								
Sukuk - Unlisted	3,302,601	(63,730)	-	3,238,871	-	-	-	-
	14,880,805	(63,730)	-	14,817,075	-	-	-	-
Held to maturity securities								
Federal Government Securities								
Ijarah Sukuk	-	-	-	-	3,000,000	-	-	3,000,000
Non Government Debt Securities								
Sukuk - Unlisted	-	-	-	-	3,339,720	(69,517)	-	3,270,203
	-	-	-	-	6,339,720	(69,517)	-	6,270,203
Total investments	230,647,656	(63,730)	1,850,689	232,434,615	213,684,602	(69,517)	1,116,936	214,732,021

42.2.1 Particulars of credit loss allowance

	March 31, 2024 (Un-audited)			Total	December 31, 2023 (Audited)		
	Expected Credit Loss				Specific	General	Total
	Stage 1	Stage 2	Stage 3				
Sukuk - Unlisted	56	-	63,674	63,730	69,517	-	69,517

(Un-audited) (Audited)
March 31, December 31,
2024 2023
------(Rupees in '000)-----

42.3 Islamic financing and related assets

Ijarah	17,853,943	18,280,711
Murabaha	2,438,189	3,660,271
Musharaka	10,662,930	15,364,383
Diminishing musharaka	21,694,909	22,300,051
Salam	1,008,028	1,016,849
Bai muajjal financing	24,999,951	24,999,488
Musawama financing	3,431,756	4,610,248
Tijarah financing	5,016,732	5,009,036
Islamic staff financing	6,803,678	5,009,281
SBP islamic export refinance	37,533	102,965
SBP refinance scheme for wages & salaries	-	1,846
Islamic long term finance facility plant & machinery	4,267,773	3,414,902
Islamic refinance renewable energy	82,547	87,218
Islamic temporary economic refinance facility (ITERF)	10,984,511	10,351,896
Naya Pakistan home financing	3,290,522	3,336,697
Islamic refinance facility for combating COVID	703,591	765,491
Refinance facility under bills discounting	15,095,179	15,244,583
Advances against islamic assets	21,263,950	21,054,922
Inventory related to islamic financing	11,224,238	10,947,999
Other Islamic modes	977,054	1,415,530
Gross Islamic financing and related assets	161,837,014	166,974,367
Less: Credit loss allowance / provision against Islamic financings		
- Stage 1	(562,396)	-
- Stage 2	(163,299)	-
- Stage 3	(4,368,433)	-
- Specific	-	(4,282,632)
- General	-	(121,611)
Islamic financing and related assets - net of credit loss allowance / provision	(5,094,128)	(4,404,243)
	156,742,886	162,570,124

42.4 Deposits	March 31, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	------(Rupees in '000)-----					
Customers						
- Current deposits	145,660,532	8,565,229	154,225,761	135,927,618	8,790,080	144,717,698
- Savings deposits	73,566,267	3,777,623	77,343,890	74,515,796	3,755,980	78,271,776
- Term deposits	42,111,557	353,662	42,465,219	53,925,971	240,809	54,166,780
- Other deposits	3,504,834	1,991,686	5,496,520	3,716,029	1,648,389	5,364,418
	264,843,190	14,688,200	279,531,390	268,085,414	14,435,258	282,520,672
Financial Institutions						
- Current deposits	2,424,022	-	2,424,022	2,073,541	-	2,073,541
- Savings deposits	30,538,331	-	30,538,331	23,978,423	-	23,978,423
- Term deposits	63,800,000	-	63,800,000	56,825,000	-	56,825,000
	96,762,353	-	96,762,353	82,876,964	-	82,876,964
	361,605,543	14,688,200	376,293,743	350,962,378	14,435,258	365,397,636

42.4.1 Current deposits include remunerative current deposits of Rs. 18,746.302 million (December 31, 2023: Rs. 20,788.733 million).

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
42.5 Islamic Banking Business Unappropriated Profit		
Opening balance	18,664,167	11,333,811
Impact of adopting IFRS 9	(383,698)	-
Balance at January 01 on adopting IFRS 9	18,280,469	11,333,811
Add: Islamic Banking profit before taxation for the period / year	4,357,061	15,063,097
Less: Taxation for the period / year	(2,163,210)	(7,734,120)
Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	343	1,379
Closing balance	20,474,663	18,664,167
42.6 Contingencies and Commitments		
- Guarantees	4,827,934	5,351,787
- Commitments	66,043,632	61,406,762
	70,871,566	66,758,549
	(Un-audited) Quarter ended	
	March 31, 2024	March 31, 2023
	------(Rupees in '000)-----	
42.7 Profit/Return earned on Islamic financing and related assets, investments and placements		
Profit earned on:		
- Islamic financing and related assets	6,831,597	5,425,313
- Investments	11,448,702	4,708,887
- Placements	1,678,132	245,904
	19,958,431	10,380,104
42.8 Profit on deposits and other dues expensed		
Deposits and other accounts	10,549,373	4,471,940
Due to financial institutions	806,821	520,450
Cost of foreign currency swaps against foreign currency deposits / borrowings	159,721	8,941
Borrowing cost on lease liability	304,514	215,508
Reward points / customer loyalty	9,927	7,588
	11,830,356	5,224,427

42.9 PLS Pool Management- Islamic Banking Group (IBG)

42.9.1 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) Fls Pool for Treasury Purposes
- 4) IERS Pool for Islamic Export Refinance Scheme facilities
- 5) Special pool
- 6) PMRC Musharikah 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 Islamic financing and related assets, 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 the 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. All pools are usually exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved in pool.

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

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
Agriculture, Forestry, Hunting and Fishing	25,717,971	25,878,771
Automobile and transportation equipment	4,048,064	5,182,673
Cement	2,397,597	2,905,481
Chemical and Pharmaceuticals	7,865,728	8,182,123
Construction	2,199,835	2,295,131
Electronics and electrical appliances	1,423,337	1,902,371
Food & Allied Products	6,013,070	7,660,952
Footwear and Leather garments	906,801	874,338
Glass and Ceramics	189,558	55,349
Individuals	33,599,090	33,101,861
Metal & Allied industries	2,880,849	3,704,807
Mining and Quarrying	501,862	505,600
Oil and Allied	5,457,841	3,666,662
Paper and Board	298,837	391,103
Plastic and Allied Industries	5,354,563	5,170,406
Power (electricity), Gas, Water, Sanitary	4,518,496	4,532,146
Services	2,647,112	2,745,698
Sugar	5,118,988	1,256,366
Technology and Related services	22,797	31,528
Textile	38,295,850	44,435,263
Transport, Storage and Communication	7,451,434	7,468,667
Wholesale and Retail Trade	3,554,820	3,628,696
Others	1,372,514	1,398,375
Total Gross Islamic Financing and Related Assets	161,837,014	166,974,367
Total gross investments (at cost)	230,647,656	213,684,602
Total Islamic placements (at cost)	21,021,850	32,832,027
Total Invested Funds	413,506,520	413,490,996

42.9.3 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.

42.9.4 The Bank manages the following general and specific pools:

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

General Pools

PKR Pool	Monthly	17.28%	50.00%	50.00%	2,948,764	11.60%	8.57%	245,574
USD Pool	Monthly	4.39%	86.67%	13.33%	33,381	1.09%	42.77%	13,697
GBP Pool	Monthly	5.17%	88.33%	11.67%	3,949	0.70%	0.00%	-
EUR Pool	Monthly	5.92%	88.33%	11.67%	4,616	0.76%	0.00%	-
AED Pool	Monthly	1.86%	88.33%	11.67%	159	0.15%	0.00%	-
SAR Pool	Monthly	4.13%	88.33%	11.67%	254	0.27%	0.00%	-
CAD Pool	Monthly	4.54%	88.33%	11.67%	115	0.17%	0.00%	-

Specific Pools

Special Pool (Saving & TDRs)	Monthly	22.02%	10.00%	90.00%	780,826	20.66%	53.83%	419,818
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SBP Refinance Borrowing Pool	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate return distributed to remunerative deposits (Savings and fixed) %	Percentage of Mudarib share transferred through Hiba %	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Bank Share	SBP Share				

Islamic Export Refinance (IERS/BD) Pool	Monthly	18.98%	86.20%	13.80%	1,394,491	Nil	0.00%	-
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43 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 the 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.

44 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 24, 2024 has declared an interim cash dividend of 20% i.e. Rs. 2.0 per share (March 31, 2023: Nil). These unconsolidated condensed interim financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

45 DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on April 24, 2024 by the Board of Directors of the Bank.

46 GENERAL

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

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

Description of item	Nature	(Rupees in '000)	From	To
Right-of-use assets	Asset	19,951,571	Property and equipment	Right-of-use assets
Lease liabilities against right-of-use-assets	Liability	22,894,533	Other liabilities	Lease liabilities
IBFT Charges	Expense	24,177	Commission on remittances including home remittances	Communication
Auditors' remuneration	Expense	14,915	Legal and professional charges	Auditors' remuneration
Auditors' remuneration	Expense	1,300	Consultancy and support services	Auditors' remuneration
Auditors' remuneration	Expense	2,545	Software maintenance	Auditors' remuneration



Bank Alfalah Limited
Consolidated Condensed Interim
Financial Statements
Quarter ended March 31, 2024

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

Note (Un-audited) (Audited)
March 31, December 31,
2024 2023
------(Rupees in '000)-----

ASSETS

Cash and balances with treasury banks	7	186,677,387	202,692,503
Balances with other banks	8	25,245,728	16,990,085
Lendings to financial institutions	9	19,717,872	119,554,109
Investments	10	1,817,068,659	2,072,156,767
Advances	11	707,047,136	735,061,827
Property and equipment	12	48,772,441	41,854,091
Right-of-use assets	13	20,208,458	19,966,957
Intangible assets	14	1,364,345	1,380,144
Deferred tax assets	15	3,039,804	3,619,475
Other assets	16	158,532,458	136,391,839
Total assets		2,987,674,288	3,349,667,797

LIABILITIES

Bills payable	17	21,737,546	26,004,538
Borrowings	18	582,567,853	910,216,032
Deposits and other accounts	19	2,042,343,205	2,084,941,257
Lease liabilities	20	23,703,301	22,899,808
Subordinated debt	21	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	22	161,270,696	151,982,924
Total liabilities		2,845,622,601	3,210,044,559

NET ASSETS

		142,051,687	139,623,238
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REPRESENTED BY

Share capital		15,771,651	15,771,651
Reserves		41,686,120	41,401,130
Surplus on revaluation of assets	23	14,510,284	11,272,770
Unappropriated profit		70,404,799	71,472,352
Total equity attributable to the equity holders of the Holding Company		142,372,854	139,917,903
Non-controlling interest	24	(321,167)	(294,665)
		142,051,687	139,623,238

CONTINGENCIES AND COMMITMENTS

25

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

	Note	Quarter ended March 31, 2024	Quarter ended March 31, 2023
------(Rupees in '000)-----			
Mark-up / return / interest earned	27	128,652,122	75,600,919
Mark-up / return / interest expensed	28	97,866,549	47,687,134
Net mark-up / return / interest income		<u>30,785,573</u>	<u>27,913,785</u>
NON MARK-UP / RETURN / INTEREST INCOME			
Fee and commission income	29	4,534,694	3,449,508
Dividend income		297,545	207,950
Foreign exchange income	30	2,303,621	3,324,964
Gain / (loss) from derivatives		544,412	(100,717)
Gain / (loss) on securities	31	65,723	(312,459)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Share of profit from associates		274,893	123,158
Other income	32	54,135	64,201
Total non-mark-up / interest income		<u>8,075,023</u>	<u>6,756,605</u>
Total Income		<u>38,860,596</u>	<u>34,670,390</u>
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	33	18,523,925	14,710,756
Workers' welfare fund	34	425,656	397,746
Other charges	35	208,643	10,973
Total non-mark-up / interest expenses		<u>19,158,224</u>	<u>15,119,475</u>
Profit before credit loss allowance / provisions		<u>19,702,372</u>	<u>19,550,915</u>
Credit loss allowance / provisions and write offs - net	36	(112,425)	521,775
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>19,814,797</u>	<u>19,029,140</u>
Taxation	37	9,886,855	8,258,450
PROFIT AFTER TAXATION		<u>9,927,942</u>	<u>10,770,690</u>
Profit / (loss) attributable to:			
Equity holders of the Holding Company		9,954,444	10,772,393
Non-controlling interest		(26,502)	(1,703)
		<u>9,927,942</u>	<u>10,770,690</u>
-----Rupees-----			
Basic and diluted earnings per share	38	<u>6.31</u>	<u>6.83</u>

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

	Quarter ended March 31, 2024	Quarter ended March 31, 2023
	------(Rupees in '000)-----	
Profit after taxation for the period	9,927,942	10,770,690
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	(706,161)	4,323,358
Movement in deficit on revaluation of debt investments through FVOCI - net of tax	(1,844,649)	-
Movement in share of surplus / (deficit) on revaluation of investments of associates - net of tax	(243)	(439)
Movement in deficit on revaluation of investments - net of tax	-	(6,989,843)
	(2,551,053)	(2,666,924)
Items that will not be reclassified to the profit and loss account in subsequent periods:		
Movement in surplus on revaluation of equity investments - net of tax	121,711	-
Movement in surplus on revaluation of property and equipment - net of tax	(9,824)	(8,961)
Movement in surplus on revaluation of non-banking assets - net of tax	(178)	(398)
	111,709	(9,359)
Total comprehensive income	<u>7,488,598</u>	<u>8,094,407</u>
Total comprehensive income / (loss) attributable to:		
Equity holders of the Holding Company	7,515,100	8,096,110
Non-controlling interest	(26,502)	(1,703)
	<u>7,488,598</u>	<u>8,094,407</u>

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2024

	Capital Reserves		Statutory reserve	Surplus/(Deficit) on revaluation			Unappropriated profit	Sub-total	Non Controlling Interest	Total	
	Share premium	Exchange translation reserve		Investments	Property and equipment	Non Banking Assets					
------(Rupees in '000)-----											
Opening balance as at January 01, 2023 (audited)	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
Effect of translation of net investment in foreign branches	-	-	4,323,358	-	-	-	-	-	4,323,358	-	4,323,358
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	(6,990,282)	-	-	-	(6,990,282)	-	(6,990,282)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(8,961)	-	-	(8,961)	-	(8,961)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(398)	-	(398)	-	(398)
Total other comprehensive income / (loss) - 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	-	-	-	-	-	(21,881)	-	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)	-	(3,942,913)
Balance as at March 31, 2023 (un-audited)	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
Changes in equity for nine months ended December 31, 2023											
Profit after taxation	-	-	-	-	-	-	-	25,739,066	25,739,066	(423,396)	25,315,670
Effect of translation of net investment in foreign branches	-	-	(851,066)	-	-	-	-	-	(851,066)	-	(851,066)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	13,644,378	-	-	-	13,644,378	-	13,644,378
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	121,900	121,900	2,634	124,534
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(98,265)	-	-	(98,265)	-	(98,265)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	4,619	-	4,619	-	4,619
Total other comprehensive income - net of tax	-	-	(851,066)	-	13,644,378	(98,265)	4,619	121,900	12,821,566	2,634	12,824,200
Transfer to statutory reserve	-	-	-	2,571,372	-	-	-	(2,571,372)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(103,541)	-	103,541	-	-	-
Transactions with owners, recorded directly in equity											
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)	-	(4,731,495)
Balance as at December 31, 2023 (audited)	15,771,651	4,731,049	14,191,974	22,478,107	(902,400)	12,088,444	86,726	71,472,352	139,917,903	(294,665)	139,623,238
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	5,002,695	-	-	(2,177,018)	2,825,677	-	2,825,677
Balance as at January 01, 2024 after adoption of IFRS 9 / carried forward	15,771,651	4,731,049	14,191,974	22,478,107	4,100,295	12,088,444	86,726	69,295,334	142,743,580	(294,665)	142,448,915

	Capital Reserves		Statutory reserve	Surplus/(Deficit) on revaluation			Unappropriated profit	Sub-total	Non Controlling Interest	Total	
	Share premium	Exchange translation reserve		Investments	Property and equipment	Non Banking Assets					
	(Rupees in '000)										
Balance brought forward	15,771,651	4,731,049	14,191,974	22,478,107	4,100,295	12,088,444	86,726	69,295,334	142,743,580	(294,665)	142,448,915
Changes in equity for the quarter ended March 31, 2024											
Profit / (loss) after taxation	-	-	-	-	-	-	-	9,954,444	9,954,444	(26,502)	9,927,942
Effect of translation of net investment in foreign branches	-	-	(706,161)	-	-	-	-	-	(706,161)	-	(706,161)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	(1,844,649)	-	-	-	(1,844,649)	-	(1,844,649)
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	121,711	-	-	-	121,711	-	121,711
Movement in share of (deficit) on revaluation of investments of associates - net of tax	-	-	-	-	(243)	-	-	-	(243)	-	(243)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(9,824)	-	-	(9,824)	-	(9,824)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(178)	-	(178)	-	(178)
Total other comprehensive income - net of tax	-	-	(706,161)	-	(1,723,181)	(9,824)	(178)	-	(2,439,344)	-	(2,439,344)
Transfer to statutory reserve	-	-	-	991,151	-	-	-	(991,151)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(22,119)	(9,180)	31,299	-	-	-
Gain on disposal of equity investments at FVOCI transferred to retained earnings - net of tax	-	-	-	-	(699)	-	-	699	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend for the year ended December 31, 2023 - 50%	-	-	-	-	-	-	-	(7,885,826)	(7,885,826)	-	(7,885,826)
Closing balance as at March 31, 2024 (un-audited)	15,771,651	4,731,049	13,485,813	23,469,258	2,376,415	12,056,501	77,368	70,404,799	142,372,854	(321,167)	142,051,687

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

Note	Quarter ended	
	March 31, 2024	March 31, 2023
------(Rupees in '000)-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,814,797	19,029,140
Dividend income	(297,545)	(207,950)
Share of profit from associates	(274,893)	(123,158)
	<u>19,242,359</u>	<u>18,698,032</u>
Adjustments:		
Net Markup / interest income	(30,785,573)	(27,913,785)
Depreciation	33 1,041,310	811,244
Depreciation on right-of-use assets	33 929,968	765,866
Amortisation	33 86,535	78,258
Credit loss allowance /provisions and write offs - net	36 (112,425)	521,775
Unrealised loss on revaluation of investments classified as held for trading - net	31 -	396,293
Unrealised loss - Measured at FVPL	31 715,322	-
Gain on sale of property and equipment - net	32 (3,687)	(29,085)
Gain on sale of non banking assets - net	(27,800)	-
Gain on termination of leases (IFRS 16) - net	32 (13,929)	(8,634)
Borrowing cost on leased properties	28 785,423	585,381
Workers' welfare fund	425,656	397,746
Charge for defined benefit plan	33.1 167,824	116,750
Charge for staff compensated absences	33.1 52,500	47,499
	<u>(26,738,876)</u>	<u>(24,230,692)</u>
	(7,496,517)	(5,532,660)
Decrease / (Increase) in operating assets		
Lendings to financial institutions	84,789,152	(87,868,430)
Held for trading securities	-	(126,751,333)
Securities classified as FVPL	14,575,634	-
Advances	23,727,239	33,745,459
Other assets (excluding advance taxation)	(1,087,249)	(4,656,464)
	<u>122,004,776</u>	<u>(185,530,768)</u>
(Decrease) / increase in operating liabilities		
Bills payable	(4,266,992)	(14,568,946)
Borrowings	(328,452,569)	183,068,699
Deposits	(42,598,052)	67,197,529
Other liabilities (excluding current taxation)	13,188,727	23,592,477
	<u>(362,128,886)</u>	<u>259,289,759</u>
	(247,620,627)	68,226,331
Mark-up / Interest received	107,188,191	61,480,222
Mark-up / Interest paid	(102,161,627)	(38,281,102)
Income tax paid	(12,531,298)	(5,004,213)
Net cash (used in) / generated from operating activities	<u>(255,125,361)</u>	<u>86,421,238</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	-	(53,108,320)
Net Investments in securities classified as FVOCI	241,542,679	-
Net investments in held-to-maturity securities	-	(2,288,699)
Net investments in amortised cost securities	5,805,646	-
Dividends received from associates	105,000	66,000
Dividends received	221,009	141,269
Investments in property and equipment and intangible assets	(8,029,155)	(1,735,596)
Proceeds from sale of property and equipment	6,744	37,904
Proceeds from sale of non-banking assets	267,800	-
Effect of translation of net investment in foreign branches	(706,161)	4,323,358
Net cash generated from / (used in) investing activities	<u>239,213,562</u>	<u>(52,564,084)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations against right-of-use assets	(1,131,109)	(974,663)
Dividend paid	(6,552,473)	(1,872,474)
Net cash used in financing activities	<u>(7,683,582)</u>	<u>(2,847,137)</u>
Effect of translation of net investment in foreign branches		
	(23,595,381)	31,010,017
Increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	249,548,197	204,794,737
Effects of exchange rate changes on cash and cash equivalents - (gain)	(1,648,505)	(18,686,135)
	<u>247,899,692</u>	<u>186,108,602</u>
Cash and cash equivalents at end of the period	<u>224,304,311</u>	<u>217,118,619</u>

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.

BANK ALFALAH LIMITED
 NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
 FOR THE QUARTER ENDED MARCH 31, 2024

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. 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 1,023 branches (December 31, 2023: 1,009 branches) and 14 sub-branches (December 31, 2023: 15 sub-branches). Out of the 1,023 branches, 662 (December 31, 2023: 650) are conventional, 350 (December 31, 2023: 348) are Islamic, 10 (December 31, 2023: 10) are overseas and 1 (December 31, 2023: 1) is an offshore banking unit.

	Percentage of Holding	
	March 2024	December 2023
Subsidiaries		
Alfalah CLSA Securities (Private) Limited, Pakistan	62.50%	62.50%
Alfalah Currency Exchange (Private) Limited, Pakistan	100.00%	-

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	40.22%	40.22%

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the 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; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS, the 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 the 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). Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

Further, as allowed by SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022, IFRS 9 has not been adopted for overseas branches where it is not applicable as per their local regulations.

Moreover, Alfalah Insurance Company Limited has deferred the application of IFRS 9 until the effective date of new insurance contracts standard (IFRS 17) as allowed by the SECP through SRO 1715 (i)/2023 dated November 21, 2023. Furthermore, Sapphire Wind Power Company Limited was granted a partial exemption from the application of IFRS 9 till December 31, 2024 vide SECP S.R.O.67(i)/2023 dated January 20, 2023. Consequently, the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from Central Power Purchasing Agency (CPPA-G) have not been followed.

2.1.1 Basis of consolidation

A subsidiaries 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 subsidiaries 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 polices. 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.

2.1.2 Key financial figures of the Islamic Banking branches are disclosed in note 42 to the unconsolidated condensed interim financial statements.

2.1.3 The Holding 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 a going concern basis.

2.2 Standards, interpretations of and amendments to published approved accounting and reporting 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, 2024 but are considered not to be relevant or do not have any material effect on the Group's operations and therefore not detailed in these consolidated condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 4.2.

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

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, 2025 but are considered not to be relevant or do not have any material effect on the group's operations and therefore not detailed in these consolidated condensed interim financial statements.

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 property and equipment and non banking assets acquired in satisfaction of claims which are stated at revalued amounts; fair value through profit or loss, fair value through other comprehensive income 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 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited consolidated financial statements of the Group for the year ended December 31, 2023 except for changes mentioned in notes 4.1 and 4.2.

4.1 Adoption of new forms for the preparation of condensed interim financial statements

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 vide BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the consolidated condensed interim financial statements. Significant ones being: Right of use assets and corresponding lease liability are now presented separately on the face of the Statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the consolidated condensed interim financial statements.

The Group has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 46.2

4.2 IFRS 9 - 'Financial Instruments'

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

4.2.1 Classification

Financial Assets

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS), Held to maturity (HTM) and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortized cost

Financial Liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortized cost except for derivatives which are being measured at FVTPL.

4.2.2 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the **Group's** assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

- i) Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash flows
- ii) Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets
- iii) Other business models: Resulting in classification of financial assets as FVTPL

4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

As a second step of its classification process, the group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. **'Principal'** for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

4.2.4 Application to the Group's financial assets

Debt based financial assets

Debt based financial assets held by the group include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukus, cash and balances with treasury banks, balances with other banks, and other financial assets.

a. These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The **Group's** business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Group assesses whether and how the sales are consistent with the HTC objective.

b. Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

c. Debt based financial assets if are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in PIBs and Ijarah Sukuk held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS 9 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 01, 2024 - before ECL
----- (Rupees in '000) -----					
Federal Government Securities					
- Pakistan Investment Bonds - AFS	948,595,063	FVOCI Amortised Cost	850,963,067 97,631,996	- 6,276,632	850,963,067 103,908,628
- Ijarah Sukuk - AFS	226,923,690	FVOCI Amortised Cost	215,930,116 10,993,574	- 1,538,294	215,930,116 12,531,868
	1,175,518,753		1,175,518,753	7,814,926	1,183,333,679

Equity based financial assets

An equity instrument held by the Group for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The group has decided to classify Rs 767.222 million out of its its available for sale equity investment (listed shares) portfolio as of December 31, 2023 as FVTPL on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Group has reclassified impairment of Rs. 59.818 million on listed equity investments and Rs. 88.038 million for unlisted equity investment held as at December 31, 2023 to surplus / deficit on revaluation of investments through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Financial assets	Before adoption of IFRS 9*		After adoption of IFRS 9	
	Measurement category	Carrying amount as at December 31, 2023 Rupees in '000	Measurement category	Carrying amount as at January 01, 2024 Rupees in '000
Cash and balances with treasury banks	Loans and receivables	202,692,503	Amortised cost	202,692,503
Balances with other banks	Loans and receivables	16,990,085	Amortised cost	16,990,085
Lending to financial institutions	Loans and receivables	119,554,109	Amortised cost	119,554,109
Investments - net	Held-for-trading	279,686,816	Fair value through profit or loss	279,686,816
	Available-for-sale	1,620,900,202	Fair value through profit or loss	14,126,368
			Fair value through other comprehensive income	1,501,175,992
	Held-to-maturity	165,517,277	Amortised cost	116,440,496
Fair value through profit or loss			600,000	
Advances - net	Loans and receivables	735,061,827	Amortised cost	735,061,827
Other assets	Loans and receivables	136,391,839	Amortised cost	136,391,839
		<u>3,276,794,658</u>		<u>3,287,637,312</u>

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

4.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the **customers'** account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised cost (AC)

Financial assets and liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit or loss. Interest income / profit / expense on these assets / liabilities are recognised in the profit or loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the profit or loss account.

b. Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the profit or loss account. Interest / profit / dividend income on these assets are recognised in the profit or loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the profit or loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to retained earnings.

c. Fair value through profit or loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the profit or loss. These assets are subsequently measured at fair value with changes recorded in the profit or loss account. Interest / dividend income on these assets are recognised in the profit or loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the profit or loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

Revenue:

The Group's revenue recognition policy is consistent with the annual audited financial statements for the year ended December 31, 2023.

4.2.6 Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

4.2.7 Modification

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Group recalculates the gross carrying amount of the financial asset to recognise a modification gain or loss in the profit or loss account. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial **asset's** original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

4.2.8 Expected Credit Loss (ECL)

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 **months'** expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at transactional / facility level.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Group rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Group applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Group's financial instruments are grouped into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When financial instruments are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cashflows are discounted by an approximation to the original EIR.

Stage 3: For financial instruments considered credit-impaired, the Group recognises the lifetime expected credit losses for these instruments. The Group uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

Undrawn financing commitments When estimating LTECLs for undrawn financings commitments, the Group estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.

Guarantee and letters of credit contracts The Group estimates ECLs based on the BASEL driven & Internally developed credit conversion factor (CCF) for Guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&P's global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information.

EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier. The Group's product offering includes a variety of corporate and retail facilities, in which the Group has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Group uses an approximation e.g. contractual rate (at reporting date).

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The Group considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- **History of legal certainty and enforceability**
- **History of enforceability and recovery.**

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Group's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

Forward looking information

In its ECL models, the Group relies on range of following forward looking information as economic inputs, such as:

- **GDP growth**
- **Consumer price index**
- **Unemployment rate**

Definition of default

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

The Group has defined that an exposure will be treated as having defaulted if it becomes 90+ days past due (DPDs) in repaying its contractual dues or as defined in Prudential Regulations from State Bank of Pakistan (SBP) issued from time to time. Accordingly, such exposures will be classified under Stage 3 under the Standard.

This implies that If one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

Adoption impacts

The Group has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of Rs. 2,826 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

	Balances as of December 31, 2023 (Audited)	Impact due to:					Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 01, 2024	IFRS 9 Category
		Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Classifications due to business model and SPPI assessments	Remeasurements	Reversal of provisions held					
ASSETS											
Cash and balances with treasury banks	202,692,503	(24,590)	-	-	-	-	(24,590)	-	(24,590)	202,667,913	Amortised cost
Balances with other banks	16,990,085	(1,613)	-	-	-	-	(1,613)	-	(1,613)	16,988,472	Amortised cost
Lending to financial institutions	119,554,109	(13,066)	-	-	-	-	(13,066)	-	(13,066)	119,541,043	Amortised cost
Investments											
- Classified as available for sale	1,620,900,202	-	(1,620,900,202)	-	-	-	(1,620,900,202)	-	(1,620,900,202)	-	FVOCI
- Classified as fair value through other comprehensive income	-	(48)	1,620,900,202	(121,969,074)	2,244,864	-	1,501,175,944	-	1,501,175,944	1,501,175,944	
- Classified as held to maturity	165,517,277	-	(165,517,277)	-	-	-	(165,517,277)	-	(165,517,277)	-	
- Classified as amortized cost	-	-	165,517,277	115,840,496	-	-	281,357,773	-	281,357,773	281,357,773	Amortised cost
- Classified as held for trading	279,686,816	-	(279,686,816)	-	-	-	(279,686,816)	-	(279,686,816)	-	
- Classified as fair value through profit or loss	-	-	279,686,816	14,726,368	-	-	294,413,184	-	294,413,184	294,413,184	FVTPL
- Associates	6,052,472	-	-	-	-	-	-	-	-	6,052,472	Outside the scope of IFRS 9
- Subsidiary	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
	2,072,156,767	(48)	-	8,597,790	2,244,864	-	10,842,606	-	10,842,606	2,082,999,373	
Advances											
- Gross amount	777,298,564	-	-	-	-	-	-	-	-	777,298,564	
- Provisions	(42,236,737)	(4,087,143)	-	-	-	-	(4,087,143)	-	(4,087,143)	(46,323,880)	
	735,061,827	(4,087,143)	-	-	-	-	(4,087,143)	-	(4,087,143)	730,974,684	Amortised cost
Property and equipment	41,854,091	-	-	-	-	-	-	-	-	41,854,091	Outside the scope of IFRS 9
Right-of-use assets	19,966,957	-	-	-	-	-	-	-	-	19,966,957	Outside the scope of IFRS 9
Intangible assets	1,380,144	-	-	-	-	-	-	-	-	1,380,144	Outside the scope of IFRS 9
Deferred tax asset	3,619,475	-	-	-	-	-	(2,714,864)	(2,714,864)	904,611	Outside the scope of IFRS 9	
Other assets - financial assets	125,447,855	(370,152)	-	-	-	-	(370,152)	(370,152)	125,077,703	Amortised cost	
Other assets - non financial assets	10,943,984	-	-	-	-	-	-	-	10,943,984	Outside the scope of IFRS 9	
	3,349,667,797	(4,496,612)	-	8,597,790	2,244,864	-	6,346,042	(2,714,864)	3,631,178	3,353,298,975	
LIABILITIES											
Bills payable	26,004,538	-	-	-	-	-	-	-	-	26,004,538	Amortised cost
Borrowings	910,216,032	-	-	-	-	-	-	-	-	910,216,032	Amortised cost
Deposits and other accounts	2,084,941,257	-	-	-	-	-	-	-	-	2,084,941,257	Amortised cost
Lease liability against right-of-use assets	22,899,808	-	-	-	-	-	-	-	-	22,899,808	Amortised cost
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	63,814,635	-	-	-	-	-	-	-	-	63,814,635	Outside the scope of IFRS 9
Other liabilities - financial liabilities	88,168,289	805,501	-	-	-	-	805,501	805,501	88,973,790	Amortised cost	
	3,210,044,559	805,501	-	-	-	-	805,501	805,501	3,210,850,060		
NET ASSETS	139,623,238	(5,302,113)	-	8,597,790	2,244,864	-	5,540,541	(2,714,864)	2,825,677	142,448,915	
REPRESENTED BY											
Share capital	15,771,651	-	-	-	-	-	-	-	-	15,771,651	Outside the scope of IFRS 9
Reserves	41,401,130	-	-	-	-	-	-	-	-	41,401,130	Outside the scope of IFRS 9
Surplus on revaluation of assets - net of tax	11,272,770	-	-	7,712,199	2,244,864	(147,857)	9,809,206	(4,806,511)	5,002,695	16,275,465	
Unappropriated profit	71,472,352	(5,302,113)	-	885,591	-	147,857	(4,268,665)	2,091,647	(2,177,018)	69,295,334	
Non-controlling interest	(294,665)	-	-	-	-	-	-	-	-	(294,665)	
	139,623,238	(5,302,113)	-	8,597,790	2,244,864	-	5,540,541	(2,714,864)	2,825,677	142,448,915	

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2023 except for matters related to adoption of IFRS 9 which have been disclosed in note 4.2 to the consolidated condensed interim financial statements.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2023.

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	41,586,428	39,440,289
- foreign currency	5,476,991	7,354,310
	47,063,419	46,794,599
With State Bank of Pakistan in		
- local currency current accounts	83,319,879	76,392,873
- foreign currency current accounts	8,887,587	8,989,528
- foreign currency deposit accounts	12,807,321	12,227,044
	105,014,787	97,609,445
With other central banks in		
- foreign currency current accounts	29,962,059	45,379,083
- foreign currency deposit accounts	1,747,919	1,695,718
	31,709,978	47,074,801
With National Bank of Pakistan in local currency current account	2,740,368	11,062,857
Prize bonds	172,836	186,661
	186,701,388	202,728,363
Less: Credit loss allowance held against cash and balances with treasury banks	(24,001)	(35,860)
	<u>186,677,387</u>	<u>202,692,503</u>
8 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	796,403	37,056
- in deposit accounts	541,218	346,266
	1,337,621	383,322
Outside Pakistan		
- in current accounts	23,879,687	16,575,317
- in deposit accounts	34,429	34,503
	23,914,116	16,609,820
	25,251,737	16,993,142
Less: Credit loss allowance held against balances with other banks	(6,009)	(3,057)
	<u>25,245,728</u>	<u>16,990,085</u>
9 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	16,996,094	32,018,705
Repurchase agreement lendings (Reverse Repo)	2,746,686	87,535,847
	19,742,780	119,554,552
Less: Credit loss allowance held against lending to financial institutions	(24,908)	(443)
	<u>19,717,872</u>	<u>119,554,109</u>

9.1 Lending to Financial Institution- Particulars of credit loss allowance

March 31, 2024 (Un-audited)		December 31, 2023 (Audited)	
Lending	Credit loss allowance held	Lending	Credit loss allowance held

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

Domestic Performing	Stage 1	13,066	13,066	-	-
		13,066	13,066	-	-
Overseas Performing	Stage 1	11,842	11,842	443	443
		11,842	11,842	443	443
		24,908	24,908	443	443

10 INVESTMENTS

10.1 Investments by type:

March 31, 2024 (Un-audited)				December 31, 2023 (Audited)			
Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value

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

Fair value through profit or loss
Federal Government Securities

- Market Treasury Bills	78,647,545	-	(144,583)	78,502,962	-	-	-	-
- Pakistan Investment Bonds	162,198,805	-	(555,657)	161,643,148	-	-	-	-
- Ijarah Sukuk	3,860,661	-	7,453	3,868,114	-	-	-	-
- Naya Pakistan Certificates	3,841,543	-	-	3,841,543	-	-	-	-
Shares								
- Ordinary shares / units - Listed	1,865,393	-	(67,310)	1,798,083	-	-	-	-
Non Government Debt Securities								
- Term Finance Certificates	1,450,000	-	-	1,450,000	-	-	-	-
- Sukuk	422,000	-	-	422,000	-	-	-	-
Foreign Securities								
- Overseas Bonds - Sovereign	21,341,801	-	(16,924)	21,324,877	-	-	-	-
- Redeemable Participating Certificates	6,209,802	-	61,699	6,271,501	-	-	-	-
	279,837,550	-	(715,322)	279,122,228	-	-	-	-

Held-for-trading securities

Federal Government Securities								
- Market Treasury Bills	-	-	-	-	158,519,893	-	(283,083)	158,236,810
- Pakistan Investment Bonds	-	-	-	-	116,583,496	-	(74,689)	116,508,807
- Ijarah Sukuk	-	-	-	-	4,661,665	-	(15,205)	4,646,460
Shares								
- Ordinary shares / units - Listed	-	-	-	-	244,208	-	3,826	248,034
Foreign Securities								
- Overseas Bonds - Sovereign	-	-	-	-	51,626	-	(4,921)	46,705
	-	-	-	-	280,060,888	-	(374,072)	279,686,816

Fair value through other comprehensive income

Federal Government Securities								
- Market Treasury Bills	140,338,659	-	(903,063)	139,435,596	-	-	-	-
- Pakistan Investment Bonds	771,019,276	-	(1,191,020)	769,828,256	-	-	-	-
- Ijarah Sukuk	232,584,950	-	2,729,593	235,314,543	-	-	-	-
- Government of Pakistan Euro Bonds	14,490,425	(2,219,626)	496,008	12,766,807	-	-	-	-
Shares								
- Ordinary shares - Listed	3,801,103	-	733,957	4,535,060	-	-	-	-
- Ordinary shares - Unlisted	1,211,363	-	1,332,923	2,544,286	-	-	-	-
- Preference Shares - Listed	108,835	(108,835)	-	-	-	-	-	-
- Preference Shares - Unlisted	25,000	(25,000)	-	-	-	-	-	-
Non Government Debt Securities								
- Term Finance Certificates	2,219,189	(121,448)	-	2,097,741	-	-	-	-
- Sukuk	16,023,736	(96,511)	85,329	16,012,554	-	-	-	-
Foreign Securities								
- Overseas Bonds - Sovereign	50,226,712	(117,109)	(1,668,556)	48,441,047	-	-	-	-
- Overseas Bonds - Others	24,582,925	(6,951)	(1,419,995)	23,155,979	-	-	-	-
- Equity security - Listed	272,456	-	8,092	280,548	-	-	-	-
REIT Fund - Unlisted	1,000,000	-	760,000	1,760,000	-	-	-	-
	1,257,904,629	(2,695,480)	963,268	1,256,172,417	-	-	-	-
Balance carried forward	1,537,742,179	(2,695,480)	247,946	1,535,294,645	280,060,888	-	(374,072)	279,686,816

10 INVESTMENTS

10.1 Investments by type:

	March 31, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
Balance brought forward	1,537,742,179	(2,695,480)	247,946	1,535,294,645	280,060,888	-	(374,072)	279,686,816
Available-for-sale securities								
Federal Government Securities								
- Market Treasury Bills	-	-	-	-	332,007,074	-	(823,401)	331,183,673
- Pakistan Investment Bonds	-	-	-	-	951,035,850	-	(2,440,787)	948,595,063
- Ijarah Sukuk	-	-	-	-	225,217,164	-	1,706,526	226,923,690
- Government of Pakistan Euro Bonds	-	-	-	-	14,715,017	(2,355,129)	(1,339,847)	11,020,041
- Naya Pakistan Certificates	-	-	-	-	5,687,184	-	-	5,687,184
Shares								
- Ordinary shares - Listed	-	-	-	-	3,500,848	(59,818)	594,515	4,035,545
- Ordinary shares - Unlisted	-	-	-	-	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	-	-	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	-	-	-	-	25,000	(25,000)	-	-
Non Government Debt Securities								
- Term Finance Certificates	-	-	-	-	3,169,109	(221,322)	-	2,947,787
- Sukuk	-	-	-	-	16,452,185	(96,511)	66,970	16,422,644
REIT Fund - Unlisted	-	-	-	-	1,000,000	-	-	1,000,000
Foreign Securities								
- Overseas Bonds - Sovereign	-	-	-	-	44,686,242	(108,774)	(1,448,004)	43,129,464
- Overseas Bonds - Others	-	-	-	-	24,656,200	(7,551)	(1,615,830)	23,032,819
- Redeemable Participating Certificates	-	-	-	-	5,514,371	-	-	5,514,371
- Equity security - Listed	-	-	-	-	275,698	-	8,898	284,596
	-	-	-	-	1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202
Amortised cost								
Federal Government Securities								
- Pakistan Investment Bonds	217,493,546	-	-	217,493,546	-	-	-	-
- Ijarah Sukuk	40,307,214	-	-	40,307,214	-	-	-	-
Non Government Debt Securities								
- Term Finance Certificates	324,680	(24,771)	-	299,909	-	-	-	-
- Sukuk	3,302,601	(63,730)	-	3,238,871	-	-	-	-
Foreign Securities								
Overseas Bonds - Sovereign	14,212,823	(236)	-	14,212,587	-	-	-	-
	275,640,864	(88,737)	-	275,552,127	-	-	-	-
Held-to-maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds	-	-	-	-	111,987,852	-	-	111,987,852
- Ijarah Sukuk	-	-	-	-	27,754,444	-	-	27,754,444
Non Government Debt Securities								
- Term Finance Certificates	-	-	-	-	814,680	(214,680)	-	600,000
- Sukuk	-	-	-	-	3,339,720	(69,517)	-	3,270,203
Foreign Securities								
Overseas Bonds - Sovereign	-	-	-	-	21,905,016	(238)	-	21,904,778
	-	-	-	-	165,801,712	(284,435)	-	165,517,277
Associates (valued at equity method)								
- Alfalah Insurance Company Limited	705,426	-	-	705,426	756,867	-	-	756,867
- Sapphire Wind Power Company Limited	4,758,777	-	-	4,758,777	4,567,293	-	-	4,567,293
- Alfalah Asset Management Limited	757,684	-	-	757,684	728,312	-	-	728,312
	6,221,887	-	-	6,221,887	6,052,472	-	-	6,052,472
Total Investments	1,819,604,930	(2,784,217)	247,946	1,817,068,659	2,081,177,212	(3,355,413)	(5,665,032)	2,072,156,767

10.2 Particulars of assets and liabilities of associates

Associate	Country of incorporation	Percentage of Holding	March 31, 2024 (Un-audited)					Total Comprehensive income
			Assets	Liabilities	Revenue	Profit for the period		
------(Rupees in '000)-----								
Alfalah Asset Management Limited	Associate	Pakistan	40.22%	2,454,193	570,340	311,139	78,104	78,104
Alfalah Insurance Company Limited	Associate	Pakistan	30.00%	7,946,095	5,254,239	622,125	180,123	178,531
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	20,886,698	6,181,341	805,688	638,280	638,280
				December 31, 2023 (Audited)		March 31, 2023		
Associate	Country of incorporation	Percentage of Holding	Assets	Liabilities	Revenue	Profit for the period	Total Comprehensive income	
------(Rupees in '000)-----								
Alfalah Asset Management Limited	Associate	Pakistan	40.22%	2,366,955	556,130	147,288	31,152	31,152
Alfalah Insurance Company Limited	Associate	Pakistan	30.00%	7,402,766	4,889,441	515,515	124,249	121,679
Sapphire Wind Power Company Limited	Associate	Pakistan	30.00%	20,656,087	6,239,010	448,147	248,029	248,029

(Un-audited) (Audited)
 March 31, December 31,
 2024 2023
 -----(Rupees in 000)-----

10.3 Investments given as collateral

Market Treasury Bills	15,798,294	160,501,809
Pakistan Investment Bonds	388,727,500	575,983,500
Overseas Bonds	14,274,580	15,037,219
	418,800,374	751,522,528

10.2.1 The market value of securities given as collateral is Rs. 411,970.114 million (December 31, 2023: Rs. 739,217.237 million).

(Un-audited) (Audited)
 March 31, December 31,
 2024 2023
 -----(Rupees in 000)-----

10.4 Credit loss allowance / provision for diminution in value of investments

10.4.1 Opening balance	3,355,413	3,751,761
Impact of adoption of IFRS 9	(437,728)	-
Balance as at January 01 after adopting IFRS 9	2,917,685	3,751,761
Exchange and other adjustments	(40,708)	576,126
Charge / (reversals)		
Charge for the period / year	147	318,681
Reversals for the period / year	(92,665)	(363,351)
Reversal on disposals	(242)	(927,804)
	(92,760)	(972,474)
Closing Balance	2,784,217	3,355,413

10.4.2 Particulars of credit loss allowance / provision against debt securities

Category of classification		March 31, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding amount	Credit loss allowance / Provision Held	Outstanding amount	Credit loss allowance / Provision Held
------(Rupees in '000)-----					
Domestic					
Performing	Stage 1	1,088,474	192	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		306,268	306,268	602,030	602,030
		1,394,742	306,460	602,030	602,030
Overseas					
Performing	Stage 1	89,022,460	124,296	70,747,537	116,563
Underperforming	Stage 2	14,490,425	2,219,626	14,715,017	2,355,129
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		104,907,627	2,650,382	86,064,584	3,073,722

10.4.3 The market value of securities classified as amortised cost as at March 31, 2024 amounted to Rs. 258,550.459 million (held-to-maturity as at December 31, 2023: Rs. 154,796.433 million).

Note	Performing		Non Performing		Total	
	March 31, 2024 (Un-audited)	December 31, 2023 (Audited)	March 31, 2024 (Un-audited)	December 31, 2023 (Audited)	March 31, 2024 (Un- audited)	December 31, 2023 (Audited)
	------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.	547,322,033	565,261,986	31,971,740	32,595,861	579,293,773	597,857,847
Islamic financing and related assets	156,827,054	162,102,341	5,009,960	4,872,026	161,837,014	166,974,367
Bills discounted and purchased	11,998,189	12,300,229	188,465	166,121	12,186,654	12,466,350
Advances - gross	<u>716,147,276</u>	<u>739,664,556</u>	<u>37,170,165</u>	<u>37,634,008</u>	<u>753,317,441</u>	<u>777,298,564</u>
Credit loss allowance / provision against advances						
- Stage 1	11.4	(2,936,370)	(25,670)	-	(2,936,370)	(25,670)
- Stage 2	11.4	(2,151,977)	-	-	(2,151,977)	-
- Stage 3	11.4	-	(32,481,382)	-	(32,481,382)	-
- Specific	11.4	-	(542,075)	(32,374,940)	(542,075)	(32,374,940)
- General	11.4	(8,158,501)	(9,836,127)	-	(8,158,501)	(9,836,127)
		<u>(13,246,848)</u>	<u>(9,861,797)</u>	<u>(33,023,457)</u>	<u>(32,374,940)</u>	<u>(46,270,305)</u>
Advances - net of credit loss allowance /provision		<u>702,900,428</u>	<u>729,802,759</u>	<u>4,146,708</u>	<u>5,259,068</u>	<u>707,047,136</u>

11.1 Advances include an amount of Rs. 371.319 million (December 31, 2023: Rs. 362.630 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 17.99% to 41.28% (December 31, 2023: 17.99% to 41.28%) with maturities up to October 2043) (December 31, 2023: October 2043).

11.2 Particulars of advances (Gross)	(Un-audited)	(Audited)
	March 31, 2024	December 31, 2023
	------(Rupees in '000)-----	
In local currency	678,405,235	700,788,290
In foreign currencies	<u>74,912,206</u>	<u>76,510,274</u>
	<u>753,317,441</u>	<u>777,298,564</u>

11.3 Advances include Rs. 37,170.165 million (December 31, 2023: Rs. 37,634.008 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2024 (Un-audited)		December 31, 2023 (Audited)		
	Non-Performing Loans	Credit loss allowance /provision	Non-Performing Loans	Credit loss allowance /provision	
	------(Rupees in '000)-----				
Domestic					
Other Assets Especially Mentioned (OEAM)	Stage 3	226,751	3,779	186,364	3,568
Substandard	Stage 3	953,718	227,200	1,800,068	444,281
Doubtful	Stage 3	5,720,789	2,821,013	6,694,041	3,293,830
Loss	Stage 3	<u>29,551,450</u>	<u>29,429,390</u>	<u>28,285,295</u>	<u>28,142,944</u>
		<u>36,452,708</u>	<u>32,481,382</u>	<u>36,965,768</u>	<u>31,884,623</u>
Overseas					
Other Assets Especially Mentioned (OEAM)	Stage 3	-	-	-	-
Substandard	Stage 3	42,342	25,331	43,013	25,688
Doubtful	Stage 3	-	-	-	-
Loss	Stage 3	<u>675,115</u>	<u>516,744</u>	<u>625,227</u>	<u>464,629</u>
		<u>717,457</u>	<u>542,075</u>	<u>668,240</u>	<u>490,317</u>
Total		<u>37,170,165</u>	<u>33,023,457</u>	<u>37,634,008</u>	<u>32,374,940</u>

11.4 Particulars of Credit loss allowance / provision against advances

	March 31, 2024 (Un-audited)			December 31, 2023 (Audited)					
	Expected Credit Loss			Specific	General	Total	Specific	General / expected credit loss	Total
Stage 1	Stage 2	Stage 3							
	------(Rupees in '000)-----								
Opening balance	-	-	-	32,374,940	9,861,797	42,236,737	25,397,878	7,921,407	33,319,285
Impact of adoption of IFRS 9	3,383,986	1,941,534	32,361,750	(31,884,623)	(1,715,503)	4,087,144			
Balance as at January 01 after adopting IFRS 9	3,383,986	1,941,534	32,361,750	490,317	8,146,294	46,323,881	25,397,878	7,921,407	33,319,285
Exchange and other adjustments	(356)	-	-	(6,947)	(5,440)	(12,743)	83,703	57,723	141,426
Charge for the period / year	-	210,443	1,832,388	58,896	17,647	2,119,374	12,130,032	1,882,667	14,012,699
Reversals for the period / year	(447,260)	-	(1,471,614)	(191)	-	(1,919,065)	(3,503,697)	-	(3,503,697)
	<u>(447,260)</u>	<u>210,443</u>	<u>360,774</u>	<u>58,705</u>	<u>17,647</u>	<u>200,309</u>	<u>8,626,335</u>	<u>1,882,667</u>	<u>10,509,002</u>
Amounts written off	-	-	(241,142)	-	-	(241,142)	(1,732,976)	-	(1,732,976)
	-	-	(241,142)	-	-	(241,142)	(1,732,976)	-	(1,732,976)
Closing balance	<u>2,936,370</u>	<u>2,151,977</u>	<u>32,481,382</u>	<u>542,075</u>	<u>8,158,501</u>	<u>46,270,305</u>	<u>32,374,940</u>	<u>9,861,797</u>	<u>42,236,737</u>

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at March 31, 2024 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 84.828 million (December 31, 2023: Rs. 86.021 million).

11.4.2 During the period, non performing loans and provisions were reduced by Rs. 836.427 million (December 31, 2023: Rs. 231.391 million) due to debt property swap transaction.

11.4.3 Specific provision relates to overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate.

11.4.4 General provision includes:

(i) Provision held at overseas branch to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate and where IFRS 9 is not applicable; and

(ii) Provision of Rs. 7,748.000 million (December 31, 2023: Rs. 7,748.000 million) against the high risk portfolio, which is showing higher economic vulnerability.

11.4.5 Although the Holding Company has made provision against its non-performing portfolio as per the category of classification of the loan, the Holding company 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.

11.5 Advances - Particulars of credit loss allowance

	March 31, 2024 (Un-audited)					December 31, 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Specific	General	Total	Specific	General / expected credit loss	Total
	(Rupees in '000)								
Opening balance	-	-	-	32,374,940	9,861,797	42,236,737	25,397,878	7,921,407	33,319,285
Impact of adoption of IFRS 9	3,383,986	1,941,534	32,361,750	(31,884,623)	(1,715,503)	4,087,144	-	-	-
Balance as at January 01 after adopting IFRS 9	3,383,986	1,941,534	32,361,750	490,317	8,146,294	46,323,881	25,397,878	7,921,407	33,319,285
Exchange and other adjustments	(356)	-	-	(6,947)	(5,440)	(12,743)	83,703	57,723	141,426
New Advances	312,989	-	-	58,896	-	371,885	12,130,032	1,882,667	14,012,699
Due to credit deterioration	-	373,118	1,997,473	-	-	2,370,591	-	-	-
Advances derecognised or repaid / reversal	(704,561)	(121,509)	(1,471,614)	(191)	17,647	(2,280,228)	(3,503,697)	-	(3,503,697)
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	(49,444)	58,147	(8,703)	-	-	-	-	-	-
Transfer to stage 3	(9,138)	(93,859)	102,997	-	-	-	-	-	-
Changes in risk parameters	2,894	(5,454)	(259,379)	-	-	(261,939)	-	-	-
	(447,260)	210,443	360,774	58,705	17,647	200,309	8,626,335	1,882,667	10,509,002
Amounts written off / charged off	-	-	(241,142)	-	-	(241,142)	(1,732,976)	-	(1,732,976)
Closing balance	2,936,370	2,151,977	32,481,382	542,075	8,158,501	46,270,305	32,374,940	9,861,797	42,236,737

11.6 Advances - Category of classification

		March 31, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding	Credit loss allowance / provision	Outstanding	Credit loss allowance / provision
		(Rupees in '000)			
Domestic					
Performing	Stage 1	539,271,556	2,911,111	695,123,443	-
Underperforming	Stage 2	132,799,556	2,151,977	-	-
Non-Performing	Stage 3				
Other Assets Especially Mentioned		226,751	3,779	186,364	3,568
Substandard		953,718	227,200	1,800,068	444,281
Doubtful		5,720,789	2,821,013	6,694,041	3,293,830
Loss		29,551,450	29,429,390	28,295,613	28,142,944
General Provision		-	7,748,000	-	9,345,810
		708,523,820	45,292,470	732,099,529	41,230,433
Overseas					
Performing	Stage 1	44,076,164	25,259	44,530,795	25,670
Underperforming	Stage 2	-	-	-	-
Non-Performing	Stage 3				
Other Assets Especially Mentioned		-	-	-	-
Substandard		42,342	25,331	43,013	25,688
Doubtful		-	-	-	-
Loss		675,115	516,744	625,227	464,629
General Provision		-	410,501	-	490,317
		44,793,621	977,835	45,199,035	1,006,304
Total		753,317,441	46,270,305	777,298,564	42,236,737

12 PROPERTY AND EQUIPMENT

		Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023
			(Rupees in '000)	
Capital work-in-progress		12.1	4,341,622	3,525,139
Property and equipment		12.2	44,430,819	38,328,952
			48,772,441	41,854,091
12.1 Capital work-in-progress				
Civil works			2,717,755	2,454,986
Equipment			1,428,420	999,120
Others			195,447	71,033
			4,341,622	3,525,139

12.2 It includes land and buildings carried at revalued amount of Rs. 29,642.632 million (December 31, 2023: Rs. 24,380.890 million).

(Un-audited) Quarter ended	
March 31, 2024	March 31, 2023
------(Rupees in '000)-----	

12.3 Additions to property and equipment

The following additions were made to property and equipment during the period:

Capital work-in-progress - net of transferred out for capitalisation	816,483	456,275
Property and equipment		
Freehold land	101,138	244
Leasehold land	5,149,174	116,000
Buildings on freehold land	47,511	119,965
Buildings on leasehold land	26,182	32,971
Leasehold improvement	498,149	105,035
Furniture and fixtures	175,287	51,785
Office equipment	885,494	640,859
Vehicles	263,765	32,244
	<u>7,146,700</u>	<u>1,099,103</u>
Total additions to property and equipment	<u><u>7,963,183</u></u>	<u><u>1,555,378</u></u>

12.4 Disposals of property and equipment

The net book values of property and equipment disposed off during the period are as follows:

Leasehold improvements	-	7,003
Furniture and fixtures	-	291
Office equipments	3,057	1,525
Total disposal of property and equipment	<u>3,057</u>	<u>8,819</u>

13 RIGHT-OF-USE ASSETS

At January 1

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
	Buildings	Buildings
Cost	28,896,873	22,399,553
Accumulated Depreciation	(8,929,916)	(6,983,079)
Net Carrying amount at January 1	<u>19,966,957</u>	<u>15,416,474</u>

Additions / renewals / amendments / (terminations)

- net during the period / year	1,185,622	7,843,529
Depreciation charge during the period / year	(929,968)	(3,367,208)
Exchange rate adjustments	(14,153)	74,162
Closing net carrying amount	<u>20,208,458</u>	<u>19,966,957</u>

14 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers	493,475	439,291
Software	864,870	934,853
Membership Card	6,000	6,000
	<u>1,364,345</u>	<u>1,380,144</u>

14.1 Additions to intangible assets

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

	(Un-audited) Quarter ended	
	March 31, 2024	March 31, 2023
	------(Rupees in '000)-----	
Capital work-in-progress - net of transferred out for capitalisation	54,184	150,424
Directly purchased	16,852	4,899
Total additions to intangible assets	<u>71,036</u>	<u>155,323</u>

14.2 There were no disposal of intangible assets during the periods ended March 31, 2024 and March 31, 2023.

	Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023
15	DEFERRED TAX ASSETS		
		------(Rupees in '000)-----	
	Deductible temporary differences on:		
	- Credit loss allowance / provision against investments	2,152,024	2,224,378
	- Credit loss allowance / provision against advances	6,400,178	4,183,318
	- Unrealised loss on FVPTL investments	350,526	-
	- Unrealised loss on revaluation of held for trading investments	-	192,350
	- Deficit on revaluation of available for sale investments	-	870,169
	- Credit loss allowance / provision against other assets	1,433,321	1,251,950
	- Credit loss allowance against cash with treasury	12,311	-
	- Credit loss allowance against balance with other banks	2,964	-
	- Credit loss allowance / provision against lending to financial institutions	12,065	73
	- Workers' Welfare Fund	1,737,007	1,528,648
	- Pre-commencement Expenditures	7,638	-
	- Others	-	-
		12,108,034	10,250,886
	Taxable temporary differences on:		
	- Surplus on revaluation of FVOCI investments	(2,279,221)	-
	- Surplus on revaluation of property and equipment	(603,520)	(593,695)
	- Surplus on revaluation of non banking assets	(76,604)	(85,595)
	- Share of profit and other comprehensive income from associates	(2,471,698)	(2,388,685)
	- Accelerated tax depreciation	(3,637,187)	(3,563,436)
		(9,068,230)	(6,631,411)
		3,039,804	3,619,475
16	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of credit loss allowance / provision	102,683,510	81,667,129
	Income / mark-up accrued in foreign currency - net of credit loss allowance / provision	2,526,368	2,402,118
	Advances, deposits, advance rent and other prepayments	7,930,235	8,989,267
	Advance against subscription of share	140,000	140,000
	Non-banking assets acquired in satisfaction of claims	16.1	2,631,235
	Dividend receivable	86,967	10,431
	Mark to market gain on forward foreign exchange contracts	2,676,451	2,606,750
	Mark to market gain on derivatives	26.1	4,364,396
	Stationery and stamps on hand	24,262	11,350
	Defined benefit plan	272,761	440,585
	Branch adjustment account	566,809	-
	Due from card issuing banks	3,284,494	4,829,866
	Accounts receivable	6,391,777	4,971,746
	Claims against fraud and forgeries	124,725	126,066
	Acceptances	29,090,495	24,618,660
	Receivable against Government of Pakistan and overseas government securities	32,870	2,925,206
	Receivable against marketable securities	(1,422)	1,153,013
	Others	248,388	86,275
		163,074,321	140,838,555
	Less: Credit loss allowance / provision held against other assets	16.2	(4,695,835)
	Other assets (net of credit loss allowance / provision)	158,378,486	136,219,518
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	16.1	153,972
	Other assets - total	158,532,458	136,391,839

16.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 2,785.207 million (December 31, 2023: Rs. 1,857.092 million).

16.2 Credit loss allowance / provision held against other assets	(Un-audited)	(Audited)
	March 31, 2024	December 31, 2023
	------(Rupees in '000)-----	
Impairment against overseas operations	2,359,988	2,359,988
Expected credit loss	154,422	46,807
Fraud and forgeries	124,725	126,066
Accounts receivable	1,701,408	1,702,567
Others	355,292	383,609
	<u>4,695,835</u>	<u>4,619,037</u>

16.2.1 Movement in credit loss allowance / provision held against other assets

Opening as at January 1	4,619,037	3,181,544
Impact of adoption of IFRS 9	46,852	-
Balance as at January 01 after adopting IFRS 9	<u>4,665,889</u>	<u>3,181,544</u>
Exchange and other adjustments	(891)	2,531
Charge for the period / year	<u>127,986</u>	<u>1,519,024</u>
Reversals for the period / year	<u>(97,149)</u>	<u>(83,100)</u>
	30,837	1,435,924
Amount written off	-	(962)
Closing as at	<u>4,695,835</u>	<u>4,619,037</u>

17 BILLS PAYABLE

In Pakistan	21,112,469	24,750,227
Outside Pakistan	625,077	1,254,311
	<u>21,737,546</u>	<u>26,004,538</u>

18 BORROWINGS

Secured

Borrowings from State Bank of Pakistan under:

Export Refinance Scheme	39,356,387	43,281,491
Long-Term Finance Facility	23,495,258	24,595,991
Financing Facility for Renewable Energy Projects	11,879,585	11,891,156
Financing Facility for Storage of Agriculture Produce (FFSAP)	514,261	532,102
Refinance for Wages & Salaries	-	-
Temporary Economic Refinance Facility (TERF)	46,933,354	48,528,109
Export Refinance under Bill Discounting	13,705,226	14,244,331
SME Asaan Finance (SAAF)	5,551,956	2,096,250
Refinance Facility for Combating COVID (RFCC)	1,208,524	988,049
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	114,266	125,595
Modernization of Small and Medium Entities (MSMES)	1,562,800	1,205,658
Other refinance schemes	468	553
Repurchase agreement borrowings	320,000,000	666,510,980
	464,322,085	814,000,265

Repurchase agreement borrowings	52,642,133	26,895,775
Bai Muajjal	46,733,436	44,830,207
Medium Term Note	-	11,000,000
Others	1,104,088	672,579
Total secured	<u>564,801,742</u>	<u>897,398,826</u>

Unsecured

Call borrowings	8,822,791	3,946,050
Overdrawn nostro accounts	3,840,820	3,467,939
Others		
- Pakistan Mortgage Refinance Company	2,137,096	2,605,576
- Karandaaz Risk Participation	2,965,404	2,797,641
Total unsecured	<u>17,766,111</u>	<u>12,817,206</u>
	<u>582,567,853</u>	<u>910,216,032</u>

19 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	622,184,610	153,347,977	775,532,587	630,357,408	152,436,273	782,793,681
Savings deposits	468,468,257	37,061,658	505,529,915	440,331,863	38,469,718	478,801,581
Term deposits	434,184,772	69,578,004	503,762,776	437,377,886	61,496,821	498,874,707
Others	45,176,150	16,631,883	61,808,033	44,709,160	14,317,598	59,026,758
	<u>1,570,013,789</u>	<u>276,619,522</u>	<u>1,846,633,311</u>	<u>1,552,776,317</u>	<u>266,720,410</u>	<u>1,819,496,727</u>
Financial Institutions						
Current deposits	4,353,383	3,130,300	7,483,683	4,278,645	3,241,325	7,519,970
Savings deposits	108,020,121	3,270,307	111,290,428	171,924,309	3,442,726	175,367,035
Term deposits	74,755,000	1,850,765	76,605,765	79,780,000	2,258,236	82,038,236
Others	270,509	59,509	330,018	518,072	1,217	519,289
	<u>187,399,013</u>	<u>8,310,881</u>	<u>195,709,894</u>	<u>256,501,026</u>	<u>8,943,504</u>	<u>265,444,530</u>
	<u><u>1,757,412,802</u></u>	<u><u>284,930,403</u></u>	<u><u>2,042,343,205</u></u>	<u><u>1,809,277,343</u></u>	<u><u>275,663,914</u></u>	<u><u>2,084,941,257</u></u>

19.1 Current deposits include remunerative current deposits of Rs. 18,746.302 million (December 31, 2023: Rs. 20,788.733 million).

	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
		----- (Rupees in '000) -----	
20 LEASE LIABILITIES			
Opening		22,899,808	17,514,201
Additions / renewals / amendments / (terminations) - net		1,165,255	7,730,666
Borrowing cost		785,423	2,659,787
Lease payments including interest		(1,131,109)	(5,075,756)
Exchange rate / other adjustment		(16,076)	70,910
Closing net carrying amount		<u>23,703,301</u>	<u>22,899,808</u>
20.1 Liabilities Outstanding			
Not later than one year		1,836,515	1,852,281
Later than one year and upto five years		8,916,542	9,142,361
Over five years		12,950,244	11,905,166
Total at the period / year end		<u>23,703,301</u>	<u>22,899,808</u>
21 SUBORDINATED DEBT			
Term Finance Certificates VI - Additional Tier-I (ADT-1)		7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)		7,000,000	7,000,000
		<u>14,000,000</u>	<u>14,000,000</u>

21.1 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 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
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency
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 the 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 the SBP from time to time.
Loss absorbency clause	In conformity with the 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 Holding Company 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 the SBP and instrument is replaced with capital of same and better quality.

21.2 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 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
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency
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 the 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 the SBP from time to time.
Loss absorbency clause	In conformity with the 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 Holding Company 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 the SBP and instrument is replaced with capital of same and better quality.

22	OTHER LIABILITIES	Note	(Un-audited)	(Audited)
			March 31, 2024	December 31, 2023
------(Rupees in '000)-----				
	Mark-up / return / interest payable in local currency		34,903,794	39,434,467
	Mark-up / return / interest payable in foreign currency		1,926,368	1,690,773
	Unearned fee commission and income on bills discounted and guarantees		3,364,427	3,201,308
	Accrued expenses		13,876,261	16,281,467
	Current taxation		12,230,873	14,386,078
	Acceptances		29,090,495	24,618,660
	Dividends payable		7,500,035	6,166,682
	Mark to market loss on forward foreign exchange contracts		3,223,229	2,779,042
	Mark to market loss on derivatives	26.1	79,306	96,507
	Branch adjustment account		-	73,434
	Alternative Delivery Channel (ADC) settlement accounts	22.2	13,050,149	3,409,741
	Provision for compensated absences		926,617	874,117
	Payable against redemption of customer loyalty / reward points		932,065	857,241
	Charity payable		131,468	114,052
	Credit loss allowance / provision against off-balance sheet obligations	22.1	806,232	78,624
	Security deposits against leases, lockers and others		12,925,509	12,983,647
	Workers' Welfare Fund		5,519,360	5,093,704
	Payable to vendors and suppliers		824,220	850,048
	Margin deposits on derivatives		3,854,294	3,906,392
	Payable to merchants (card acquiring)		34,551	776,097
	Indirect Taxes Payable		3,892,018	3,874,309
	Payable against marketable securities		1,331,355	1,391,975
	Liability against share based payment		251,932	483,001
	Trading Liability		2,263,274	2,412,845
	Others		8,332,864	6,148,713
			161,270,696	151,982,924

22.1 Credit loss allowance / provision against off-balance sheet obligations

Opening balance	78,624	62,948
Impact of adoption of IFRS 9	805,501	-
Balance as at January 01 after adopting IFRS 9	884,125	62,948
Exchange and other adjustments	(688)	4,029
Charge / (reversal) for the period / year	(77,205)	11,647
Closing balance	806,232	78,624

22.2 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

		Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023
23	SURPLUS ON REVALUATION OF ASSETS		------(Rupees in '000)-----	
	(Deficit) / surplus on revaluation of:			
	- Securities measured at FVOCI - debt		(1,871,704)	-
	- Securities measured at FVOCI - equity		2,834,972	-
	- Available for sale securities	10.1	-	(5,290,960)
	- Securities measured at FVOCI - equity associates		8,162	8,639
	- Property and equipment		12,660,021	12,682,139
	- Non-banking assets acquired in satisfaction of claims		153,972	172,321
			13,785,423	7,572,139
	Less: Deferred tax asset / (liability) on (deficit) / surplus on revaluation of:			
	- Securities measured at FVOCI - debt		917,135	-
	- Securities measured at FVOCI - equity		(1,389,136)	-
	- Available for sale securities		-	2,592,570
	- Securities measured at FVOCI - equity associates		(3,999)	(4,233)
	- Property and equipment		(603,520)	(593,695)
	- Non-banking assets acquired in satisfaction of claims		(76,604)	(85,595)
			(1,156,124)	1,909,047
	Derivatives (deficit) / surplus		(3,688,205)	(3,512,910)
	Less: Deferred tax asset / (liability) on derivative		1,807,220	1,721,326
			(1,880,985)	(1,791,584)
			<u>14,510,284</u>	<u>11,272,770</u>
24	NON-CONTROLLING INTEREST		(Un-audited)	(Audited)
			March 31, 2024	December 31, 2023
Name	Principal activity	Principal place of Business	Ownership interest held by NCI	
Alfalah CLSA Securities (Private) Limited, Pakistan	Stock Brokerage	Pakistan	37.50%	37.50%
Key financial information of the subsidiary			(Un-audited)	(Audited)
			March 31, 2024	December 31, 2023
			------(Rupees in '000)-----	
Assets			2,434,092	1,482,410
Liabilities			3,290,541	2,268,182
Net Assets			<u>(856,449)</u>	<u>(785,772)</u>
Non-Controlling Interest (NCI)			<u>(321,167)</u>	<u>(294,665)</u>
			(Un-audited)	
			Quarter ended	
			March 31, 2024	March 31, 2023
			------(Rupees in '000)-----	
Revenue			145,582	139,232
Expenses and provision			210,890	141,474
Loss before tax			<u>(65,308)</u>	<u>(2,242)</u>
Loss after tax			<u>(70,673)</u>	<u>(4,538)</u>
Other Comprehensive (loss) / income			<u>(70,673)</u>	<u>(4,538)</u>
Cash Flows:				
Cash flows used in operating activities			(603,951)	(379,573)
Cash flows used in investing activities			(618)	(5,915)
Cash flows (used in) / from Financing Activities			(396)	602
Net decrease in cash and cash equivalent			<u>(604,965)</u>	<u>(384,886)</u>

	Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023	
------(Rupees in '000)-----				
25	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	25.1	166,068,539	173,579,640
	- Commitments	25.2	661,448,754	731,648,269
	- Other contingent liabilities	25.3.1	23,793,899	23,816,758
			<u>851,311,192</u>	<u>929,044,667</u>
25.1	Guarantees:			
	Performance guarantees		54,113,698	55,684,506
	Other guarantees		111,954,841	117,895,134
			<u>166,068,539</u>	<u>173,579,640</u>
25.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		219,143,156	196,248,432
	Commitments in respect of:			
	- forward foreign exchange contracts	25.2.1	298,206,221	350,664,300
	- forward government securities transactions	25.2.2	71,883,093	109,207,715
	- derivatives	25.2.3	48,864,092	51,150,198
	- forward lending	25.2.4	17,583,896	19,247,075
	Commitments for acquisition of:			
	- Property and equipment		4,311,781	3,713,022
	- intangible assets		425,015	312,027
	Commitments in respect of donations		581,500	655,500
	Other commitments	25.2.5	450,000	450,000
			<u>661,448,754</u>	<u>731,648,269</u>
25.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		179,485,678	198,859,218
	Sale		118,720,543	151,805,082
			<u>298,206,221</u>	<u>350,664,300</u>
25.2.2	Commitments in respect of forward government securities transactions			
	Purchase		57,611,264	20,461,347
	Sale		14,271,829	88,746,368
			<u>71,883,093</u>	<u>109,207,715</u>
25.2.3	Commitments in respect of derivatives			
	Interest rate swap			
	Purchase	26.1	37,498,135	39,466,304
	Sale		-	-
			<u>37,498,135</u>	<u>39,466,304</u>
	Cross Currency Swaps			
	Purchase		-	-
	Sale	26.1	11,365,957	11,683,894
			<u>11,365,957</u>	<u>11,683,894</u>
	Total commitments in respect of derivatives		<u>48,864,092</u>	<u>51,150,198</u>
25.2.4	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to lend	25.2.4.1	15,182,780	15,828,600
	Commitments in respect of investments		2,401,116	3,418,475
			<u>17,583,896</u>	<u>19,247,075</u>

25.2.4.1 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.

25.2.5 Other Commitments

A commercial bank on behalf of Alfalah CLSA Securities (Private) Limited, Pakistan has given a guarantee of Rs. 450 million (December 31, 2023: Rs. 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.

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
25.3 Other contingent liabilities		
25.3.1 Claims against the Holding Company not acknowledged as debts	<u>23,793,899</u>	<u>23,816,758</u>

These mainly represents counter claims filed by the borrowers for restricting the Holding Company 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 Holding Company for damages. Based on legal advices and / or internal assessments, management is confident that the matters will be decided in the Holding Company's favour and the possibility of any outcome against the Holding Company is remote and accordingly no provision has been made in these consolidated condensed interim financial statements.

25.4 Contingency for tax payable

There were no tax related contingencies other than as disclosed in note 37.1

26 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.

26.1 Product Analysis

	March 31, 2024 (Un-audited)					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
Counterparties	------(Rupees in '000)-----					
With Banks for Hedging	40	37,498,135	3,443,225	-	-	-
With other entities Market making	-	-	-	6	11,365,957	841,865
	<u>40</u>	<u>37,498,135</u>	<u>3,443,225</u>	<u>6</u>	<u>11,365,957</u>	<u>841,865</u>
	------(Rupees in '000)-----					
	December 31, 2023 (Audited)					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
Counterparties	------(Rupees in '000)-----					
With Banks for Hedging	41	39,466,304	3,371,331	-	-	-
With other entities Market making	-	-	-	6	11,683,894	707,484
	<u>41</u>	<u>39,466,304</u>	<u>3,371,331</u>	<u>6</u>	<u>11,683,894</u>	<u>707,484</u>

		(Un-audited)	
		Quarter ended	
		March 31, 2024	March 31, 2023
		------(Rupees in '000)-----	
27	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	a) Loans and advances	31,806,381	25,893,552
	b) Investments	93,553,966	45,766,944
	c) Lendings to financial institutions	1,747,917	841,974
	d) Balances with banks / financial Institutions	17,397	51,774
	e) On securities purchased under resale agreements / bai muajjal	1,526,461	3,046,675
		<u>128,652,122</u>	<u>75,600,919</u>
27.1	Interest income (calculated using effective interest rate method) recognised on:		
	Financial assets measured at amortised cost;	43,789,382	
	Financial assets measured at fair value through OCI	70,690,334	
	Financial assets measured at fair value through P/L	14,194,035	
		<u>128,673,751</u>	
28	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	a) Deposits	58,752,369	27,888,569
	b) Borrowings	4,308,055	3,693,866
	c) Securities sold under repurchase agreements	30,867,789	13,978,721
	d) Subordinated debt	834,214	638,273
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	2,206,189	810,749
	f) Borrowing cost on leased properties	785,423	585,381
	g) Reward points / customer loyalty	112,510	91,575
		<u>97,866,549</u>	<u>47,687,134</u>
28.1	Interest expense calculated using effective interest rate method		
	Other financial liabilities	<u>97,862,789</u>	<u>-</u>
29	FEE & COMMISSION INCOME		
	Branch banking customer fees	387,805	292,159
	Consumer finance related fees	152,853	140,150
	Card related fees (debit and credit cards)	809,765	637,552
	Credit related fees	180,637	142,211
	Investment banking fees	21,707	26,743
	Commission on trade	741,660	546,182
	Commission on guarantees	182,648	200,128
	Commission on cash management	12,337	14,726
	Commission on remittances including home remittances	651,528	324,664
	Commission on bancassurance	133,778	125,869
	Card acquiring business	463,530	337,348
	Wealth Management Fee	78,897	31,966
	Commission on Employees' Old-Age Benefit Institution (EOBI)	-	-
	Commission on Benazir Income Support Programme (BISP)	200,744	143,233
	Alternative Delivery Channel (ADC) settlement accounts	330,367	306,104
	Brokerage/ Commission Income	132,953	119,844
	Others	53,485	60,629
		<u>4,534,694</u>	<u>3,449,508</u>
30	FOREIGN EXCHANGE INCOME / (LOSS)		
	Foreign exchange income	2,820,353	3,163,962
	Foreign exchange (loss) / income related to derivatives	(516,732)	161,002
		<u>2,303,621</u>	<u>3,324,964</u>

Note	(Un-audited)	
	Quarter ended	
	March 31, 2024	March 31, 2023

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

31	GAIN / (LOSS) ON SECURITIES		
	Realised gain / (loss)	31.1	783,443
	Unrealised - Measured at FVPL	10.1	(715,322)
	Unrealised loss - held for trading		-
	Unrealised loss on trading liabilities - net		(396,293)
			(2,398)
			<u>65,723</u>
31.1	Realised gain / (loss) on:		
	Federal Government Securities		672,174
	Shares		8,531
	Foreign Securities		102,738
			<u>783,443</u>
			<u>240,324</u>
			<u>(420,193)</u>
			<u>263,703</u>
			<u>83,834</u>
31.2	Net gain / loss on financial assets / liabilities measured:		
	At FVPL		
	Designated upon initial recognition		(547,241)
	Mandatorily measured at FVPL		61,699
			<u>(485,542)</u>
	Net gain / (loss) on financial assets measured at FVOCI - Debt		551,265
			<u>65,723</u>
32	OTHER INCOME		
	Rent on property		8,719
	Gain on sale of property and equipment - net		3,687
	Gain on sale of non banking assets - net	32.1	27,800
	Profit on termination of leased contracts (Ijarah)		-
	Gain on termination of leases (IFRS 16)		19,154
			13,929
			<u>54,135</u>
			<u>64,201</u>
33	OPERATING EXPENSES		
	Total compensation expense	33.1	8,907,379
	Property expense		
	Rates and taxes		45,048
	Insurance		-
	Utilities cost		829,122
	Security (including guards)		346,383
	Repair and maintenance (including janitorial charges)		445,742
	Depreciation on right-of-use assets		929,968
	Depreciation on non-banking assets acquired in satisfaction of claims		4,298
	Depreciation on owned assets		229,618
			<u>2,830,179</u>
	Information technology expenses		
	Software maintenance		796,953
	Hardware maintenance		178,244
	Depreciation		313,082
	Amortisation		86,535
	Network charges		179,350
	Consultancy and support services		40,403
			<u>1,594,567</u>
			<u>32,515</u>
			<u>-</u>
			<u>445,462</u>
			<u>247,898</u>
			<u>244,958</u>
			<u>765,866</u>
			<u>1,232</u>
			<u>202,228</u>
			<u>1,940,159</u>
	Balance carried forward		13,332,125
			<u>10,341,405</u>

	(Un-audited)	
	Quarter ended	
	March 31, 2024	March 31, 2023
	------(Rupees in '000)-----	
Balance brought forward	13,332,125	10,341,405
Other operating expenses		
Directors' fees and allowances	50,800	40,977
Fees and allowances to Shariah Board	4,993	3,780
Legal and professional charges	107,934	68,623
Outsourced services costs	379,767	218,786
Travelling and conveyance	349,244	276,668
Clearing and custodian charges	50,136	49,863
Depreciation	494,312	350,367
Training and development	74,652	32,272
Postage and courier charges	117,598	114,094
Communication	591,033	413,517
Stationery and printing	463,360	293,836
Marketing, advertisement and publicity	514,175	379,732
Donations	126,320	944,500
Auditors' remuneration	30,883	37,494
Brokerage and commission	127,663	71,683
Entertainment	209,127	145,653
Repairs and maintenance	202,614	174,262
Insurance	517,603	301,683
Cash Handling charges	475,237	255,714
CNIC verification	67,095	64,973
Others	237,254	130,874
	5,191,800	4,369,351
	<u>18,523,925</u>	<u>14,710,756</u>

33.1 Total compensation expense

Managerial Remuneration		
i) Fixed	5,921,819	4,811,531
ii) Variable:		
a) Cash Bonus / Awards etc.	1,428,616	1,452,022
b) Bonus and Awards in Shares etc.	143,750	81,249
Charge for defined benefit plan	167,824	116,750
Contribution to defined contribution plan	213,652	179,206
Medical	539,922	327,155
Conveyance	347,152	127,030
Staff compensated absences	52,500	47,499
Staff life insurance	43,869	42,847
Staff welfare	7,010	4,315
Club subscription	1,011	771
Others	3,105	9,769
Sub-total	8,870,230	7,200,144
Sign-on Bonus	37,149	14,529
Severance Allowance	-	-
Grand Total	<u>8,907,379</u>	<u>7,214,673</u>

34 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 the 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 petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

	Note	(Un-audited)	
		Quarter ended	
		March 31, 2024	March 31, 2023
35	OTHER CHARGES	------(Rupees in '000)-----	
	Penalties imposed by the State Bank of Pakistan	<u>208,643</u>	<u>10,973</u>
36	CREDIT LOSS ALLOWANCE / PROVISIONS & WRITE OFFS - NET		
	Reversal of credit loss allowance against cash with treasury	(35,325)	-
	Credit loss allowance against balance with other bank	1,379	-
	Credit loss allowance / (reversal) against lending to financial institutions	11,408	(295.0)
	Reversal of credit loss allowance / reversal for diminution in value of investments	10.4.1 (92,760)	(118,565)
	Credit loss allowance / provision against loans & advances	11.4 200,309	625,173
	Credit loss allowance / provision against other assets	16.2.1 30,837	59,665
	Reversal of credit loss allowance / provision against off-balance sheet obligations	22.1 (77,205)	33,307
	Reversal of other credit loss allowance / provisions / write off - net	(15,432)	2,235
	Recovery of written off / charged off bad debts	(135,636)	(79,745)
		<u>(112,425)</u>	<u>521,775</u>
37	TAXATION		
	Charge / (reversal) :		
	Current	10,429,468	8,553,840
	Prior years	(54,047)	-
	Deferred	(488,566)	(295,390)
		<u>9,886,855</u>	<u>8,258,450</u>
37.1	a) The income tax assessments of the Holding Company have been finalized up to and including tax year 2023. Certain addbacks 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 and 2019 to 2023, the tax authority has 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. 764.870 million net of relief provided in appeal (December 31, 2023: 764.870 million). The Holding Company has filed appeal which is pending before Commissioner Appeals. The management is confident that matter will be decided in favour of the Holding Company and consequently has not made any provision in this respect.		
	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 Holding Company 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 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 redemanded. A similar order for the accounting years 2017 and 2018 was also issued with tax demand of Rs. 11.536 million (excluding default surcharge). The Holding Company has filed appeals against these orders and has not made any provision against these orders. The management is of the view that these matters will be favourably settled through appellate process.		
38	BASIC AND DILUTED EARNINGS PER SHARE	(Un-audited)	
		Quarter ended	
		March 31, 2024	March 31, 2023
		------(Rupees in '000)-----	
	Profit for the period attributable to equity holders of the Holding Company	<u>9,954,444</u>	<u>10,772,393</u>
		------(Number of shares in '000)-----	
	Weighted average number of ordinary shares	<u>1,577,165</u>	<u>1,577,165</u>
		------(Rupees)-----	
	Basic and diluted earnings per share	<u>6.31</u>	<u>6.83</u>
38.1	Diluted earnings per share has not been presented separately as the Group does not have any convertible instruments in issue.		

39 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 participants at the measurement date. The fair value of quoted securities other than those classified as held to maturity / amortised cost, is based on quoted market price. Quoted debt securities classified as held to maturity / amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of valuation methodologies which are best reflective of their business model. 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.

39.1 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, 2024 (Un-audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	------(Rupees in '000)-----			
Financial assets - measured at fair value				
Investments				
- Federal government securities	-	1,405,200,969	-	1,405,200,969
- Non-government debt securities	14,951,400	5,030,895	-	19,982,295
- Shares - listed companies	6,333,143	-	-	6,333,143
- Shares - unlisted companies	-	-	2,194,286	2,194,286
- Mutual funds - unlisted companies	-	-	1,760,000	1,760,000
- Foreign government securities	-	69,765,924	-	69,765,924
- Foreign Non-government debt securities	-	29,427,480	-	29,427,480
- Foreign equity securities	280,548	-	-	280,548
Financial assets - disclosed but not measured at fair value				
Investments - Amortised cost	-	258,550,459	-	258,550,459
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	2,676,451	-	2,676,451
- Forward sale of foreign exchange	-	(3,223,229)	-	(3,223,229)
- Forward purchase of government securities	-	(87,453)	-	(87,453)
- Forward sale government securities	-	33,745	-	33,745
- Derivatives purchases	-	3,443,225	-	3,443,225
- Derivatives sales	-	841,865	-	841,865
	December 31, 2023 (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	-	1,802,801,728	-	1,802,801,728
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Shares - listed companies	4,283,579	-	-	4,283,579
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign Non-government debt securities	-	28,547,190	-	28,547,190
- Foreign equity securities	284,596	-	-	284,596
Financial assets - disclosed but not measured at fair value				
Investment - held to maturity securities	-	154,796,433	-	154,796,433
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484

39.2 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. There were no transfers between levels 1 and 2 during the current period.

39.3 Valuation techniques used in determination of fair values:

39.3.1 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, unquoted shares, 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

The fair value of unquoted shares and unquoted mutual funds are measured at fair value based on valuation technique mentioned in the table below.

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

39.3.2 Fair value of non-financial assets

Certain categories of property and equipment (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 16. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

39.3.3 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.
Ordinary shares - unlisted	The fair value of investments in unlisted equity securities are valued on the basis of dividend discount model / discounted cashflow / price earnings multiple.
Mutual funds - unlisted	The fair value of investments in unlisted mutual funds are valued based on net asset value.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
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.
Property and equipment 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 consolidated condensed interim financial statements.

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

For the quarter ended March 31, 2024 (Un-audited)										
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total	
------(Rupees in '000)-----										
Consolidated Profit & loss account										
Net mark-up /return / profit	(28,877,174)	3,098,207	8,128,075	47,250,100	(2,139)	1,975,211	(54,166)	(732,541)	-	30,785,573
Inter segment revenue - net	49,550,426	1,729,104	(292,414)	(51,272,534)	2,119,188	372,103	-	756,439	(2,962,312)	-
Non mark-up / return / interest income	2,390,611	1,307,073	570,814	2,781,323	275,519	443,724	133,439	174,772	(2,252)	8,075,023
Total income	23,063,863	6,134,384	8,406,475	(1,241,111)	2,392,568	2,791,038	79,273	198,670	(2,964,564)	38,860,596
Segment direct expenses										
Inter segment expense allocation	7,528,523	180,017	2,964,537	255,801	733,403	1,033,418	144,581	6,320,196	(2,252)	19,158,224
Total expenses	3,948,317	447,596	1,335,452	189,204	570,552	141,462	-	(6,292,069)	(340,514)	-
Credit loss allowance / provision / (reversals)	11,476,840	627,613	4,299,989	445,005	1,303,955	1,174,880	144,581	28,127	(342,766)	19,158,224
Profit / (loss) before tax	(188,527)	109,181	41,839	(65,323)	5,144	(14,739)	-	-	-	(112,425)
	11,775,550	5,397,590	4,064,647	(1,620,793)	1,083,469	1,630,897	(65,308)	170,543	(2,621,798)	19,814,797
As at March 31, 2024 (Un-audited)										
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total	
------(Rupees in '000)-----										
Consolidated Statement of Financial Position										
Cash & bank balances	108,709,504	17,344,649	37,870,182	-	830,288	46,239,665	2,286,833	-	(1,358,006)	211,923,115
Investments	-	3,909,787	232,434,615	1,448,901,873	-	125,018,544	16,841	6,786,999	-	1,817,068,659
Net inter segment lending	968,513,472	87,004,766	-	-	11,744,330	-	-	86,175,940	(1,153,438,508)	-
Lendings to financial institutions	-	-	21,020,384	15,611,369	-	9,227,398	-	-	(26,141,279)	19,717,872
Advances - performing	199,162,887	287,763,269	156,160,411	-	131,104	42,208,194	6,144	18,456,175	(987,756)	702,900,428
Advances - non-performing	2,064,966	1,233,710	582,475	-	3,088	175,383	-	87,086	-	4,146,708
Others	31,097,010	35,363,835	49,415,064	67,200,126	1,613,567	(17,583,487)	1,171,279	63,743,994	(103,882)	231,917,506
Total assets	1,309,547,839	432,620,016	497,483,131	1,531,713,368	14,322,377	205,285,697	3,481,097	175,250,194	(1,182,029,431)	2,987,674,288
Borrowings										
Subordinated debt	22,860,500	88,658,200	37,572,930	422,310,128	-	37,520,694	2,083,679	-	(28,438,278)	582,567,853
Deposits and other accounts	-	-	-	-	-	-	-	14,000,000	-	14,000,000
Net inter segment borrowing	1,239,629,992	259,035,382	376,293,743	-	13,838,136	153,712,243	-	12,558	(178,849)	2,042,343,205
Others	-	33,023,987	24,424,662	1,094,992,000	-	997,876	-	-	(1,153,438,525)	-
Others	47,057,347	51,902,447	55,811,030	13,522,015	484,241	12,523,083	1,253,406	24,131,753	26,221	206,711,543
Total liabilities	1,309,547,839	432,620,016	494,102,365	1,530,824,143	14,322,377	204,753,896	3,337,085	38,144,311	(1,182,029,431)	2,845,622,601
Net assets	-	-	3,380,766	889,225	-	531,801	144,012	137,105,883	-	142,051,687
Equity including Non-controlling interest										142,051,687
Contingencies & Commitments	127,744,963	234,891,669	70,871,566	349,324,461	76,006	63,412,992	548,216	4,441,319	-	851,311,192

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

For the quarter ended March 31, 2023 (Un-audited)										
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total	
------(Rupees in '000)-----										
Consolidated Profit & loss account										
Net mark-up / return / profit	(10,663,789)	5,686,906	5,155,677	26,796,215	2,702	1,588,460	(23,435)	(628,951)	-	27,913,785
Inter segment revenue - net	27,133,335	(1,154,749)	(306,030)	(25,649,913)	1,612,761	(12,875)	-	550,836	(2,173,365)	-
Non mark-up / return / interest income	1,921,799	859,648	502,258	2,702,782	219,464	291,945	126,929	135,273	(3,493)	6,756,605
Total income	18,391,345	5,391,805	5,351,905	3,849,084	1,834,927	1,867,530	103,494	57,158	(2,176,858)	34,670,390
Segment direct expenses										
Inter segment expense allocation	5,983,902	532,950	2,213,513	210,326	631,788	833,401	105,736	4,611,352	(3,493)	15,119,475
Total expenses	2,711,796	444,948	804,632	242,056	359,148	118,856	-	(4,611,352)	(70,084)	-
Credit loss allowance / provision / (reversals)	8,695,698	977,898	3,018,145	452,382	990,936	952,257	105,736	-	(73,577)	15,119,475
Profit / (loss) before tax	1,126,045	669,250	317,165	(218,872)	6,120	928	-	(1,378,861)	-	521,775
	8,569,602	3,744,657	2,016,595	3,615,574	837,871	914,345	(2,242)	1,436,019	(2,103,281)	19,029,140
As at December 31, 2023 (Audited)										
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries	Others*	Elimination	Total	
------(Rupees in '000)-----										
Consolidated Statement of Financial Position										
Cash & bank balances	107,505,103	20,666,132	33,920,116	-	801,318	56,947,383	512,336	-	(669,800)	219,682,588
Investments	-	3,609,787	214,732,021	1,743,435,218	-	104,537,703	19,201	5,822,837	-	2,072,156,767
Net inter segment lending	973,612,195	87,039,833	-	-	11,390,718	-	-	124,249,350	(1,196,292,096)	-
Lendings to financial institutions	-	-	32,832,027	94,864,225	-	13,960,199	-	-	(22,102,342)	119,554,109
Advances - performing	207,915,194	299,248,029	161,980,731	-	80,881	44,106,831	10,318	16,460,775	-	729,802,759
Advances - non-performing	2,955,353	1,449,384	589,393	-	8,333	177,923	-	78,682	-	5,259,068
Others	21,680,353	30,738,634	41,414,392	62,367,729	1,333,206	9,780,632	940,555	35,034,534	(77,529)	203,212,506
Total assets	1,313,668,198	442,751,799	485,468,680	1,900,667,172	13,614,456	229,510,671	1,482,410	181,646,178	(1,219,141,767)	3,349,667,797
Borrowings										
Subordinated debt	23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	672,579	-	(23,007,821)	910,216,032
Deposits and other accounts	-	-	-	-	-	-	-	14,000,000	-	14,000,000
Net inter segment borrowing	1,243,732,370	305,616,623	365,397,636	-	13,355,298	157,205,824	-	-	(366,494)	2,084,941,257
Others	-	-	22,614,166	1,144,470,847	-	29,207,083	-	-	(1,196,292,096)	-
Total liabilities	45,979,808	48,567,443	53,942,917	9,462,016	259,158	12,072,324	1,595,603	28,483,357	524,644	200,887,270
Net assets	1,313,668,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,248,206	2,268,182	42,483,357	(1,219,141,767)	3,210,044,559
Equity including Non-controlling interest	-	-	3,011,970	(1,028,246)	-	(737,535)	(785,772)	139,162,821	-	139,623,238
Contingencies & Commitments	127,717,077	220,203,714	66,758,549	447,453,464	8	61,147,942	450,000	5,313,913	-	929,044,667

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

41 RELATED PARTY TRANSACTIONS

The Group has related party transactions with its associates, joint ventures, 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 consolidated financial statements are as follows:

	As at March 31, 2024 (Un-audited)				As at December 31, 2023 (Audited)			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	------(Rupees in '000)-----				------(Rupees in '000)-----			
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	6,332,364
Repaid during the period / year	-	-	-	-	-	-	-	(6,332,364)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	6,052,472	1,802,909	-	-	4,634,071	1,552,048
Investment made during the period / year	-	-	-	59,265	-	-	-	683,255
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	(504,303)
Revaluation of investment during the period / year	-	-	-	71,206	-	-	-	71,909
Equity method adjustment	-	-	169,415	-	-	-	1,418,401	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	6,221,887	1,933,380	-	-	6,052,472	1,802,909
Advances								
Opening balance	14,918	935,186	-	1,925,526	18,062	672,608	-	2,367,924
Addition during the period / year	-	85,811	-	19,648,491	911	604,716	-	90,959,543
Repaid during the period / year	(673)	(53,021)	-	(19,301,358)	(4,055)	(314,643)	-	(90,662,727)
Transfer in / (out) - net	-	-	-	-	-	(27,495)	-	-
Write off	-	-	-	-	-	-	-	(739,214)
Closing balance	14,245	967,976	-	2,272,659	14,918	935,186	-	1,925,526
Other Assets								
Interest / mark-up accrued	3,180	66,272	-	149,249	2,791	59,977	-	90,690
Receivable from staff retirement fund	-	-	-	272,761	-	-	-	440,585
Prepayment / rent receivable	-	-	2,268	-	-	-	6,214	-
Advance against shares	-	-	-	140,000	-	-	-	140,000
Provision against other assets	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Borrowings								
Opening balance	-	-	-	2,605,576	-	-	-	2,180,207
Borrowings during the period / year	-	-	-	1,500,000	-	-	-	2,095,000
Settled during the period / year	-	-	-	(1,968,480)	-	-	-	(1,669,631)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	2,137,096	-	-	-	2,605,576

	As at March 31, 2024 (Un-audited)				As at December 31, 2023 (Audited)			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	------(Rupees in '000)-----				------(Rupees in '000)-----			
Deposits and other accounts								
Opening balance	406,959	340,757	17,153,420	18,550,205	38,466	184,994	3,078,698	12,308,779
Received during the period / year	2,245,625	1,305,744	238,111,620	50,715,530	1,190,788	3,877,341	840,300,568	318,163,352
Withdrawn during the period / year	(661,504)	(1,127,246)	(252,256,961)	(57,064,344)	(822,295)	(3,686,772)	(826,225,846)	(311,950,193)
Transfer in / (out) - net	-	-	-	-	-	(34,806)	-	28,267
Closing balance	1,991,080	519,255	3,008,079	12,201,391	406,959	340,757	17,153,420	18,550,205
Subordinated debt								
Opening balance	-	-	-	300,000	-	-	-	300,000
Issued / Purchased during the year	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	300,000	-	-	-	300,000
Other Liabilities								
Interest / mark-up payable	945	5,389	-	106,052	737	1,045	-	130,491
Dividend Payable	1,854,361	1	-	2,047,128	1,975,728	-	-	1,845,246
Others	-	-	-	57,824	-	-	-	54,868
Contingencies and Commitments	-	-	-	1,216,027	-	-	-	1,573,620
	------(Rupees in '000)-----				------(Rupees in '000)-----			
	For the quarter ended March 31, 2024 (Un-audited)				For the quarter ended March 31, 2023 (Un-audited)			
	------(Rupees in '000)-----				------(Rupees in '000)-----			
Income								
Mark-up / return / interest earned	435	8,174	-	152,496	398	5,387	-	35,491
Fee and commission income	-	-	75,920	1,964	-	-	30,372	1,605
Dividend income	-	-	105,000	115,692	-	-	66,000	11,464
Gain / (loss) on sale of securities	-	4	-	-	-	1	-	(2,182)
Rent on property	-	-	975	-	-	-	1,556	-
Gain on sale of property and equipment - net	-	-	2,504	-	-	36	1,558	-
Expenses								
Mark-up / return / interest paid	5,655	10,081	228,504	555,799	1,030	5,333	96,081	436,425
Other operating expenses								
Directors fee	50,800	-	-	-	40,977	-	-	-
Managerial remuneration	239,373	842,068	-	-	172,907	584,118	-	-
Software maintenance	-	-	-	67,709	-	-	-	82,546
Communication cost	-	-	-	151,780	-	-	-	42,566
Charge for defined benefit plan	-	-	-	167,824	-	-	-	116,750
Contribution to defined contribution plan	-	-	-	213,652	-	-	-	179,206
Others	-	-	-	416	-	-	-	163
Other Information								
Dividend paid	1,975,727	9,056	7,465	1,661,448	2,177	5,019	5,903	134,203
Insurance premium paid	-	-	1,094,934	-	-	-	1,021,431	-
Insurance claims settled	-	-	215,993	-	-	-	163,751	-

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) (Audited)
 March 31, December 31,
 2024 2023
 -----(Rupees in '000)-----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

15,771,651

15,771,651

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

113,336,329

112,301,515

Eligible Additional Tier 1 (ADT 1) Capital

13,550,000

13,550,000

Total eligible tier 1 capital

126,886,329

125,851,515

Eligible tier 2 capital

37,428,339

35,171,385

Total eligible capital (tier 1 + tier 2)

164,314,668

161,022,900

Risk Weighted Assets (RWAs):

Credit risk

760,768,780

783,469,384

Market risk

44,732,575

18,233,250

Operational risk

177,472,700

177,472,700

Total

982,974,055

979,175,334

Common equity tier 1 capital adequacy ratio

11.53%

11.47%

Tier 1 capital adequacy ratio

12.91%

12.85%

Total capital adequacy ratio

16.72%

16.44%

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, the Holding Company has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.

Leverage Ratio (LR):

Eligible Teer-1 capital

126,886,329

125,851,515

Total exposures

3,548,272,202

3,541,562,293

Leverage ratio

3.58%

3.55%

Liquidity Coverage Ratio (LCR):

Total high quality liquid assets

1,287,297,946

1,082,954,156

Total net cash outflow

642,272,127

488,388,254

Liquidity coverage ratio

200%

222%

Net Stable Funding Ratio (NSFR):

Total available stable funding

1,648,613,452

1,634,520,450

Total required stable funding

1,137,879,520

1,012,638,563

Net stable funding ratio

145%

161%

43 AFGHANISTAN OPERATIONS

The Holding Company's 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.

44 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 24, 2024 has declared an interim cash dividend of 20% i.e. Rs. 2.0 per share (March 31, 2023: Nil). These unconsolidated condensed interim financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

45 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on April 24, 2024 by the Board of Directors of the Holding Company.

46 GENERAL

46.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary for better presentation and classification.

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

Description of item	Nature	(Rupees in '000)	From	To
Right-of-use assets	Asset	20,208,458	Property and equipment	Right-of-use assets
Lease liabilities against right-of-use-assets	Liability	23,703,301	Other liabilities	Lease liabilities
IBFT Charges	Expense	24,177	Commission on remittances including home remittances	Communication
Auditors' remuneration	Expense	14,915	Legal and professional charges	Auditors' remuneration
Auditors' remuneration	Expense	1,300	Consultancy and support services	Auditors' remuneration
Auditors' remuneration	Expense	2,545	Software maintenance	Auditors' remuneration