



Bank Alfalah
The Way Forward



Best Digital Banking
2023



QUARTERLY **REPORT** MARCH 31, 2024
(UN-AUDITED)

REIMAGINING BANKING

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Board of Directors

His Highness Sheikh Nahayan Mubarak Al Nahayan
Chairman/Director

Abdulla Nasser Hawaileel Al Mansoori
Director

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Khalid Qurashi
Director

Dr. Gyorgy Tamas Ladics
Director

Dr. Ayesha Khan
Director

Atif Aslam Bajwa
President/CEO and Director

Senior Management Team

Atif Aslam Bajwa

President and Chief Executive Officer

Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

Anjum Hai

Chief Financial Officer

Faisal Farooq Khan

Chief Human Resource Officer

Faisal Rabbani

Chief Risk Officer

Farooq Ahmed Khan

Group Head, Corporate, Investment Banking and International Business

Haroon Khalid

Group Head, Compliance and Business Solutions

Khawaja Muhammad Ahmad

Group Head, Operations and Corporate Services

Mehreen Ahmed

Group Head, Retail Banking

Mohib Hasan Khan

Chief Information Officer

Muhammad Akram Sawleh

Company Secretary and Group Head, Legal and Corporate Affairs

Dr. Muhammad Imran

Group Head, Islamic Banking

Muhammad Yahya Khan

Group Head, Digital Banking

Pervez Shahbaz Khan

Group Head, Treasury and Financial Markets

Tahir Khurshid

Group Head, Audit and Inspection

Zahid Anjum

Group Head, Special Assets Management

Chief Financial Officer

Anjum Hai

Company Secretary

Muhammad Akram Sawleh

Chief Internal Auditor

Tahir Khurshid

Auditors

A. F. Ferguson & Co.

Chartered Accountants

Registered/Head Office

B. A. Building

I. I. Chundrigar Road

Karachi, Pakistan

bankalfalah.com

Share Registrar

F. D. Registrar Services (Pvt.) Limited

1705, 17th Floor, Saima Trade Tower-A

I. I. Chundrigar Road

Karachi, Pakistan.

Legal Advisor

Mandviwalla & Zafar

Advocates and Legal Consultants





Board Committees

Board Audit Committee (BAC)

Khalid Qurashi
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Mr. Tahir Khurshid
Secretary

Board Risk Management Committee (BRMC)

Khalid Mana Saeed Al Otaiba
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Qurashi
Member

Atif Aslam Bajwa
Member

Mr. Farhan Ali
Secretary

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

Dr. Ayesha Khan
Chairperson

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Dr. Gyorgy Tamas Ladics
Member

Khalid Qurashi
Member

Mr. Muhammad Akram Sawleh
Secretary

Board Compensation Committee (BCC)

Dr. Ayesha Khan
Chairperson

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Mr. Muhammad Akram Sawleh
Secretary

Board Committees

Board Strategy and Finance Committee (BS&FC)

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Member

Dr. Gyorgy Tamas Ladics
Member

Dr. Ayesha Khan
Member

Khalid Qurashi
Member

Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Board Crisis Management Committee (BCMC)

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Member

Khalid Qurashi
Member

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Atif Aslam Bajwa
Member

Mr. Muhammad Akram Sawleh
Secretary

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Board Information Technology Committee (BITC)

Dr. Gyorgy Tamas Ladics
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Board Real Estate Committee (BREC)

Mr. Abdulla Khalil Al Mutawa
Chairman

Mr. Khalid Mana Saeed Al Otaiba
Member

Mr. Atif Aslam Bajwa
Member

Mr. Muhammad Akram Sawleh
Secretary





On behalf of the Board of Directors, we are pleased to present the unconsolidated condensed interim financial statements of Bank Alfalah Limited for the quarter ended March 31, 2024.

Inflation cooled down to 20.7% year on year (YoY) in March 2024 as compared to 29% YoY in Dec 2023. Core inflation also witnessed a similar disinflationary trend; the major impact coming from high base effect and exchange rate stability.

Economic Review

The year started with the elections and the transition of power from the caretaker setup to the elected representatives. This was followed by an IMF staff-level agreement on the second and final review of the Stand-By Arrangement (SBA). The IMF board is expected to approve the final tranche of the SBA in the second quarter of 2024, which will fetch USD 1.1 billion for the country. This expectation has generated a positive stimulus for the market.

Pakistan’s real GDP registered growth of 2.5% in 1Q FY24 and 1% in 2Q FY24. The growth was mainly contributed to by the agriculture sector, while industries posted a negative growth due to slowdown in economic activity amid high inflation and interest rates. The IMF has projected GDP growth rate of 2% for the fiscal year FY24, while SBP also expects growth rate of 2-3%.

State Bank of Pakistan’s (SBP) foreign exchange reserves as at March 22, 2024 stand at USD 8.0 billion, compared to USD 8.2 billion as at December 31, 2023. The country’s total reserves (including banks) however, increased from USD 12.7 billion to USD 13.4 billion during the quarter. Current Account Balance continued to improve, posting a USD 128 Mn surplus in February 2024, reducing 8MFY24 deficit to USD 1.0 billion as compared to a deficit of USD 3.8 billion during the same period last year. Given the economic stability, the rupee strengthened by 1.4% to PKR 277.95/USD as at March 31, 2024 compared to PKR 281.86/USD as on December 31, 2023.

On the fiscal front, the FBR has surpassed the tax collection target for 9M FY24 by PKR 3 billion. The fiscal consolidation continues as the primary deficit improved to 1.7% of GDP in 1HFY24 vs 1.1% in the corresponding period last year. However, the overall fiscal deficit increased to 2.3% of GDP in 1HFY24 vs 2.0% in the same period last year.

The stock market continued to perform, with the benchmark KSE100 Index recording an increase of 7.3% during 1Q CY24 to close at 67,005 points. The smooth transition of government and IMF staff-level agreement supported the investors’ confidence.

The government plans to engage in talks for a new longer-term IMF programme, which is critical to support the economy amid high gross financing needs. This would support the confidence in the economy and may lead to a rating upgrade for Pakistan.

Review of the Bank’s Performance

Highlights of the Bank’s financial results for the period ended March 31, 2024, are presented as follows:

Financial Position	March 31, 2024	December 31, 2023
	Rupees in Millions	
Shareholders’ Equity	140,335	137,923
Total Assets	2,984,685	3,345,917
Deposits	2,043,329	2,084,997
Advances – net	708,029	735,052
Investments – net	1,813,008	2,067,263

Financial Performance	Quarter ended March 31, 2024	Quarter ended March 31, 2023
Rupees in Millions		
Net Interest Income and Non-Markup Income	38,585	34,513
Non-Markup Expenses	18,988	15,017
Credit loss allowance / Provisions and write offs (net)	(112)	522
Profit before tax (PBT)	19,710	18,974
Profit after tax (PAT)	9,912	10,743
Basic and Diluted earnings per share – Rupees	6.28	6.81

Bank Alfalah posted profit after tax of Rs. 9.912 billion for the first quarter, with earnings per share of Rs. 6.28 (March 2023: Rs. 6.81). The Bank's profit before tax of Rs. 19.710 billion was 3.9% higher than the same period last year (SPLY); with PAT being impacted due to higher taxation impact. This is in the background of spread compression, as market yields went down without a cut in policy rates, the precarious credit environment and muted opportunities in the FX market.

Revenue stood at Rs. 38.585 billion, representing an 11.8% increase over the SPLY. The key revenue contributor was markup income which grew by 10.3% and closed at Rs. 30.811 billion. A combination of net earning assets growth, partly offset by spread compression, led to the increase in markup income. Non-markup income stood at Rs. 7.774 billion, an 18.2% increase over the SPLY. Higher fee and derivatives income were partly offset by lower FX income. Fee and commission income showed a robust growth of 32.2% year-on-year (YoY) mostly on account of business driven volume. Card (debit and credit) related fee was up by 27.0% primarily due to higher customer spend whereas card acquiring income also grew by 37.4%. Further, commission earned on trade and remittances rose by 35.8% and 100.7% respectively, mainly on the back of volume growth in rupee terms.

The Bank continued to keep a check on expenses and prudently managed costs while focusing on building revenue momentum through expansion without compromising on investments in new ventures. The Bank's strategy to open new branches, invest in digital technologies and information technology platforms alongside

inflation related effects led to higher operating expenses. Since the beginning of 2023, the Bank has also opened over 140 new branches, which are helping us in customer acquisition and hence revenue growth. This has translated to the Banks' cost to income ratio standing at 47.6% as against 42.3% SPLY.

Deposits closed at Rs. 2.043 trillion at the end of March'24, with YoY growth of 31.5%, one of the highest growths in the industry. This is an outcome of the Bank's well-thought-out and applied strategy of maintaining its market share.

Loan book closed at Rs. 754.298 billion due to cautious credit origination amid challenging market fundamentals. Our underwriting discipline and rigorous client selection continued to serve us well; this is reflected in our non-performing loans ratio which stood at 4.9% despite some prudent classifications. Non-performing loans remain fully covered with coverage being 124.5% (including general provision / expected credit loss (ECL)). The Bank has adopted IFRS 9 with effect from January 1, 2024 that has resulted in additional credit loss allowance (ECL) amounting to Rs. 4.087 billion.

As at March 31, 2024, the Bank remains adequately capitalised with CAR at 17.00 %.

Dividend

The Board of Directors, in its meeting held on April 24, 2024, has declared an interim cash dividend of Rs. 2.00 per share (20%) (2023: NIL) for the quarter year ended March 31, 2024.





Credit Rating

The Bank has been assigned the following ratings by PACRA:

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

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

Future Outlook

Bank Alfalah remains strategically positioned for an accelerated growth trajectory, building on the foundations of our past successes. We will continue to expand our deposit base and cultivate low-cost deposits, while simultaneously broadening our domestic footprint to offer unparalleled services to our customers. Emphasising the consumer space, aiding SMEs in their business growth, and harnessing technological advancements to meet evolving banking needs will be key focal points. Boosting trade volumes, enhancing penetration in cash management, and improving our position in supply chain financing and home remittances align with our commitment to adapting to industry and global shifts.

Our culture of 'One Bank, One Team' will persist, fostering collaboration, creativity, and innovation. Human capital development remains central, ensuring the Bank to retain a skilled and motivated workforce. The Bank's caring culture is

being aligned to the UN Sustainable Development Goals, which will reach the community through our renewed Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) initiatives.

In line with our commitment towards innovation and efficiency, we will incorporate new initiatives that will leverage technology, advanced analytics, and AI across various areas within the bank. Our aspiration is to be the leader in the digital banking landscape among traditional banks in Pakistan. To stay ahead, we are fast-tracking our digital solutions enabling efficiency in the Bank's operations.

As we navigate through industry and global trends, Bank Alfalah is poised for adaptability, resilience, and sustained value creation, ensuring enduring shareholder value and continued excellence in the face of evolving challenges.

Acknowledgement

On behalf of the Board, we would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their continued guidance and support. We also wish to convey our appreciation to our shareholders, customers, and business collaborators for their ongoing support.

Over the years, we have laid the foundations to provide exceptional value and service to our clientele concurrently enhancing our financial performance and reinforcing our financial stability. Our commitment remains unwavering in serving our customers and playing a pivotal role in bolstering Pakistan's economic resurgence. In the process, we will maintain a conscientious approach towards our obligations to our employees and local communities, and our dedication to delivering consistent returns to our shareholders.

بینک الفلاح نے پہلی سہ ماہی میں ۹،۹۱۲ بلین روپیہ کا بعد از فیکس منافع، روپیہ کی حصص آمدنی کے ساتھ، ۲،۲۸ (مارچ ۲۰۲۳: ۱،۸۱) روپیہ، بینک کا ۱۹،۷۰۱ بلین روپیہ کا فیکس قبل منافع گزشتہ سال کی اسی مدت کے مقابلے میں ۲،۹۱ فیصد زیادہ ہے۔ زیادہ فیکس کے اثرات کی وجہ سے PAT منٹاں بڑھ رہا ہے۔ یہ اسپریڈ کمپریشن کی وجہ سے ہے، کیونکہ مارکیٹ کی پیداوار پالیسی کی شرحوں میں کمی، کریڈٹ کے غیر یقینی ماحول اور FX مارکیٹ میں مواقع کے بغیر کم ہو گئی۔

ریونیو ۲۸،۵۹۵ بلین روپیہ رہا، جو SPLY کے مقابلے میں ۱۱،۸ فیصد اضافہ کی نشاندہی کرتا ہے۔ ریونیو کا اہم حصہ مارک اپ آمدنی تھی جس میں ۱،۰۳ فیصد اضافہ ہوا اور ۲۰،۸۱۱ بلین روپیہ پر بند ہوا۔ خالص آمدنی والی اثاثوں کی ترقی کا مجموعہ، جزیو طور پر اسپریڈ کمپریشن کے ذریعے افسیت، مارک اپ آمدنی میں اضافے کا باعث بنا۔ غیر مارک اپ آمدنی ۶۷،۷ بلین روپیہ رہی، جو SPLY کے مقابلے میں ۱۸،۲ فیصد زیادہ ہے۔ زیادہ فیس اور ڈیپوٹیز کی آمدنی کو جزیو طور پر کم FX آمدنی سے پورا کیا گیا تھا۔ فیس اور کمیشن کی آمدنی نے سال بے سال ۲۰۲۳ فیصد کی مضبوط نمو ظاہر کی ہے جو زیادہ تر کاروباری حجم کی وجہ سے ہے۔ کارڈ (ڈیٹا اور کریڈٹ) سے متعلق فیس میں ۲۶،۰۰ فیصد اضافہ ہوا ہے بنیادی طور پر صارفین کے زیادہ اخراجات کی وجہ سے جبکہ کارڈ حاصل کرنے سے آمدنی میں بھی ۶،۷ فیصد اضافہ ہوا ہے۔ اس کے علاوہ، تجارت اور ترسیلات زر پر حاصل ہونے والے کمیشن میں بالترتیب ۳۵،۸ فیصد اور ۱۰،۷ فیصد اضافہ ہوا، بنیادی طور پر روپیہ کے حجم میں اضافے کی وجہ سے۔

بینک نے نئے منصوبوں میں سرمایہ کاری پر سمجھوتہ کیے بغیر توسیع کے ذریعے آمدنی کی رفتار بڑھانے پر توجہ مرکوز کرتے ہوئے اخراجات اور احتیاط سے انتظامی اخراجات پر نظر رکھا، جاری رکھا، سمجھوتہ کیے متعلق اثرات کے ساتھ ساتھ نئے شاخوں ڈیجیٹل ٹیکنالوجیز اور انضمامیشن ٹیکنالوجی پالیسی فارمز میں سرمایہ کاری کرنے کی بینک کی حکمت عملی نے آپریٹنگ اخراجات میں اضافہ کیا، ۲۰۲۳ کے آغاز سے، بینک نے ۱۲۰ سے زیادہ نئی شاخیں بھی کھولی ہیں، جو صارفین کے حصول میں ہماری مدد کر رہی ہیں اور اس وجہ سے آمدنی میں اضافہ ہو رہا ہے۔ اس سے بینکوں کی لاگت سے آمدنی کا تناسب ۲۰۲۳ فیصد SPLY کے مقابلے میں ۲۷،۲ فیصد ہو گیا ہے۔

مارچ ۲۳ کے آخر میں ڈیپازٹس ۲۰،۰۳۳ ٹریلین روپیہ پر بند ہوئے، ۲۱،۵ فیصد کی سالانہ نمو کے ساتھ، جو صنعت میں سب سے زیادہ ترقی میں سے ایک ہے۔ یہ بینک کے اپنے مارکیٹ شیئر کو برقرار رکھنے کی سوجی سمجھی اور لاگو حکمت عملی کا نتیجہ ہے۔

قرضوں کی کتاب ۶۵۲،۶۲۸ بلین روپیہ پر بند ہوئی جس کی وجہ مارکیٹ کے چیلنجنگ بنیادی اصولوں کے درمیان محتاط کریڈٹ آرچینیشن ہے۔ ہمارا انٹر رٹکنگ ڈسپلین اور سخت کلانڈت کا انتخاب ہمساری اچھی طرح سے خدمت کرتا رہا، ہے ہمارے غیر فعال قرضوں کے تناسب سے ظاہر ہوتا ہے جو کچھ سمجھدار درجہ بندیوں کے باوجود ۲،۰ فیصد رہا۔ غیر فعال قرضے ۱۲۴،۱ فیصد کوریج کے ساتھ مکمل طور پر محیط رہے ہیں (بشمول عام فراہمی / متوقع کریڈٹ نقصان)۔ بینک نے یکم جنوری ۲۰۲۳ سے IFRS ۹ کو اپنایا ہے جس کے نتیجے میں اضافی کریڈٹ نقصان (ECL) کی رقم ۲،۰۰۹ بلین روپیہ ہے۔

جیسا کہ ۳۱ مارچ ۲۰۲۳ تک، بینک CAR کے ساتھ ۷،۰۰۰ فیصد پر کافی حد تک کیپٹلائزڈ ہے۔

ڈیپازٹ

بورڈ آف ڈائریکٹرز نے ۲۳ اپریل ۲۰۲۳ کو منعقدہ اپنے اجلاس میں ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والی سہ ماہی کے لیے ۲،۰۰۰ روپیہ فی شیئر (۲۰۲۳ فیصد) ۲،۰۲۲؛ کوئی نیپس کے عبوری نئے منافع کا اعلان کیا ہے۔

کریڈٹ ریٹنگ

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

• اینٹیسیپٹی ریٹنگ: طویل مدتی کے لیے AA+ (ڈیل اے پلس) اور مختصر مدت کے لیے A1+ (One Plus+), آؤٹ لک کو مستحکم کے طور پر تفویض کیا گیا۔

• انسٹرومنٹس ریٹنگ: بینک کے غیر محفوظ ٹائمر کیپٹل (فرم فنڈس سرٹیفیکٹ) کو 'سٹیبل' آؤٹ لک کے ساتھ AA- (ڈیل اے منس) کی کریڈٹ ریٹنگ دی گئی ہے۔

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

مستقبل کا منظر نامہ

بینک الفلاح ہماری ماضی کی کامیابیوں کی بنیادوں پر تعمیر کرتے ہوئے، تیز رفتار ترقی کی رفتار کے لیے اسٹریٹیجک طور پر پوزیشن میں ہے۔ ہم اپنے ڈیپازٹ کی بنیاد کو بڑھانا اور کم لاگت والے ڈیپازٹس کو فروغ دینا جاری رکھیں گے، ساتھ ہی ساتھ اپنے صارفین کو نئے مثال خدمات پیش کرنے کے لیے اپنے گھریلو نشق کو وسیع کرتے رہیں گے۔ صارفین کی جگہ پر زور دینا، ایس ایم این کو ان کے کاروبار کی ترقی میں مدد کرنا، اور بینکنگ کی بنتی ہوئی ضروریات کو پورا کرنے کے لیے تکنیکی ترقی کو بروئے کار لانا کلیدی فرکٹ پوائنٹس ہوں گے۔ تجارتی حجم کو بڑھانا، نقدی کے انتظام میں دخل کو بڑھانا، اور سیلابی چین فنڈسنگ اور گھریلو ترسیلات میں اپنی پوزیشن کو بہتر بنانا صنعت اور عالمی تبدیلیوں کے مطابق ہونے کے سارے عزم کے مطابق ہے۔

ہماری 'ایک بینک، ایک فیم' کی ثقافت برقرار رہے گی، تعاون، تخلیقی صلاحیتوں اور جدت کو فروغ دے گی۔ انسانی سرمائے کی ترقی کو مرکزی حیثیت حاصل ہے، جو بینک کو بہتر مند اور حوصلہ افزا افرادی قوت کو برقرار رکھنے کو یقینی بناتا ہے۔ بینک کی دیگر مثال کے کلچر کو اقوام متحدہ کے پائیدار ترقی کے اہداف سے ہم آہنگ کیا جا رہا ہے، جو ہماری تجدید کارپوریٹ سماجی ذمہ داری (CSR) اور ماحولیاتی، سماجی، اور گورننس (ESG) اقدامات کے ذریعے کمیونٹی تک پہنچے گا۔

جدت اور کارکردگی کے تحت اپنے عزم کے مطابق، ہم نئے اقدامات کو شامل کریں گے جو بینک کے اندر مختلف شعبوں میں ٹیکنالوجی، جدید تجزیات اور AI کا فائدہ اٹھانے کے ہماری خواہش پاکستان کے روایتی بینکوں کے درمیان ڈیجیٹل بینکنگ کے منظر نامے میں سرفہرست ہونا ہے، آگے بڑھنے کے لیے، ہم اپنے ڈیجیٹل سولوشنز کو تیزی سے ٹریک کر رہے ہیں جو بینک کے کاموں میں کارکردگی کو قابل بناتا ہے۔

جیسا کہ ہم صنعت اور عالمی رجحانات کے ذریعے تشریح لے جاتے ہیں، بینک الفلاح موافقت، لچک، اور پائیدار قدر کی تخلیق کے لیے تیار ہے، جس سے حصص یافتگان کی پائیدار قدر کو یقینی بنایا جا رہا ہے اور ابھرتے ہوئے چیلنجوں کا سامنا کرتے ہوئے شاندار کارکردگی کو جاری رکھا جا رہا ہے۔

اعتراف

بورڈ کی جانب سے، ہم اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کا ان کے قابل قدر مشورے اور رہنمائی کے لیے شکرگاہ ادا کرتا جا رہے ہیں۔ اس کے ساتھ ساتھ، ہم اپنے شیئر ہولڈرز، اپنے صارفین اور کاروباری شراکت داروں کی جاری اور نئے ختم ہونے والی حمایت کو تسلیم کرنا چاہیں گے۔

سالوں کے دوران، ہم نے اپنے صارفین کو بہترین قیمت اور خدمات فراہم کرنے کے لیے بنیادیں رکھی ہیں، ساتھ ہی منافع میں اضافہ اور اپنی پبلینس شیٹ کو مضبوط بنایا ہے۔ جیسے جیسے ہم آگے بڑھیں گے، ہم اپنے صارفین کی خدمت کرنے اور معاشی بحالی میں کلیدی کردار ادا کرنے پر توجہ مرکوز رکھیں گے، اس کی پیروی کرتے ہوئے، ہم اپنے ملازمین اور بڑے پیمانے پر کمیونٹی کے لیے اپنی ذمہ داریوں کے ساتھ ساتھ اپنے حصص یافتگان کو مستقل طور پر خاطر خواہ منافع فراہم کرنے کے عزم کو ظاہر کرتے رہیں گے۔

خالد قریشی

ڈائریکٹر

عاطف اسلم باجوہ

صدر اور چیف ایگزیکٹو آفیسر

۲۴ اپریل ۲۰۲۳

ایوٹھپی





ڈائریکٹرز کا جائزہ

پاکستان کی حقیقی جی ڈی پی نے مئی سال ۲۲ کی پہلی سہ ماہی میں ۲۵ فیصد اور مالی سال ۲۳ کی دوسری سہ ماہی میں ۱ فیصد کی شرح نمو درج کی ہے۔ اس ترقی میں بنیادی طور پر زراعت کے شعبے کا حصہ تھا، جب کہ بلند افراط زر کے درمیان اقتصادی سرگرمیوں میں سست روی کی وجہ سے صنعتوں نے منفی نمو درج کی تھی۔ اور سود کی شرح، آئی ایم ایف نے مالی سال ۲۳ کے مالی سال کے لیے جی ڈی پی کی شرح نمو ۲ فیصد رہنے کا تخمینہ لگایا ہے، جبکہ اسٹیٹ بینک نے بھی شرح نمو ۲ سے ۳ فیصد رہنے کی توقع ظاہر کی ہے۔

مالیاتی سطح پر، ایف بی آر نے مالی سال ۲۳ کے ۹ ماہ کے ٹیکس وصولی کے بند کو ۳ ارب روپے تک حاصل کر لیا ہے۔ مالیاتی استحکام جاری ہے کیونکہ بنیادی خسارہ مالی سال ۲۳ کی پہلی ششماہی میں جی ڈی پی کے ۷ فیصد تک بڑھ گیا ہے بغاقلہ پچھلے سال کی اسی مدت میں ۱۰ فیصد، تاہم، مجموعی مالیاتی خسارہ ۲۳ کی پہلی ششماہی میں جی ڈی پی کے ۲۳ فیصد تک بڑھ گیا جو گزشتہ سال کی اسی مدت میں ۲۰ فیصد تھا۔

اسٹاک مارکیٹ نے کارکردگی جاری رکھی، بیچ مارک کے ایس ای ۱۰۰ انڈیکس نے سال ۲۳ کی پہلی سہ ماہی کے دوران ۶۳ فیصد اضافہ ریکارڈ کیا اور ۶۵۰۰۵ پوائنٹس پر بند ہوا۔ حکومت اور آئی ایم ایف کے عملے کی سطح کے معاہدے کی ہموار منتقلی نے سرمایہ کاروں کے اعتماد کو سہارا دیا۔

حکومت ایک نئے طویل المدتی آئی ایم ایف پروگرام کے لیے بات چیت کا ارادہ رکھتی ہے، جو کہ اعلیٰ مجموعی مالیاتی ضروریات کے درمیان معیشت کو سہارا دینے کے لیے اہم ہے۔ اس سے معیشت پر اعتماد بڑھے گا اور پاکستان کی درجہ بندی میں اضافہ ہو سکتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے، ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والی سہ ماہی کے لیے بینک، الافلاح لمیٹڈ کے عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

معاشری جائزہ

سنان کا آغاز انتخابات اور اگراں سیٹ اپ سے منتخب نمائندوں کو اقتدار کی منتقلی سے ہوا۔ اس کے بعد اسٹیٹ بینک آف اریجنٹ کے دوسرے اور آخری جائزے پر آئی ایم ایف کے عملے کی سطح کا معاہدہ ہوا، توقع ہے کہ آئی ایم ایف بورڈ ۲۰۲۳ کی دوسری سہ ماہی میں اسٹیٹ بینک آف اریجنٹ کی آخری قسط کی منظوری دے گا، جس سے ملک کے لیے امریکی ڈالر ۱۰ بلین حاصل ہوں گے۔ اس توقع نے مارکیٹ کے لیے ایک مثبت محرک پیدا کیا ہے۔

اسٹیٹ بینک آف پاکستان کے ذمہ دارانہ کے ذخائر ۲۲ مارچ ۲۰۲۳ تک ۸۰ بلین امریکی ڈالر تھے، جو کہ ۳۱ دسمبر ۲۰۲۳ کو امریکی ڈالر کے ۸۲ بلین تھے، تاہم، ملک کے کل ذخائر (بشمول بینک، امریکی ڈالر سے بڑھ گئے سہ ماہی کے دوران ۱۲۷ بلین امریکی ڈالر سے ۱۳۳ بلین۔ کرنٹ اکاؤنٹ بیلنس میں بہتری جاری رہی، فروری ۲۰۲۳ میں امریکی ڈالر ۱۲۸ ملین سرپلس پوسٹ کیا گیا، جس سے مالی سال ۲۳ کے ۸ ماہ خسارہ کم ہو کر امریکی ڈالر ۱۰ بلین ہو گیا جبکہ پچھلے سال کی اسی مدت کے دوران امریکی ڈالر ۳۸ بلین کے خسارے کے مقابلے میں۔ معاشی استحکام کو دیکھتے ہوئے، ۳۱ دسمبر ۲۰۲۳ کو ۲۸۱،۹۱ کو روپے / امریکی ڈالر کے مقابلے میں ۳۱ مارچ ۲۰۲۳ کو روپیہ ۱۵۳ فیصد مضبوط ہو کر ۲۷۷،۹۵ روپے / امریکی ڈالر ہو گیا۔

دسمبر ۲۰۲۳ میں ۲۹ فیصد سالانہ کے مقابلے مارچ ۲۰۲۳ میں افراط زر سال بہ سال ۲۰۷ فیصد تک کم ہو گیا، اعلیٰ بنیادی اثر اور شرح مبادلہ کے استحکام سے آنے والا بڑا اثر دیکھا گیا۔

بینک کی کارکردگی کا جائزہ

۳۱ مارچ ۲۰۲۳ کو ختم ہونے والی سہ ماہی کے لیے بینک کے مالیاتی نتائج کی جھلکیاں مندرجہ ذیل ہیں:

مالیاتی پوزیشن	
۳۱ مارچ ۲۰۲۳	۳۱ دسمبر، ۲۰۲۳
روپے ملین میں	
۱۳۷،۹۲۳	۱۳۹،۳۳۵
شینر بولڈرز کی ایکویٹی	۲،۹۸۳،۹۸۵
کل اثاثے	۲،۰۳۳،۳۲۹
ڈپازٹس	۷۸۰،۰۲۹
ایڈوائسز - خالص	۱،۸۱۳،۰۰۸
سرمایہ کاریاں - خالص	

مالیاتی کارکردگی	
اختتام مدت ۳۱ مارچ ۲۰۲۳	اختتام مدت ۳۱ مارچ، ۲۰۲۳
روپے ملین میں	
۳۳،۵۱۳	۳۸،۵۹۵
خالص مارک اپ آمدنی اور	
۱۵،۰۱۷	۱۸،۹۸۸
غیر مارک اپ آمدنی	
۵۲۲	(۱۱۲)
غیر مارک اپ اخراجات	
۱۸،۹۷۳	۱۹،۷۱۰
کریڈٹ نقصان / لاؤنسز / پروویژن	
۱۰،۷۳۳	۹،۹۱۲
اور رانٹ آف (خالص)	
۶،۸۱	۶،۲۸
قبل از ٹیکس منافع	
بعد از ٹیکس منافع	

بنیادی اور ڈائیلیٹیوڈ آمدنی فی شینر - روپے

**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2024**



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		140,335,092	137,922,833
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
		140,335,092	137,922,833
CONTINGENCIES AND COMMITMENTS	24		

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

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





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)
14 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.

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	(4,534,717)	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)	15,771,651	4,731,049	13,485,813	23,469,258	2,372,252	12,056,501	77,368	68,371,200	140,335,092

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

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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	30	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>
		<u>(7,469,937)</u>	<u>(5,561,113)</u>
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>
		<u>(247,182,538)</u>	<u>68,424,940</u>
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		<u>(16,428,740)</u>	<u>34,119,265</u>





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
	223,794,389	216,761,441

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

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 (IIFS). 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 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
	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
			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
		3,275,593,482		3,286,436,136

* 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:



	Impact due to:				Reversal of provisions field	Taxation (current and deferred)	Total Impact - net of tax	Balances as of June 30, 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					
ASSETS									
Cash and balances with treasury banks	-	-	-	-	-	-	-	-	Amortised cost
Balances with other banks	(24,590)	-	(24,590)	-	-	-	(24,590)	202,667,832	Amortised cost
Lending to financial institutions	(1,613)	-	(1,613)	-	-	-	(1,613)	16,616,221	Amortised cost
Investments	(13,066)	-	(13,066)	-	-	-	(13,066)	119,544,043	Amortised cost
- Classified as available for sale	-	(1,620,900,202)	(1,620,900,202)	-	-	-	(1,620,900,202)	-	FVOCI
- Classified as fair value through other comprehensive income	(48)	(1,501,175,944)	(1,501,175,944)	-	-	-	(1,501,175,944)	1,501,175,944	FVOCI
- Classified as held to maturity	-	(165,517,277)	(165,517,277)	-	-	-	(165,517,277)	-	Amortised cost
- Classified as amortized cost	-	165,517,277	115,840,496	-	-	-	281,357,773	281,357,773	Amortised cost
- Classified as held for trading	-	(279,667,615)	(279,667,615)	-	-	-	(279,667,615)	-	FVTPL
- Classified as fair value through profit or loss	-	279,667,615	14,726,368	-	-	-	294,393,983	294,393,983	Outside the scope of IFRS 9
- Associates	-	-	-	-	-	-	-	1,177,606	Outside the scope of IFRS 9
- Subsidiary	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Advances	(48)	-	8,597,790	-	2,244,864	-	10,842,606	2,078,105,306	Amortised cost
- Gross amount	-	-	-	-	-	-	-	777,286,977	Amortised cost
- Provisions	(4,087,143)	-	-	-	-	-	(4,087,143)	(46,322,610)	Amortised cost
	735,051,510	-	-	-	-	-	(4,087,143)	730,964,367	Amortised cost
Property and equipment	-	-	-	-	-	-	-	41,816,110	Outside the scope of IFRS 9
Right-of-use assets	-	-	-	-	-	-	-	19,951,571	Outside the scope of IFRS 9
Intangible assets	-	-	-	-	-	-	-	1,369,889	Outside the scope of IFRS 9
Deferred tax asset	-	-	-	-	-	-	-	3,293,295	Outside the scope of IFRS 9
Other assets - financial assets	(370,152)	-	(370,152)	-	-	-	(370,152)	124,615,297	Amortised cost
Other assets - non financial assets	(4,496,612)	-	8,597,790	-	2,244,864	-	6,346,042	10,606,984	Outside the scope of IFRS 9
LIABILITIES									
Bills payable	-	-	-	-	-	-	-	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	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	87,581,814	Amortised cost
	3,207,939,994	805,501	805,501	-	-	-	805,501	3,208,739,495	Amortised cost
NET ASSETS									
	137,922,833	(5,302,113)	8,597,790	-	2,244,864	-	2,825,677	140,746,310	Outside the scope of IFRS 9
Share capital	-	-	-	-	-	-	-	41,401,130	Outside the scope of IFRS 9
Reserves	15,771,651	-	-	-	-	-	-	16,271,059	Outside the scope of IFRS 9
Surplus on revaluation of assets - net of tax	41,401,130	-	9,809,206	(147,857)	2,244,864	(4,806,511)	5,002,695	67,304,670	Outside the scope of IFRS 9
Unappropriated profit	11,268,364	-	7,712,199	885,591	-	-	(2,091,647)	(2,177,018)	Outside the scope of IFRS 9
	69,481,688	(5,302,113)	147,857	-	2,244,864	-	2,825,677	140,746,310	Outside the scope of IFRS 9
	137,922,833	(5,302,113)	8,597,790	-	2,244,864	-	2,825,677	140,746,310	Outside the scope of IFRS 9



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.

7 CASH AND BALANCES WITH TREASURY BANKS

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





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

9.1 Lending to Financial Institutions- Particulars of credit loss allowance

------(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:

	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

March 31, 2024 (Un-audited)							
Subsidiary / Associate	Country of Incorporation	Percentage of Holding	Assets	Liabilities	Revenue	Profit / (loss) for the period	Total Comprehensive Income
------(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 / (loss) for the period	Total Comprehensive Income	
------(Rupees in '000)-----								
Alfalsh CLSA Securities (Private) Limited	Subsidiary	Pakistan	62.50%	1,482,410	2,268,182	139,232	(4,538)	(4,538)
Alfalsh Currency Exchange (Private) Limited	Subsidiary	Pakistan	100.00%	-	-	-	-	-
Alfalsh Asset Management Limited	Associate	Pakistan	40.22%	2,366,955	556,130	147,288	31,152	31,152
Alfalsh 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	<u>3,222,902</u>	<u>3,794,742</u>
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)
	<u>(92,760)</u>	<u>(710,238)</u>
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		<u>306,268</u>	<u>306,268</u>	<u>602,030</u>
		<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	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	(2,936,370)	(25,670)	-	-	(2,936,370)	(25,670)
- Stage 2	(2,151,977)	-	-	-	(2,151,977)	-
- Stage 3	-	-	(32,480,112)	-	(32,480,112)	-
- Specific	-	-	(542,075)	(32,373,670)	(542,075)	(32,373,670)
- General	(8,158,501)	(9,836,127)	-	-	(8,158,501)	(9,836,127)
	<u>(13,246,848)</u>	<u>(9,861,797)</u>	<u>(33,022,187)</u>	<u>(32,373,670)</u>	<u>(46,269,035)</u>	<u>(42,235,467)</u>
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 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).

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

11.2 Particulars of advances (Gross)

In local currency	679,385,577	700,776,703
In foreign currencies	<u>74,912,206</u>	<u>76,510,274</u>
	<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

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><u>754,297,783</u></u>	<u><u>46,269,035</u></u>	<u><u>777,286,977</u></u>	<u><u>42,235,467</u></u>

12 PROPERTY AND EQUIPMENT

	Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----			
Capital work-in-progress	12.1	4,332,929	3,525,139
Property and equipment	12.2	44,384,944	38,290,971
		<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>

34 13 RIGHT-OF-USE ASSETS

At January 1

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
	Buildings	Buildings
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) March 31, 2024	(Audited) December 31, 2023
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----- (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)
	<u>5,505,510</u>	<u>6,008,159</u>

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) (Audited)
March 31, **December 31,**
2024 **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
	3,061,075	2,984,277

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	3,031,129	2,671,784
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	3,061,075	2,984,277

17 BILLS PAYABLE

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

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

Bai Muajjal	52,642,133	26,895,775
Medium Term Note	46,733,436	44,830,207
	-	11,000,000
Total secured	563,697,654	896,726,247

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	17,766,111	12,817,206

	581,463,765	909,543,453
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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).

20 LEASE LIABILITIES

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

21 SUBORDINATED DEBT

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

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			
Mark-up / return / interest payable in local currency		34,935,626	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		13,766,307	16,119,849
Current taxation		12,294,961	14,462,758
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	25.1	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		5,518,925	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		278,422	-
Liability against share based payment		251,932	483,001
Trading liability		2,263,274	2,412,845
Others		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
------(Rupees in '000)-----			
23 SURPLUS ON REVALUATION OF ASSETS			
(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 Commitments in respect of derivatives			
Interest Rate Swaps			
Purchase	25.1	37,498,135	39,466,304
Sale		-	-
		<u>37,498,135</u>	<u>39,466,304</u>
Cross Currency Swaps			
Purchase		-	-
Sale	25.1	11,365,957	11,683,894
		<u>11,365,957</u>	<u>11,683,894</u>
Total commitments in respect of derivatives		<u><u>48,864,092</u></u>	<u><u>51,150,198</u></u>
24.2.4 Commitments in respect of forward lending			
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
		<u><u>18,783,896</u></u>	<u><u>19,247,075</u></u>

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	<u><u>23,793,899</u></u>	<u><u>23,816,758</u></u>

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
	<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>
	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
	<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) -----	
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	
		(483,589)	
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		27,000	-
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
		2,822,206	1,934,318
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
		1,588,337	1,181,997
Balance carried forward		13,233,988	10,258,228





	(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
	<u>18,353,904</u>	<u>14,608,513</u>

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	<u>8,823,445</u>	<u>7,141,913</u>

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) -----	
Penalties imposed by the State Bank of Pakistan	208,643	10,973

34 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan

	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)			Total
	Level 1	Level 2	Level 3	
------(Rupees in '000)-----				
On balance sheet financial instruments				
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)			
	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
- Federal government securities	-	1,802,801,728	-	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
Net mark-up / return/ profit	(28,877,174)	3,098,207	8,218,075	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	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	4,879	-	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)	36,584,905

Profit and loss

Segment direct expenses	7,528,523	180,017	2,964,537	255,801	733,403	1,033,418	6,292,069	-	18,987,768
Inter segment expense allocation	3,946,317	447,596	1,335,452	189,204	570,552	141,462	(6,292,069)	(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
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	-	15,611,369	11,744,330	-	86,175,940	(1,153,438,508)	-
Lendings to financial institutions	-	-	21,020,384	-	131,014	9,227,398	18,456,174	(26,141,279)	19,717,872
Advances - performing	199,162,887	287,763,269	156,160,411	-	3,088	42,208,194	87,087	-	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	36	233,321,843
Total assets	1,309,547,899	432,620,016	497,483,131	1,531,713,368	14,322,377	205,285,697	173,677,611	(1,179,964,954)	2,984,685,105

Statement of financial position

Borrowings	22,860,500	88,658,200	37,572,930	422,310,128	-	37,520,694	14,000,000	(27,458,687)	581,463,765
Subordinated debt	-	-	-	-	-	-	-	-	14,000,000
Deposits and other accounts	1,239,629,992	259,095,382	376,293,743	1,094,992,000	13,838,136	153,712,243	12,558	807,261	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	125,017	205,556,933
Total liabilities	1,309,547,899	432,620,016	494,102,365	1,530,824,143	14,322,377	204,753,896	38,144,311	(1,179,964,954)	2,844,350,013

Net assets

Equity	-	-	3,380,766	889,225	-	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.

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)										
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	-	-	-	-	-
Repaid during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
(Rupees in '000)										
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	-	-	-	-	-	-	-	-	-	71,909
Transfer in / (out) - net	-	-	-	-	71,206	-	-	-	-	-
Closing balance	-	-	1,305,217	1,177,606	1,933,380	-	-	305,217	1,177,606	1,802,909
(Rupees in '000)										
Credit loss allowance / provision for diminution in value of investments										
Opening balance	-	-	305,217	-	-	-	-	305,217	-	-
Provision made during the period / year	-	-	-	-	-	-	-	-	-	-
Reversal of provision during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	305,217	-	-	-	-	305,217	-	-
(Rupees in '000)										
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	-	2,727,659	14,918	935,186	-	-	1,925,526
(Rupees in '000)										
Other assets										
Interest / mark-up accrued	-	-	-	-	-	-	-	-	-	90,690
Receivable from Staff retirement fund	3,180	66,272	31,832	-	149,249	2,791	59,977	-	-	440,585
Prepayment / rent receivable	-	-	-	650	272,761	-	-	-	-	-
Receivable against pre-incorporation expenses	-	-	-	-	-	-	-	17,014	4,617	-
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	-	-	-	-	-	-	-	-	-	-
Repaid / 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	1,422	-	2,047,128	1,975,728	-	956	-	1,845,246
Others	-	-	-	-	57,824	-	-	-	-	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	388	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	-	675	-	-	1	-	-	(2,182)
Rent on property	-	-	-	-	875	-	-	-	-	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	238,373	838,271	-	-	172,907	172,907	581,021	-	-	82,546
Software maintenance	-	-	-	67,709	-	-	-	-	-	-
Travelling and accommodation	-	-	-	151,780	-	-	-	-	-	42,566
Communication cost	-	-	2,252	-	-	-	-	3,477	-	-
Brokerage and commission	-	-	-	167,824	-	-	-	-	-	116,750
Charge for defined benefit plan	-	-	-	213,652	-	-	-	-	-	179,206
Contribution to defined contribution plan	-	-	-	46	-	-	-	-	-	163
Training and subscription	-	-	-	-	-	-	-	-	-	-
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) (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
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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
	469,677,703	459,842,544
NET ASSETS	27,805,428	25,626,136
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 20,474,663	18,664,167
	27,805,428	25,626,136
CONTINGENCIES AND COMMITMENTS	42.6	





PROFIT AND LOSS ACCOUNT

	Note	(Un-audited)	
		Quarter ended	
		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		8,128,075	5,155,677
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		570,814	502,258
Total income		8,698,889	5,657,935
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		4,299,989	3,018,145
Profit before credit loss allowance / provisions		4,398,900	2,639,790
Credit loss allowance /provisions and write offs - net		41,839	317,165
PROFIT BEFORE TAXATION		4,357,061	2,322,625
Taxation		2,163,210	1,015,754
PROFIT AFTER TAXATION		2,193,851	1,306,871

42.1 Due from Financial Institutions	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)					
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
	(Rupees in '000)							
By segment & type:								
Fair value through profit or loss								
Federal Government Securities								
Ijarah Sukuk	1,996,724	-	4,876	2,001,600	-	-	-	-
Naya Pakistan Certificates	3,641,543	-	-	3,641,543	-	-	-	-
Non Government Debt Securities	200,000	-	-	200,000	-	-	-	-
Sukuk - Unlisted	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	15,927,225	-	85,329	16,012,554	-	-	-	-
Sukuk - Unlisted	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	-	-	-	16,133,675	-	66,970	16,200,645	-
Sukuk - Unlisted	-	-	-	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	3,302,601	(63,730)	-	3,238,871	-	-	-	-
Sukuk - Unlisted	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	-	-	-	3,339,720	(69,517)	-	3,270,203	-
Sukuk - Unlisted	-	-	-	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)			December 31, 2023 (Audited)		
	Expected Credit Loss			Total	Specific	General
	Stage 1	Stage 2	Stage 3			Total
	(Rupees in '000)					
Sukuk - Unlisted	56	-	63,674	63,730	69,517	69,517

42.3 Islamic financing and related assets	(Un-audited)	(Audited)
	March 31, 2024	December 31, 2023
	----- (Rupees in '000) -----	
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 Services	4,518,496	4,532,146
Sugar	2,647,112	2,745,698
Technology and Related services	5,118,988	1,256,366
Textile	22,797	31,528
Transport, Storage and Communication	38,295,850	44,435,263
Wholesale and Retail Trade	7,451,434	7,468,667
Others	3,554,820	3,628,696
	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



**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2024**



Consolidated 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	186,677,387	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		<u>142,051,687</u>	<u>139,623,238</u>
REPRESENTED BY			
Share capital		15,771,651	15,771,651
Reserves		41,686,120	41,401,130
Surplus on revaluation of assets	23	14,510,284	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	<u>(321,167)</u>	<u>(294,665)</u>
		<u>142,051,687</u>	<u>139,623,238</u>
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



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.

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	7,488,598	8,094,407
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)
	7,488,598	8,094,407

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



Consolidated 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	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
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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
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Effect of translation of net investment in foreign branches

Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	4,323,358	-	-	-	-	-	4,323,358	-	4,323,358
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	(6,990,282)	-	-	-	(6,990,282)	-	(6,990,282)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	(8,961)	-	-	(8,961)	-	(8,961)
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)	-	-	-
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Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(21,881)	-	21,881	-	-	-
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64 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)
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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
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Changes in equity for nine months ended December 31, 2023

Profit after taxation	-	-	-	-	-	-	-	25,739,066	25,739,066	(423,396)	25,315,670
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Effect of translation of net investment in foreign branches

Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	(851,066)	-	-	-	-	-	(851,066)	-	(851,066)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	13,644,378	-	-	-	13,644,378	-	13,644,378
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)	-	-	-
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Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(103,541)	-	103,541	-	-	-
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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)
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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
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Impact of adoption of IFRS 9 - net of tax	-	-	-	-	5,002,695	-	-	(2,177,018)	2,825,677	-	2,825,677
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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
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Consolidated 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	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.



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	32 (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	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	<u>249,548,197</u>	<u>204,794,737</u>
Cash and cash equivalents at beginning of the period	(1,648,505)	(18,686,135)
Effects of exchange rate changes on cash and cash equivalents - (gain)	247,899,692	186,108,602
Cash and cash equivalents at end of the period	<u><u>224,304,311</u></u>	<u><u>217,118,619</u></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

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 (IFS). 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 policies. Associates as well as investment in mutual funds established under trust structure are accounted for using the equity method.

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

2.1.2 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 sukuk, 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 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	Measurement category	Carrying amount as at January 01, 2024
		Rupees in '000		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
			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	735,061,827	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&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 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:



	Impact due to				Reversal of provisions held	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 SPP1 assessments	Remeasurements			
ASSETS							
Cash and balances with treasury banks	202,632,303	-	-	-	-	202,667,913	Amortised cost
Balances with other banks	16,990,085	-	-	-	-	16,988,472	Amortised cost
Lending to financial institutions	119,554,109	(13,066)	-	-	-	119,541,043	Amortised cost
Investments							
- Classified as available for sale	1,620,900,202	-	(1,620,900,202)	-	-	-	FVOCI
- Classified as fair value through other comprehensive income	(48)	(48)	(121,989,074)	2,244,864	-	1,501,759,444	Amortised cost
- Classified as held to maturity	165,537,277	(165,537,277)	115,840,496	-	-	165,517,277	Amortised cost
- Classified as amortized cost	279,686,816	(279,686,816)	147,263,686	-	-	281,357,773	FVPL
- Classified as fair value through profit or loss	6,052,472	-	-	-	-	294,413,184	Outside the scope of IFRS 9
- Associates	-	-	-	-	-	6,052,472	Outside the scope of IFRS 9
- Subsidiary	-	-	-	-	-	-	-
	2,072,156,767	(48)	8,597,790	2,244,864	-	2,082,959,373	
Advances							
- Gross amount	777,298,564	-	-	-	-	777,298,564	Amortised cost
- Provisions	(42,236,737)	(4,087,143)	-	-	-	(46,323,880)	
	735,061,827	(4,087,143)	-	-	-	730,974,684	
Property and equipment							
Right-of-use assets	41,854,091	-	-	-	-	41,854,091	Outside the scope of IFRS 9
Intangible assets	19,966,957	-	-	-	-	19,966,957	Outside the scope of IFRS 9
Derivative asset	1,901,144	-	-	-	-	1,901,144	Outside the scope of IFRS 9
Other assets - financial assets	3,619,475	-	-	-	-	3,619,475	Outside the scope of IFRS 9
Other assets - non financial assets	125,447,855	(370,152)	-	-	-	125,077,703	Amortised cost
	10,943,984	(4,496,632)	8,597,790	2,244,864	-	10,945,984	Outside the scope of IFRS 9
	3,349,667,737	-	-	-	-	3,353,259,975	
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	805,501	-	-	-	63,814,635	Outside the scope of IFRS 9
Other liabilities - financial liabilities	85,683,289	805,501	-	-	-	86,973,990	Amortised cost
	3,200,044,959	-	-	-	-	3,210,650,050	
	139,623,238	(5,302,113)	8,597,790	2,244,864	-	142,448,915	
	15,771,651	-	-	-	-	15,771,651	Outside the scope of IFRS 9
Share capital	41,401,130	-	-	-	-	41,401,130	Outside the scope of IFRS 9
Reserves	11,272,770	-	7,712,019	-	-	18,984,789	Outside the scope of IFRS 9
Surplus on revaluation of assets - net of tax	71,472,352	(5,302,113)	885,598	-	-	66,955,837	Outside the scope of IFRS 9
Unappropriated profit	(294,665)	-	-	-	-	(294,665)	Outside the scope of IFRS 9
Non-controlling interest	-	-	-	-	-	-	Outside the scope of IFRS 9
	139,623,238	(5,302,113)	8,597,790	2,244,864	-	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>





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

9.1 Lending to Financial Institution- Particulars of credit loss allowance

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

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

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	-	-	-	-
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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
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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)	297,946	1,535,294,645	280,060,888	-	(374,072)	279,686,816
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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	-	-	-
- 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
	-	-	-	-	162,926,140	(3,070,978)	(5,290,960)	162,900,202
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

	March 31, 2024 (Un-audited)							
	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%	2,454,193	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)							
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
	<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	3,355,413	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	(92,760)	(972,804)
	(92,760)	(972,474)
Closing Balance	<u>2,784,217</u>	<u>3,355,413</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	1,088,474	192	-	-
Underperforming	-	-	-	-
Non-performing				
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	306,268	306,268	602,030	602,030
	<u>1,394,742</u>	<u>306,460</u>	<u>602,030</u>	<u>602,030</u>
Overseas				
Performing	89,022,460	124,296	70,747,537	116,563
Underperforming	14,490,425	2,219,626	14,715,017	2,355,129
Non-performing				
Stage 2	-	-	-	-
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.	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	716,147,276	739,664,556	37,170,165	37,634,008	753,317,441	777,298,564
Credit loss allowance / provision against advances						
- Stage 1	(2,936,370)	(25,670)	-	-	(2,936,370)	(25,670)
- Stage 2	(2,151,977)	-	-	-	(2,151,977)	-
- Stage 3	-	-	(32,481,382)	-	(32,481,382)	-
- Specific	-	-	(542,075)	(32,374,940)	(542,075)	(32,374,940)
- General	(8,158,501)	(9,836,127)	-	-	(8,158,501)	(9,836,127)
	(13,246,848)	(9,861,797)	(33,023,457)	(32,374,940)	(46,270,305)	(42,236,737)
Advances - net of credit loss allowance / provision	702,900,428	729,802,759	4,146,708	5,259,068	707,047,136	735,061,827

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/Cit/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		74,912,206	76,510,274
		<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	29,551,450	29,429,390	28,285,295	28,142,944
		36,452,708	32,481,382	36,965,768	31,884,623
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
		717,457	542,075	668,240	490,317
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)
	(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	32,481,382	542,075	8,158,501	46,270,305	32,374,940	9,861,797	42,236,737

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)		
	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
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	(49,444)	58,147	(8,703)	-	-	-	-	-	-
Transfer to stage 2	(9,138)	(93,855)	102,997	-	-	-	-	-	-
Transfer to stage 3	2,894	(5,454)	(259,379)	-	-	(261,939)	-	-	-
Changes in risk parameters	(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		675,115	516,744	625,227	464,629
Loss		-	410,501	-	490,317
General Provision		44,793,621	977,835	45,199,035	1,006,304
		753,317,441	46,270,305	777,298,564	42,236,737

12 PROPERTY AND EQUIPMENT

	March 31, 2024	December 31, 2023
Capital work-in-progress	12.1	4,341,622
Property and equipment	12.2	44,430,819
		<u>48,772,441</u>
		<u>48,772,441</u>
		<u>3,525,139</u>
		<u>3,525,139</u>
		<u>71,033</u>
		<u>7,103</u>
		<u>2,454,986</u>
		<u>1,428,420</u>
		<u>999,120</u>
		<u>195,447</u>
		<u>71,033</u>
		<u>4,341,622</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	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
	7,146,700	1,099,103
Total additions to property and equipment	<u>7,963,183</u>	<u>1,555,378</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>

(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	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.





15 DEFERRED TAX ASSETS

Note **(Un-audited)** **(Audited)**
March 31, **December 31,**
2024 **2023**
------(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	-
	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	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	26.1	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		5,556,718	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		833,637	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)	(4,619,037)
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	172,321
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).

	(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	127,986	1,519,024
Reversals for the period / year	(97,149)	(83,100)
	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
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
	<u>464,322,085</u>	<u>814,000,265</u>

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
- Karandaa 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
	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	4,353,383	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
	187,399,013	8,310,881	195,709,894	256,501,026	8,943,504	265,444,530
	1,757,412,802	284,930,403	2,042,343,205	1,809,277,343	275,663,914	2,084,941,257

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

20 LEASE LIABILITIES

Note	(Un-audited)	(Audited)
	March 31, 2024	December 31, 2023
	----- (Rupees in '000) -----	
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	<p>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.</p> <p>Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.</p>
Lock-in-clause	<p>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.</p>
Loss absorbency clause	<p>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.</p>
Call option	<p>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.</p>

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	<p>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.</p> <p>Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.</p>
Lock-in-clause	<p>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.</p>
Loss absorbency clause	<p>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.</p>
Call option	<p>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.</p>





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.

23 SURPLUS ON REVALUATION OF ASSETS

(Deficit) / surplus on revaluation of:

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Available for sale securities
- Securities measured at FVOCI - equity associates
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

Note	(Un-audited) March 31, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
	(1,871,704)	-
	2,834,972	-
10.1	-	(5,290,960)
	8,162	8,639
	12,660,021	12,682,139
	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
- Securities measured at FVOCI - equity
- Available for sale securities
- Securities measured at FVOCI - equity associates
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

	917,135	-
	(1,389,136)	-
	-	2,592,570
	(3,999)	(4,233)
	(603,520)	(593,695)
	(76,604)	(85,595)
	(1,156,124)	1,909,047

Derivatives (deficit) / surplus

Less: Deferred tax asset / (liability) on derivative

	(3,688,205)	(3,512,910)
	1,807,220	1,721,326
	(1,880,985)	(1,791,584)
	14,510,284	11,272,770

24 NON-CONTROLLING INTEREST

Name	Principal activity	Principal place of Business	(Un-audited) March 31, 2024	(Audited) December 31, 2023
			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) March 31, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
Assets	2,434,092	1,482,410
Liabilities	3,290,541	2,268,182
Net Assets	(856,449)	(785,772)

Non-Controlling Interest (NCI)

	(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	(65,308)	(2,242)
Loss after tax	(70,673)	(4,538)
Other Comprehensive (loss) / income	(70,673)	(4,538)

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	(604,965)	(384,886)





	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>

	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;	43,767,753
Financial assets measured at fair value through OCI	70,690,334
Financial assets measured at fair value through P/L	14,194,035
	<u>128,652,122</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>

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28.1 Interest expense calculated using effective interest rate method

Other financial liabilities	<u>97,866,549</u>
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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 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	83,834
Unrealised - Measured at FVPL	10.1	(715,322)	-
Unrealised loss - held for trading		-	(396,293)
Unrealised loss on trading liabilities - net		(2,398)	-
		<u>65,723</u>	<u>(312,459)</u>
31.1 Realised gain / (loss) on:			
Federal Government Securities		672,174	240,324
Shares		8,531	(420,193)
Foreign Securities		102,738	263,703
		<u>783,443</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	
		(485,542)	
Net gain / (loss) on financial assets measured at FVOCI - Debt		551,265	
		<u>65,723</u>	
32 OTHER INCOME			
Rent on property		8,719	7,328
Gain on sale of property and equipment - net		3,687	29,085
Gain on sale of non banking assets - net	32.1	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>64,201</u>
33 OPERATING EXPENSES			
Total compensation expense	33.1	8,907,379	7,214,673
Property expense			
Rates and taxes		45,048	32,515
Utilities cost		829,122	445,462
Security (including guards)		346,383	247,898
Repair and maintenance (including janitorial charges)		445,742	244,958
Depreciation on right-of-use assets		929,968	765,866
Depreciation on non-banking assets acquired in satisfaction of claims		4,298	1,232
Depreciation on owned assets		229,618	202,228
		2,830,179	1,940,159
Information technology expenses			
Software maintenance		796,953	430,155
Hardware maintenance		178,244	260,531
Depreciation		313,082	257,417
Amortisation		86,535	78,258
Network charges		179,350	144,637
Consultancy and support services		40,403	15,575
		1,594,567	1,186,573
Balance carried forward		<u>13,332,125</u>	<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>

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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
----- (Rupees in '000) -----			
35 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		208,643	10,973
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)
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.

	(Un-audited) Quarter ended	
	March 31, 2024	March 31, 2023
----- (Rupees in '000) -----		
38 BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period attributable to equity holders of the Holding Company	9,954,444	10,772,393
	----- (Number of shares in '000) -----	
Weighted average number of ordinary shares	1,577,165	1,577,165
	----- (Rupees) -----	
Basic and diluted earnings per share	6.31	6.83

- 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
	------(Rupees in '000)-----			
On balance sheet financial instruments				
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	-	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)			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
- Federal government securities	-	1,802,801,728	-	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)							Total	
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries		Others*
	(Rupees in '000)								
Consolidated Profit & loss account									
Net mark-up / return / profit	(28,877,174)	3,098,207	8,128,075	47,250,100	(2,199)	1,975,211	(54,166)	(732,544)	-
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)
Total income	23,063,863	6,134,384	8,406,475	(1,241,111)	2,392,568	2,791,088	79,273	198,670	(2,964,454)
Segment direct expenses	7,528,523	180,017	2,964,537	255,801	733,403	1,033,418	144,581	6,320,196	(2,252)
Inter segment expense allocation	3,948,317	447,596	1,335,452	189,204	141,462	-	-	(6,292,069)	(340,514)
Total expenses	11,476,840	627,613	4,299,989	445,005	1,303,955	1,174,880	144,581	28,127	(342,766)
Credit loss allowance / provision / (reversals)	(88,527)	109,181	41,839	(65,323)	5,144	(14,739)	-	-	-
Profit / (loss) before tax	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)

Consolidated Statement of Financial Position

	As at March 31, 2024 (Un-audited)							Total	
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Subsidiaries		Others*
	(Rupees in '000)								
Consolidated Statement of Financial Position									
Cash & bank balances	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)
Investments	108,709,504	17,344,169	37,870,182	-	830,288	46,239,665	2,286,833	-	(1,358,006)
Net inter segment lending	-	3,909,787	232,434,615	1,448,901,873	-	125,018,544	16,841	6,786,999	(1,153,438,508)
Lendings to financial institutions	968,513,472	87,004,766	-	-	11,744,330	-	-	86,175,940	(26,141,279)
Advances - performing	199,162,887	287,763,269	21,020,384	15,611,369	-	9,227,398	6,144	-	(987,756)
Advances - non-performing	2,054,966	1,233,710	156,160,411	-	131,104	42,208,194	-	18,456,175	702,900,428
Others	31,097,010	35,363,835	49,415,064	67,200,126	3,088	(17,583,487)	1,171,279	63,743,994	(103,882)
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)
Borrowings	22,860,500	88,658,200	37,572,930	422,310,128	-	37,520,694	2,083,679	-	(28,438,278)
Subordinated debt	-	-	-	-	-	-	-	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	(78,849)
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	1,253,406	24,131,753	26,221
Total liabilities	1,309,547,839	432,620,016	494,102,365	1,550,824,143	14,322,377	204,753,896	3,337,085	38,144,311	(1,182,029,431)
Net assets	-	-	3,380,766	889,225	-	531,801	144,012	137,105,883	-
Equity including Non-controlling interest	127,744,963	234,891,669	70,871,566	349,324,461	76,006	63,412,992	548,216	4,441,319	-
Contingencies & Commitments	-	-	-	-	-	-	-	-	-

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.

Deposits and other accounts

	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
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)	(252,256,966)	(57,064,344)	(822,295)	(3,686,772)	(826,225,846)	(311,950,193)
Transfer in / (out) - net	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-

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

	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	435	8,174	-	152,496	398	5,387	-	35,491
Mark-up / return / interest earned	-	-	-	1,964	-	-	30,372	1,605
Fee and commission income	-	-	75,920	-	-	-	66,000	11,464
Dividend income	-	-	105,000	115,692	-	-	-	(2,182)
Gain / (loss) on sale of securities	-	4	-	-	-	1	-	-
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	50,800	-	-	-	40,977	-	-	-
Directors fee	239,373	842,068	-	67,709	172,907	584,118	-	-
Managerial remuneration	-	-	-	151,780	-	-	-	82,546
Software maintenance	-	-	-	167,824	-	-	-	42,966
Communication cost	-	-	-	213,652	-	-	-	116,750
Charge for defined benefit plan	-	-	-	416	-	-	-	179,206
Contribution to defined contribution plan	-	-	-	-	-	-	-	163
Others	-	-	-	-	-	-	-	-

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	-





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

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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





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