

هَذَا مِنْ فَضْلِ رَبِّي



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CORPORATE INFORMATION

Board of Directors	Abbas D. Habib Adnan Afridi Anwar Haji Karim Arshad Nasar Farhana Mowjee Khan Javed Iqbal Mohammad Rafiquddin Mehkari Murtaza H. Habib Qumail R. Habib Syed Mazhar Abbas	<i>Chairman</i> <i>Executive Director</i>
	Mansoor Ali Khan	<i>Chief Executive</i>
Audit Committee	Mohammad Rafiquddin Mehkari Anwar Haji Karim Arshad Nasar Farhana Mowjee Khan Syed Mazhar Abbas	<i>Chairman</i> Member Member Member Member
Human Resource & Remuneration Committee	Arshad Nasar Abbas D. Habib Farhana Mowjee Khan Murtaza H. Habib Syed Mazhar Abbas	<i>Chairman</i> Member Member Member Member
Credit Risk Management Committee	Syed Mazhar Abbas Arshad Nasar Mohammad Rafiquddin Mehkari Murtaza H. Habib Qumail R. Habib	<i>Chairman</i> Member Member Member Member
Risk Management Committee	Adnan Afridi Anwar Haji Karim Farhana Mowjee Khan Mohammad Rafiquddin Mehkari Qumail R. Habib	<i>Chairman</i> Member Member Member Member
IT Committee	Abbas D. Habib Arshad Nasar Javed Iqbal Qumail R. Habib Mansoor Ali Khan	<i>Chairman</i> Member Member Member Member
IFRS 9 Committee	Arshad Nasar Farhana Mowjee Khan Qumail R. Habib	<i>Chairman</i> Member Member
Company Secretary	Mohammad Taqi Lakhani	



Chief Financial Officer	Ashar Husain
Statutory Auditors	EY Ford Rhodes Chartered Accountants
Legal Advisor	LMA Ebrahim Hosain Barristers, Advocates & Corporate Legal Consultants
Registered Office	126-C, Old Bahawalpur Road, Multan
Principal Office	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi
Share Registrar	CDC Share Registrar Services Limited CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400.
Website	www.bankalhabib.com



DIRECTORS' REVIEW

It is our pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited and AL Habib Asset Management Limited for the quarter ended March 31, 2023.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 1,726.9 billion as compared to Rs. 1,568.1 billion on December 31, 2022. In the same period, advances increased to Rs. 879.3 billion from Rs. 813.5 billion, while investments decreased to Rs. 1,134.9 billion from Rs. 1,158.5 billion. The pre-tax profit of the Bank for the quarter ended March 31, 2023 was Rs. 16.56 billion as compared to Rs. 8.18 billion during the corresponding period last year. The profit after tax for the quarter ended March 31, 2023 was Rs. 10.54 billion compared with Rs. 4.96 billion during 2022.

By the Grace of Allah, the Bank now has a network of 1,085 offices, comprising 1,052 branches, 29 sub-branches, and 4 Representative Offices. Our branch network includes 178 Islamic Banking Branches and 2 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2023.

Alhamdulillah, Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term entity and short term entity ratings at **AAA** (Triple A) and **A1+** (A One plus), respectively. This long term credit rating **AAA** (Triple A) denotes the highest credit quality with the lowest expectation of credit risk, and indicates exceptionally strong capacity for timely payment of financial commitments.

The ratings of our unsecured, subordinated Term Finance Certificates (TFCs) are **AAA** (Triple A) for TFC-2018, TFC-2021 and TFC-2022, and **AA+** (Double A plus) for TFC-2017 (perpetual) and TFC-2022 (perpetual). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

We wish to thank our customers, for their continued trust and support, local & foreign correspondents for their confidence and cooperation, and the State Bank of Pakistan for their guidance. We also thank all our staff members for their sincerity, dedication and hard work.

Mansoor Ali Khan
Chief Executive

Abbas D. Habib
Chairman
Board of Directors

Karachi: April 19, 2023



ڈائریکٹرز کا جائزہ

ہمارے لئے یہ باعث مسرت ہے کہ ہم 31 مارچ 2023 کو ختم ہونے والی سہ ماہی کے لئے بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مالی حسابات مع بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات بشمول بینک کی ذیلی کمپنیز الحیب کیمپبل مارکیٹس (پرائیویٹ) لمیٹڈ اور الحیب ایسٹ منجمنٹ لمیٹڈ پیش کریں۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ 31 مارچ 2023 کو ختم ہونے والی سہ ماہی میں ڈپازٹس بڑھ کر 1,726.9 بلین روپے ہو گئے، جو کہ 31 دسمبر 2022 کو 1,568.1 بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز 813.5 بلین روپے سے بڑھ کر 879.3 بلین روپے ہو گئے اور سرمایہ کاری 1,158.5 بلین روپے سے کم ہو کر 1,134.9 بلین روپے ہو گئی۔ 31 مارچ 2023 کو ختم ہونے والی سہ ماہی کے لئے آپ کے بینک کا قبل ازینکس منافع 16.56 بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ 8.18 بلین روپے تھا۔ بینک کا بعد ازینکس منافع 31 مارچ 2023 کو ختم ہونے والی مدت کے لئے 10.54 بلین روپے رہا جبکہ گزشتہ سال یہ 4.96 بلین روپے تھا۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا نیٹ ورک اب 1,085 دفاتر پر مشتمل ہے، جس میں 1,052 برانچز، 29 ذیلی برانچز اور 4 نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب 178 اسلامی بینکاری برانچز اور 2 بیرون ملک برانچز شامل ہیں۔ برانچز میں اضافہ کی اپنی پالیسی پر کاربند رہتے ہوئے ہم سال 2023 میں بھی مزید برانچز کھولنے کا ارادہ رکھتے ہیں۔

الحمد للہ، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے طویل مدت کے لئے بینک کی ریٹنگ AAA (ٹرپل اے) اور مختصر مدت کے لئے AA+ (اے ون پلس) برقرار رکھی ہیں۔ یہ طویل مدتی کریڈٹ ریٹنگ AAA (ٹرپل اے) بینک کے بہترین کریڈٹ کے معیار، کم ترین کریڈٹ رسک کی توقع اور بروقت مالی ذمہ داریوں سے عہدہ براء ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔

ہمارے انسٹیٹیوٹ، سہ ماہی بینڈ ٹرم فنانس سرٹیفکیٹس کی ریٹنگ AAA (ٹرپل اے) برائے TFC-2018، TFC-2021 اور TFC-2022 اور AA+ (ڈبل اے پلس) برائے TFC-2017 (پریچپول) اور TFC-2022 (پریچپول) ہیں۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔

ہم اپنے کسٹمرز کے مسلسل اعتماد اور تائید، مقامی و غیر ملکی مالیاتی اداروں کے گھرو سے اور تعاون، اور اسٹیٹ بینک آف پاکستان کے ان کی رہنمائی پر، بے حد مشکور ہیں۔ ہم اپنے تمام اسٹاف ممبران کا بھی ان کے خلوص، لگن اور انتھک محنت پر ان کا شکریہ ادا کرتے ہیں۔

عباس ڈی۔ حبیب
چیئرمین
بورڈ آف ڈائریکٹرز

منصور علی خان
چیف ایگزیکٹو

کراچی: 19 اپریل 2023ء



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	(Un-audited) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
ASSETS			
Cash and balances with treasury banks	6	132,408,550	94,163,585
Balances with other banks	7	25,062,836	15,067,261
Lendings to financial institutions	8	104,800,915	15,568,607
Investments	9	1,134,932,542	1,158,520,697
Advances	10	879,303,642	813,534,790
Fixed assets	11	62,334,130	62,075,079
Intangible assets	12	287,879	364,466
Deferred tax assets	13	16,948,221	9,680,840
Other assets	14	115,366,672	103,092,411
		2,471,445,387	2,272,067,736
LIABILITIES			
Bills payable	16	31,973,666	44,855,837
Borrowings	17	480,796,566	418,989,460
Deposits and other accounts	18	1,726,897,138	1,568,138,055
Liabilities against assets subject to finance lease		–	–
Subordinated debt	19	29,990,600	29,991,600
Deferred tax liabilities		–	–
Other liabilities	20	112,251,419	114,850,833
		2,381,909,389	2,176,825,785
NET ASSETS		89,535,998	95,241,951
REPRESENTED BY			
Share capital		11,114,254	11,114,254
Reserves		25,716,693	24,391,414
(Deficit) / surplus on revaluation of assets	21	(7,857,916)	897,685
Unappropriated profit		60,562,967	58,838,598
		89,535,998	95,241,951
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

	Note	Three months period ended	
		31 March 2023	31 March 2022
(Rupees in '000)			
Mark-up / return / interest earned	24	74,805,175	34,195,584
Mark-up / return / interest expensed	25	(50,180,608)	(18,245,537)
Net mark-up / interest income		24,624,567	15,950,047
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	3,019,268	2,780,742
Dividend income		313,364	380,872
Foreign exchange income		2,698,027	585,043
Income / (loss) from derivatives		-	-
Gain on securities-net	27	24,515	185,550
Other income	28	247,150	226,721
Total non mark-up / interest income		6,302,324	4,158,928
Total income		30,926,891	20,108,975
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	(14,984,150)	(11,603,268)
Workers welfare fund		(337,899)	(167,033)
Other charges	30	(70)	(251)
Total non mark-up / interest expenses		(15,322,119)	(11,770,552)
Profit before provisions		15,604,772	8,338,423
Reversals / (provisions) and write offs-net	31	952,285	(153,785)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		16,557,057	8,184,638
Taxation	32	(6,017,723)	(3,221,589)
PROFIT AFTER TAXATION		10,539,334	4,963,049
(Rupees)			
Basic and diluted earnings per share	33	9.48	4.47

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

	Three months period ended	
	31 March 2023	31 March 2022
	(Rupees in '000)	
Profit after taxation for the period	10,539,334	4,963,049
Other comprehensive income		
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>		
Effect of translation of net investment in foreign branches	271,346	390,524
Movement in deficit on revaluation of investments-net of tax	(8,602,637)	(1,990,347)
	(8,331,291)	(1,599,823)
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>		
Movement in (deficit) / surplus on revaluation of operating fixed assets-net of tax	(134,018)	74,632
Total comprehensive income	2,074,025	3,437,858

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves Special Reserve	General Reserve	Surplus / (deficit) on revaluation of Investments	Fixed / Non Banking Assets	Unappropriated Profit	Total
	(Rupees in '000)								
Balance as at 01 January 2022	11,114,254	17,511,051	2,478,915	126,500	540,000	(658,441)	7,104,700	51,798,069	90,015,048
Comprehensive income for the three months period ended 31 March 2022:									
Profit after taxation	-	-	390,524	-	-	(1,990,347)	74,632	4,963,049	4,963,049
Other comprehensive income-net of tax	-	-	-	-	-	-	-	-	(1,525,191)
Total comprehensive income for the period	-	-	390,524	-	-	(1,990,347)	74,632	4,963,049	3,437,858
Transfer to statutory reserve	-	496,305	-	-	-	-	-	(496,305)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(30,118)	30,118	-
Transaction with owners, recorded directly in equity									
Cash dividend (Rs. 7 per share)	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)
Balance as at 31 March 2022-unaudited	11,114,254	18,007,356	2,869,439	126,500	540,000	(2,648,788)	7,149,214	48,514,953	85,672,928
Comprehensive income for the nine months period ended 31 December 2022:									
Profit after taxation	-	-	1,687,401	-	-	(2,978,782)	(541,505)	11,607,180	11,607,180
Other comprehensive income-net of tax	-	-	-	-	-	-	-	(205,271)	(2,038,157)
Total comprehensive income for the period	-	-	1,687,401	-	-	(2,978,782)	(541,505)	11,401,909	9,569,023
Transfer to statutory reserve	-	1,160,718	-	-	-	-	-	(1,160,718)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(82,454)	82,454	-
Balance as at 31 December 2022-audited	11,114,254	19,168,074	4,556,840	126,500	540,000	(5,627,570)	6,525,255	58,838,598	95,241,951
Comprehensive income for the three months period ended 31 March 2023:									
Profit after taxation	-	-	271,346	-	-	(8,602,637)	(134,018)	10,539,334	10,539,334
Other comprehensive income-net of tax	-	-	-	-	-	-	-	-	(8,465,309)
Total comprehensive income for the period	-	-	271,346	-	-	(8,602,637)	(134,018)	10,539,334	2,074,025
Transfer to statutory reserve	-	1,053,933	-	-	-	-	-	(1,053,933)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(18,946)	18,946	-
Transaction with owners, recorded directly in equity									
Cash dividend (Rs. 7 per share)	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)
Balance as at 31 March 2023-unaudited	11,114,254	20,222,007	4,828,186	126,500	540,000	(14,230,207)	6,372,291	60,562,967	89,535,998

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

	31 March 2023	31 March 2022
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,557,057	8,184,638
Less: Dividend income	(313,364)	(380,872)
	16,243,693	7,803,766
Adjustments:		
Depreciation	1,009,289	831,527
Depreciation on right-of-use assets	556,674	516,579
Amortisation	76,587	60,256
(Reversals) / provisions and write-offs-net	(952,276)	153,785
Gain on sale of fixed assets-net	(142,356)	(130,451)
Charge for defined benefit plan	207,000	148,000
Gain on securities-net	(24,515)	(185,550)
Charge for compensated absences	60,790	60,464
Mark-up expense on lease liability against right-of-use assets	364,157	305,981
	1,155,350	1,760,591
	17,399,043	9,564,357
(Increase) / decrease in operating assets		
Lendings to financial institutions	(89,232,308)	(7,668,215)
Held-for-trading securities	96,639	(25,482)
Advances	(65,788,482)	(13,562,920)
Other assets	(12,174,954)	(7,522,014)
	(167,099,105)	(28,778,631)
(Decrease) / increase in operating liabilities		
Bills payable	(12,882,171)	(617,429)
Borrowings from financial institutions	62,295,369	(89,059,968)
Deposits	158,759,083	57,686,044
Other liabilities (excluding current taxation)	(1,092,225)	5,170,354
	207,080,056	(26,820,999)
	57,379,994	(46,035,273)
Income tax paid	(8,512,762)	(3,028,473)
Net cash flow generated from / (used in) operating activities	48,867,232	(49,063,746)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	12,458,282	69,428,136
Net investments in held to maturity securities	(3,062,147)	1,258,119
Net investments in associates	-	(678,745)
Dividends received	211,947	308,641
Investments in operating fixed assets	(1,589,821)	(2,138,636)
Proceeds from sale of fixed assets	149,957	129,094
Exchange differences on translation of net investment in foreign branches	271,346	390,524
Net cash flow generated from investing activities	8,439,564	68,697,133
CASH FLOW FROM FINANCING ACTIVITIES		
(Payments) / receipts of subordinated debt-net	(1,000)	4,541,000
Dividend paid	(7,637,350)	(7,632,865)
Payment against lease liabilities	(939,643)	(800,017)
Net cash used in financing activities	(8,577,993)	(3,891,882)
Increase in cash and cash equivalents	48,728,803	15,741,505
Cash and cash equivalents at beginning of the period	108,736,601	124,979,088
Cash and cash equivalents at end of the period	157,465,404	140,720,593

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,052 branches (31 December 2022: 1,050 branches), 29 sub - branches (31 December 2022: 29 sub - branches), 04 representative offices (31 December 2022: 04 representative offices) and 09 booths (31 December 2022: 09 booths). The branch network of the Bank includes 02 overseas branches (31 December 2022: 02 overseas branches) and 178 Islamic Banking branches (31 December 2022: 178 Islamic Banking branches).

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.

2.2 Key financial information of the Islamic Banking branches is disclosed in note 39 to these unconsolidated condensed interim financial statements.

2.3 These are separate financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

2.4 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- IFAS issued by 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 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 SBP and SECP differ with the requirements of the IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BPRD Circular Letter No. 05, dated 22 March 2019 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. They do not include all the information required in the annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2022. Further, SBP vide its BPRD Circular Letter No. 07 of 2023 dated 13 April 2023 deferred the applicability of new format of annual and interim financial statement for the banks issued through BPRD Circular No. 02 of 2023 dated 09 February 2023.

SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Further, SBP vide its BPRD Circular Letter No. 07 of 2023 dated 13 April 2023 directed the banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2024. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars. In case of overseas branches, IFRS 9 / respective foreign regulatory requirements are considered for recording, classification and valuation of investment.

SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these unconsolidated condensed interim financial statements.

IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.



3. ACCOUNTING POLICY

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2022.

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

There are certain new and amended standards that became effective during the period. However, these are considered either not to be relevant or not to have any significant impact on the Bank's unconsolidated condensed interim financial statements.

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

SBP vide its BPRD Circular Letter No. 07 of 2023 dated 13 April 2023 has extended the implementation date of IFRS 9 to 01 January 2024.

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that are not effective in the current period. These are considered not to have any significant impact on these unconsolidated condensed interim financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2022.

5. FINANCIAL RISK MANAGEMENT

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



	(Un-audited) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	36,601,221	26,172,039
Foreign currencies	4,061,586	1,703,466
	40,662,807	27,875,505
In transit:		
Local currency	987,470	291,878
Foreign currencies	235,939	-
	1,223,409	291,878
With State Bank of Pakistan in:		
Local currency current accounts	61,349,435	53,502,052
Local currency current accounts-Islamic Banking	7,353,224	6,348,266
Foreign currency deposit accounts		
Cash reserve account	5,533,942	4,641,833
Cash reserve / special cash reserve account		
- Islamic Banking	924,027	612,722
Special cash reserve account	11,067,884	-
Local collection account	489,370	552,306
	86,717,882	65,657,179
With National Bank of Pakistan in:		
Local currency current accounts	3,525,535	189,343
Prize bonds	278,917	149,680
	132,408,550	94,163,585
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	136,128	91,742
In deposit accounts	665,085	598,867
	801,213	690,609
Outside Pakistan:		
In current accounts	9,608,014	2,692,451
In deposit accounts	14,653,619	11,684,220
	24,261,633	14,376,671
	25,062,846	15,067,280
Less: impairment against IFRS 9 in overseas branches	(10)	(19)
	25,062,836	15,067,261
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)		
Pakistan Investment Bonds	99,857,900	-
Market Treasury Bills	4,943,015	15,568,607
	104,800,915	15,568,607



9. INVESTMENTS

□	Note □	31 March 2023 (Un-audited)				31 December 2022 (Audited)			
		Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying Value
(Rupees in '000)									
9.1 Investments by type:									
Held-for-trading securities									
	Shares	-	-	-	-	99,950	-	419	100,369
Available-for-sale securities									
	Federal Government Securities	934,704,064	(5,423,232)	(26,343,502)	902,937,330	945,653,158	(4,841,980)	(10,777,066)	930,034,112
	Shares	4,471,338	(1,846,174)	271,167	2,896,331	4,579,881	(1,889,990)	419,533	3,109,424
	Non Government Debt Securities	30,617,366	-	(87,379)	30,529,987	30,742,543	-	(87,440)	30,655,103
	Foreign Securities	8,941,016	(4,150,406)	82,594	4,873,204	7,476,045	(3,314,354)	(43,536)	4,118,155
	Units of Mutual Funds	3,226,022	(365,225)	1,111,845	3,972,642	3,226,022	(365,225)	615,580	3,476,377
		981,959,806	(11,785,037)	(24,965,275)	945,209,494	991,677,649	(10,411,549)	(9,872,929)	971,393,171
Held-to-maturity securities									
	Federal Government Securities	185,295,248	(1,901,484)	-	183,393,764	182,266,360	(1,739,320)	-	180,527,040
	Foreign Securities	1,846,120	(1,014,739)	-	831,381	1,812,862	(810,648)	-	1,002,214
	Other	4,481	(4,481)	-	-	4,481	(4,481)	-	-
		187,145,849	(2,920,704)	-	184,225,145	184,083,703	(2,554,449)	-	181,529,254
	Associates	4,614,653	-	-	4,614,653	4,614,653	-	-	4,614,653
	Subsidiaries	883,250	-	-	883,250	883,250	-	-	883,250
	Total Investments	1,174,603,558	(14,705,741)	(24,965,275)	1,134,932,542	1,181,359,205	(12,965,998)	(9,872,510)	1,158,520,697



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

9.1.1 Investments given as collateral

Market Treasury Bills	–	71,831,084
Pakistan Investment Bonds	295,732,000	154,644,300
	295,732,000	226,475,384

9.2 Provision for diminution in the value of investments

Opening balance	12,965,998	3,502,199
Exchange adjustments against IFRS 9 in overseas branches	2,712,193	512,063
Charge / (reversals):		
Charge for the period / year	13,204	148,660
(Reversal) / charge of impairment as per IFRS 9 in overseas branches for the period / year	(928,634)	8,843,517
Reversal on disposal during the period / year	(57,020)	(40,441)
	(972,450)	8,951,736
Closing Balance	14,705,741	12,965,998

9.3 The market value of securities classified as held to maturity at 31 March 2023 amounted to Rs. 169,364 million (31 December 2022: Rs. 170,599 million).



10. Advances

	Performing		Non Performing		Total	
	(Un-audited) 31 March 2023	(Audited) 31 December 2022	(Un-audited) 31 March 2023	(Audited) 31 December 2022	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	740,236,558	673,560,243	14,648,796	13,102,322	754,885,354	686,662,565
Islamic financing and related assets	99,030,785	100,915,017	740,013	744,942	99,770,798	101,659,959
Bills discounted and purchased	43,792,176	42,148,012	502,862	874,021	44,295,038	43,022,033
Advances - gross	<u>883,059,519</u>	<u>816,623,272</u>	<u>15,891,671</u>	<u>14,721,285</u>	<u>898,951,190</u>	<u>831,344,557</u>
Provision against advances						
- Specific	-	-	13,488,235	11,606,594	13,488,235	11,606,594
- General as per regulations	360,890	410,890	-	-	360,890	410,890
- General	5,750,000	5,750,000	-	-	5,750,000	5,750,000
- As per IFRS 9 in overseas branches	48,423	42,283	-	-	48,423	42,283
	<u>6,159,313</u>	<u>6,203,173</u>	<u>13,488,235</u>	<u>11,606,594</u>	<u>19,647,548</u>	<u>17,809,767</u>
Advances - net of provision	<u>876,900,206</u>	<u>810,420,099</u>	<u>2,403,436</u>	<u>3,114,691</u>	<u>879,303,642</u>	<u>813,534,790</u>
					(Un-audited) 31 March 2023	(Audited) 31 December 2022
					(Rupees in '000)	
10.1 Particulars of advances (Gross)						
In local currency					788,695,796	732,956,629
In foreign currencies					110,255,394	98,387,928
					<u>898,951,190</u>	<u>831,344,557</u>



10.2 Advances include Rs. 15,891.671 million (31 December 2022: Rs. 14,721.285 million) which have been placed under non-performing status as detailed below:

Category of classification	31 March 2023 (Un-audited)		31 December 2022 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	249,417	7,117	65,333	917
Substandard	1,277,893	272,811	887,349	211,101
Doubtful	746,869	373,009	926,869	463,175
Loss	4,925,674	4,860,195	4,618,496	4,552,653
	<u>7,199,853</u>	<u>5,513,132</u>	<u>6,498,047</u>	<u>5,227,846</u>
Overseas				
Overdue by:				
Upto 90 days	5,486,781	4,770,066	5,650,414	3,805,924
181 to 365 days	45,484	45,484	43,612	43,612
> 365 days	3,159,553	3,159,553	2,529,212	2,529,212
	<u>8,691,818</u>	<u>7,975,103</u>	<u>8,223,238</u>	<u>6,378,748</u>
Total	<u>15,891,671</u>	<u>13,488,235</u>	<u>14,721,285</u>	<u>11,606,594</u>

10.3 Particulars of provision against advances

	31 March 2023 (Un-audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	11,606,594	6,203,173	17,809,767	6,494,129	6,596,182	13,090,311
Exchange adjustments	1,807,621	10,711	1,818,332	663,797	99,778	763,575
Charge for the period / year						
- Specific provision	724,496	-	724,496	7,771,780	-	7,771,780
- General provision as per regulations	-	(50,000)	(50,000)	-	41,500	41,500
- As per IFRS 9 in overseas branches	-	(4,571)	(4,571)	-	(534,287)	(534,287)
Reversals	(650,295)	-	(650,295)	(3,275,830)	-	(3,275,830)
	<u>74,201</u>	<u>(54,571)</u>	<u>19,630</u>	<u>4,495,950</u>	<u>(492,787)</u>	<u>4,003,163</u>
Amounts written off	(181)	-	(181)	(47,282)	-	(47,282)
Closing balance	<u>13,488,235</u>	<u>6,159,313</u>	<u>19,647,548</u>	<u>11,606,594</u>	<u>6,203,173</u>	<u>17,809,767</u>

10.3.1 In line with its prudent policies, the Bank also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 31 March 2023 amounts to Rs. 5,750 million (31 December 2022: Rs. 5,750 million).

10.3.2 For the purposes of determining provision against domestic non-performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against domestic non-performing advances.



	Note	(Un-audited) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
11. FIXED ASSETS			
Capital work-in-progress	11.1	3,353,988	3,175,654
Property and equipment		58,980,142	58,899,425
		<u>62,334,130</u>	<u>62,075,079</u>
11.1 Capital work-in-progress			
Civil works		1,339,332	1,173,278
Advance payment for purchase of equipments		707,593	228,417
Advance payment towards suppliers, contractors and property Consultants' fee and other charges		1,279,937	1,752,554
		27,126	21,405
		<u>3,353,988</u>	<u>3,175,654</u>
11.2 Additions to fixed assets			
The following additions have been made to operating fixed assets during the period:			
		(Un-audited) Three months period ended	
		31 March 2023	31 March 2022
		(Rupees in '000)	
Capital work-in-progress		1,171,749	1,172,859
Property and equipment			
Leasehold land		2,455	-
Building on leasehold land		163,983	16,724
Furniture and fixture		97,875	118,545
Electrical, office and computer equipment		370,728	897,704
Vehicles		530,849	215,852
Improvements to leasehold building		245,597	39,327
Right-of-use assets		309,130	1,009,760
		<u>1,720,617</u>	<u>2,297,912</u>
Total		<u>2,892,366</u>	<u>3,470,771</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		619	1,384
Electrical, office and computer equipment		1,736	1,802
Vehicles		11,928	1,260
Improvements to leasehold building		5,245	-
Right-of-use assets		69,471	-
Total		<u>88,999</u>	<u>4,446</u>



	Note	(Un-audited) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
12. INTANGIBLE ASSETS			
Computer software		<u>287,879</u>	<u>364,466</u>
		(Un-audited) Three months period ended	
		31 March 2023	31 March 2022
		(Rupees in '000)	
12.1 Additions to intangible assets			
Computer software-directly purchased		<u>—</u>	<u>5,305</u>
		(Un-audited) 31 March 2023	(Audited) 31 December 2022
		(Rupees in '000)	
13. DEFERRED TAX ASSET			
Deductible Temporary Differences on			
Provision against diminution in value of investments		6,321,592	5,573,505
Provision against loans and advances, off-balance sheet, etc.		2,083,809	2,131,285
Workers' welfare fund		1,805,261	1,659,964
Deficit on revaluation of available for sale investments		10,735,068	4,245,359
		<u>20,945,730</u>	<u>13,610,113</u>
Taxable Temporary Differences on			
Accelerated tax depreciation		(1,662,254)	(1,713,566)
Surplus on revaluation of fixed assets / non-banking assets		(2,335,255)	(2,215,527)
Surplus on revaluation of held for trading securities		—	(180)
		<u>(3,997,509)</u>	<u>(3,929,273)</u>
		<u>16,948,221</u>	<u>9,680,840</u>
14. OTHER ASSETS			
Income / mark-up accrued in local currency-net of provision		64,900,932	41,885,628
Income / mark-up accrued in foreign currencies-net of provision		1,889,208	1,221,831
Advances, deposits, advance rent and other prepayments		2,079,030	1,552,508
Non-banking assets acquired in satisfaction of claims		3,650,509	3,651,344
Mark to market gain on forward foreign exchange contracts		5,983,783	2,685,804
Acceptances		30,398,617	47,907,675
Stationery and stamps on hand		698,659	710,733
Receivable from SBP on encashment of Government Securities		156,070	169,240
Others		5,483,632	3,180,141
		<u>115,240,440</u>	<u>102,964,904</u>
Less: Provision held against other assets	14.1	<u>(8,406)</u>	<u>(8,101)</u>
Other Assets (net of provision)		<u>115,232,034</u>	<u>102,956,803</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>134,638</u>	<u>135,608</u>
Other Assets-total		<u>115,366,672</u>	<u>103,092,411</u>



	Note	(Un-audited) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	<u>8,406</u>	<u>8,101</u>
14.1.1 Movement in provision held against other assets			
Opening balance		8,101	7,497
Charge for the period / year		987	2,620
Reversals for the period / year		(626)	(1,672)
		361	948
Amount written off		(56)	(344)
Closing balance		<u>8,406</u>	<u>8,101</u>
15. CONTINGENT ASSETS			
There were no contingent assets of the Bank as at 31 March 2023 (31 December 2022: Nil).			
		(Un-audited) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
16. BILLS PAYABLE			
In Pakistan		<u>31,973,666</u>	<u>44,855,837</u>
17. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		80,701,452	88,423,421
Under renewable energy		16,671,320	17,089,222
Under long term financing for imported and locally manufactured plant and machinery		34,327,803	35,641,679
Under modernisation of small and medium enterprises		896,611	771,687
Under women entrepreneurship		27,163	29,253
Under financing facility for storage of agricultural produce		982,384	1,009,305
Under refinance scheme for payment of wages and salaries		1,649	544,994
Under refinance scheme for working capital financing of small enterprises and low-end medium enterprises		30,000	–
Under temporary economic refinance facility		38,976,404	39,132,557
Under refinance facility for combating COVID-19		175,798	188,889
		<u>172,790,584</u>	<u>182,831,007</u>
Repurchase agreement borrowings		<u>305,000,000</u>	<u>230,164,208</u>
Total secured		<u>477,790,584</u>	<u>412,995,215</u>
Unsecured			
Call borrowings		3,000,000	5,500,000
Overdrawn nostro accounts		5,982	494,245
Total unsecured		<u>3,005,982</u>	<u>5,994,245</u>
		<u>480,796,566</u>	<u>418,989,460</u>



18. DEPOSITS AND OTHER ACCOUNTS

	31 March 2023 (Un-audited)			31 December 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	□	□	(Rupees in '000) □			
Customers						
Current deposits	558,368,953	60,946,585	619,315,538	515,194,125	58,993,284	574,187,409
Savings deposits	451,036,476	54,645,834	505,682,310	402,129,430	51,436,347	453,565,777
Term deposits	219,068,384	61,921,165	280,989,549	225,036,480	48,657,036	273,693,516
Current deposits-remunerative	181,286,817	9,341,323	190,628,140	162,972,729	1,183,436	164,156,165
Others	36,351,701	17,093,776	53,445,477	36,607,996	12,203,992	48,811,988
	1,446,112,331	203,948,683	1,650,061,014	1,341,940,760	172,474,095	1,514,414,855
Financial institutions						
Current deposits	5,403,374	913,344	6,316,718	5,701,409	576,226	6,277,635
Savings deposits	17,004,960	29	17,004,989	21,876,618	22	21,876,640
Term deposits	454,568	404,403	858,971	727,223	293,228	1,020,451
Current deposits-remunerative	51,714,298	921,838	52,636,136	23,822,116	686,547	24,508,663
Others	19,310	-	19,310	39,811	-	39,811
	74,596,510	2,239,614	76,836,124	52,167,177	1,556,023	53,723,200
	1,520,708,841	206,188,297	1,726,897,138	1,394,107,937	174,030,118	1,568,138,055

		(Un-audited) 31 March 2023	(Audited) 31 December 2022
	Note	(Rupees in '000)	
19. SUBORDINATED DEBT - Unsecured			
Term Finance Certificates (TFCs) - VI	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII	19.2	3,993,600	3,993,600
Term Finance Certificates (TFCs) - VIII	19.3	4,997,000	4,998,000
Term Finance Certificates (TFCs) - IX	19.4	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X	19.5	7,000,000	7,000,000
		29,990,600	29,991,600



19.1 Term Finance Certificates - VI

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The Issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.2 Term Finance Certificates - VII

Issue amount	Rupees 4,000 million
Issue date	December 2018
Maturity date	December 2028
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.00% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



19.3 Term Finance Certificates - VIII

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 0.75% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.4 Term Finance Certificates - IX

Issue amount	Rupees 7,000 million
Issue date	April 2022
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap. The Issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



19.5 Term Finance Certificates - X

Issue amount	Rupees 7,000 million
Issue date	December 2022
Maturity date	December 2032
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.35% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

	(Un-audited) 31 March 2023	(Audited) 31 December 2022
Note	(Rupees in '000)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	10,279,605	7,727,692
Mark-up / return / interest payable in foreign currencies	598,122	380,651
Unearned commission income	776,820	692,150
Accrued expenses	4,323,512	3,284,380
Acceptances	30,398,617	47,907,675
Unclaimed / dividends payable	775,359	632,731
Mark to market loss on forward foreign exchange contracts	1,750,902	1,106,213
Branch adjustment account	979,811	1,343,949
Payable to defined benefit plan	1,583,804	1,376,805
Charity payable	33,571	23,820
Provision against off-balance sheet items	111,459	110,059
Security deposits against leases / ijarah	9,119,038	8,899,624
Provision for compensated absences	1,378,628	1,311,882
Other security deposits	1,235,523	878,993
Workers' welfare fund	4,198,281	3,860,382
Payable to SBP / NBP	9,872,375	4,581,075
Payable to supplier against murabaha	342,421	199,719
Insurance payable	645,455	683,385
Lease liability against right-of-use assets	13,879,451	14,213,811
Current taxation (payment less provisions)	718,194	2,301,542
ATM settlement account	7,311,496	3,059,347
Clearing and settlement account	6,021,749	6,564,374
Others	5,917,226	3,710,574
	112,251,419	114,850,833



	(Un-audited) 31 March 2023	(Audited) 31 December 2022
Note	(Rupees in '000)	
20.1 Provision against off-balance sheet obligations		
Opening balance	110,059	173,319
Exchange adjustment against IFRS 9 in overseas branches	1,217	21,866
Charge for the period / year	-	27,330
As per IFRS 9 in overseas branches	183	(109,073)
Reversals for the period / year	-	(3,383)
	183	(85,126)
Closing balance	111,459	110,059
21. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS		
(Deficit) / surplus on revaluation of:		
- Available for sale securities	9.1 (24,965,275)	(9,872,929)
- Fixed assets	8,643,254	8,675,522
- Non-banking assets acquired in satisfaction of claims	134,638	135,608
	(16,187,383)	(1,061,799)
Deferred tax on (deficit) / surplus on revaluation of:		
- Available for sale securities	(10,735,068)	(4,245,359)
- Fixed assets	2,346,874	2,226,730
- Non-banking assets acquired in satisfaction of claims	58,727	59,145
	(8,329,467)	(1,959,484)
	(7,857,916)	897,685
22. CONTINGENCIES AND COMMITMENTS		
Guarantees	22.1 168,879,344	164,254,110
Commitments	22.2 313,253,920	347,436,086
Other contingent liabilities	22.3 2,859,784	1,887,763
	484,993,048	513,577,959
22.1 Guarantees:		
Financial guarantees	25,224,999	24,753,930
Performance guarantees	143,654,345	139,500,180
	168,879,344	164,254,110
22.2 Commitments:		
Documentary credits and short term trade-related transactions		
- letters of credit	216,151,692	225,453,786
Commitments in respect of:		
- forward foreign exchange contracts	22.2.1 90,948,096	114,512,491
- forward lendings	22.2.2 4,870,312	6,328,518
Commitments for acquisition of:		
- Operating fixed assets	1,283,820	1,141,291
	313,253,920	347,436,086



	(Un-audited) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
22.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	59,076,518	78,111,679
Sale	<u>31,871,578</u>	<u>36,400,812</u>
	<u>90,948,096</u>	<u>114,512,491</u>
The maturities of above contracts are spread over the periods upto one year.		
22.2.2 Commitments in respect of forward lending	<u>4,870,312</u>	<u>6,328,518</u>
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) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
22.3 Claims against the Bank not acknowledged as debts	<u>2,859,784</u>	<u>1,887,763</u>

22.4 Other contingent liabilities

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2021 (Tax Year 2022) including Azad Kashmir and Gilgit Baltistan operations. The income tax assessments of the Bank (including Azad Kashmir operations) have been finalized upto and including tax year 2020. Tax year 2021 has been finalized for Azad Kashmir operations only.

Matters of disagreement exist between the Bank and tax authorities for various tax years and are pending with the Commissioner Inland Revenue (Appeals) and Income Tax Appellate Tribunal (ITAT). These issues mainly relate to addition of general provision (specific), reversal of provision for non-performing loans, charge for defined benefit plan and provision for compensated absences.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) passed an amended order u/s. 122(5A) of the Income Tax Ordinance, 2001 resulting in an impact of Rs. 482.233 million. Subsequently, Commissioner Inland Revenue (Appeals) has passed order by allowing Rs. 134.616 million resulting in an aggregate net tax impact of Rs. 347.617 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.

Commissioner Inland Revenue (Appeals) passed an appellate order against Deputy Commissioner Inland Revenue (DCIR) order for Tax Year 2014 (Accounting Year 2013) by allowing certain expenses resulting in an impact of Rs. 25.300 million and remanded back certain expenses to DCIR. The resulted aggregate net tax impact stands at Rs. 125.469 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2015 (Accounting Year 2014) by allowing certain expenses and remanded back to ACIR for other matters. During the year certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 154.201 million. The resulted aggregate net tax impact stands at Rs. 147.655 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.



Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2016 (Accounting Year 2015) by allowing certain expenses and remanded back to ACIR for other matters. During the year certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 224.625 million. The resulted aggregate net tax impact stands at Rs. 80.557 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2018 (Accounting Year 2017) by allowing certain expenses resulting in an impact of Rs. 65.722 million. The resulted aggregate net tax impact stands at Rs. 194.376 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2019 (Accounting Year 2018) by disallowing certain expenses resulting in an impact of Rs. 173.799 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2020 (Accounting Year 2019) by disallowing certain expenses resulting in an impact of Rs. 873.437 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Commissioner Inland Revenue (Appeals) has remanded back the order of Deputy Commissioner Inland Revenue (DCIR) against Federal Excise Duty levy on certain items for the period January 2013 to December 2015. The resulted aggregate net tax impact stands at Rs. 80.766 million.

Deputy Commissioner Inland Revenue (DCIR) has passed order against Federal Excise Duty levy on certain items for the period from January 2018 to December 2019. The resulted aggregate net tax impact stands at Rs. 17.524 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Commissioner (HQ), Punjab Revenue Authority has passed order for the period from January to December 2016 levying Punjab Sales Tax on services on certain items resulting in an impact of Rs. 112.641 million. Appellate Tribunal – Punjab Revenue Authority has remanded back the order of Commissioner (HQ), Punjab Revenue Authority.

Commissioner Inland Revenue (Appeals) has passed orders for tax years 2009 and 2011 confirming disallowance of provision for non-performing loans, other provisions and amortization of intangible assets having an aggregate tax impact of Rs. 15.372 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.

Commissioner Inland Revenue (Appeals), Mirpur AJ&K has annulled the amendments made by Assistant Commissioner Inland Revenue, Mirpur AJ&K for Tax Year 2014 to 2018. This resulted in a favorable aggregate net tax impact of Rs. 93.443 million.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2019 by disallowing certain expenses resulting in an impact of Rs. 92.311 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2020 by disallowing certain expenses resulting in an impact of Rs. 6.608 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2021 by disallowing certain expenses resulting in an impact of Rs. 7.031 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.



23. DERIVATIVE INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business. As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded in the statement of financial position under "other assets / other liabilities". These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter - bank foreign exchange market.

23.1 Product Analysis

Counter Parties	31 March 2023 (Un-audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal (Rupees in '000)	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
Banks						
Hedging	7,410,154	(227,570)	45,155,348	(395,929)	52,565,502	(623,499)
Other Entities						
Hedging	38,382,594	4,856,380	-	-	38,382,594	4,856,380
Total						
Hedging	<u>45,792,748</u>	<u>4,628,810</u>	<u>45,155,348</u>	<u>(395,929)</u>	<u>90,948,096</u>	<u>4,232,881</u>
	31 December 2022 (Audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal (Rupees in '000)	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
Banks						
Hedging	6,657,489	(79,494)	57,727,922	472,630	64,385,411	393,136
Other Entities						
Hedging	50,127,080	1,186,455	-	-	50,127,080	1,186,455
Total						
Hedging	<u>56,784,569</u>	<u>1,106,961</u>	<u>57,727,922</u>	<u>472,630</u>	<u>114,512,491</u>	<u>1,579,591</u>



23.2 Maturity Analysis

31 March 2023 (Un-audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	259	28,497,074	(531,764)	1,887,806	1,356,042
1 to 3 months	288	32,366,978	(358,023)	2,312,782	1,954,759
3 to 6 months	209	26,659,345	(858,457)	1,501,136	642,679
6 months to 1 year	28	3,424,699	(2,658)	282,059	279,401
	784	90,948,096	(1,750,902)	5,983,783	4,232,881

31 December 2022 (Audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	309	44,674,521	(486,472)	1,246,699	760,227
1 to 3 months	469	50,246,423	(535,680)	904,348	368,668
3 to 6 months	318	16,445,297	(74,497)	420,589	346,092
6 months to 1 year	53	3,146,250	(9,564)	114,168	104,604
	1,149	114,512,491	(1,106,213)	2,685,804	1,579,591

(Un-audited)		
Three months period ended		
	31 March 2023	31 March 2022
	(Rupees in '000)	

24. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	29,317,795	14,198,283
On investments	44,506,235	18,977,302
On deposits with financial institutions	559,994	67,169
On securities purchased under resale agreements	421,151	952,830
	74,805,175	34,195,584

25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	33,887,987	15,484,412
Borrowings from SBP	2,103,697	711,407
Subordinated debt	1,322,621	456,320
Cost of foreign currency swaps	1,237,473	162,765
Repurchase agreement borrowings	10,866,583	988,417
Mark-up expense on lease liability against right-of-use assets	364,157	305,981
Other borrowings	398,090	136,235
	50,180,608	18,245,537



		(Un-audited)	
		Three months period ended	
	Note	31 March 2023	31 March 2022
(Rupees in '000)			
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		450,749	324,957
Investment banking fees		16,335	3,221
Consumer finance related fees		12,701	17,607
Card related fees (debit and credit cards)		891,445	592,524
Credit related fees		92,934	61,608
Commission on trade		1,174,046	1,475,865
Commission on guarantees		203,750	171,034
Commission on cash management		65,385	59,763
Commission on home remittances		91,301	33,041
Others		20,622	41,122
		<u>3,019,268</u>	<u>2,780,742</u>
27. GAIN / (LOSS) ON SECURITIES-NET			
Realised	27.1	24,515	189,087
Unrealised-held for trading		-	(3,537)
		<u>24,515</u>	<u>185,550</u>
27.1 Realised gain on:			
Federal Government Securities		156	102
Shares		24,359	167,732
Mutual Funds		-	21,253
		<u>24,515</u>	<u>189,087</u>
28. OTHER INCOME			
Rent on property		3,052	2,859
Gain on sale of fixed assets-net		142,356	130,451
Recovery of expenses from customers		94,936	87,904
Lockers rent		5,511	5,138
Others		1,295	369
		<u>247,150</u>	<u>226,721</u>



	(Un-audited)	
	Three months period ended	
	31 March 2023	31 March 2022
	(Rupees in '000)	
29. OPERATING EXPENSES		
Total compensation expenses	6,421,948	5,668,259
Property expenses		
Rent and taxes	58,083	53,817
Insurance	988	1,120
Utilities cost	486,187	351,189
Security (including guards)	426,430	311,038
Repair and maintenance (including janitorial charges)	149,262	86,794
Depreciation	875,223	803,490
	1,996,173	1,607,448
Information technology expenses		
Software maintenance	489,474	375,854
Hardware maintenance	96,113	53,967
Depreciation	163,544	105,961
Amortisation	76,587	60,256
Network charges	168,630	145,805
	994,348	741,843
Other operating expenses		
Directors' fees and allowances	11,130	11,380
Fees and allowances to Shariah Board	5,760	4,675
Insurance	193,460	176,678
Legal and professional charges	70,326	61,440
Outsourced services costs	877,192	484,287
Travelling and conveyance	98,270	83,526
NIFT and other clearing charges	53,838	54,217
Depreciation	527,196	438,655
Repair and maintenance	527,822	425,706
Training and development	24,252	14,592
Postage and courier charges	89,595	92,704
Communication	264,288	118,123
Stationery and printing	370,225	262,811
Marketing, advertisement and publicity	280,409	90,644
Donations	122,560	51,750
Auditors remuneration	3,725	1,855
Commission and brokerage	251,172	138,489
Entertainment and staff refreshment	132,015	98,706
Vehicle running expenses	997,930	554,520
Subscriptions and publications	89,766	72,119
CNIC verification charges	41,438	50,594
Security charges	139,783	129,231
Others	399,529	169,016
	5,571,681	3,585,718
	14,984,150	11,603,268



		(Un-audited)	
		Three months period ended	
	Note	31 March 2023	31 March 2022
(Rupees in '000)			
30. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		<u>70</u>	<u>251</u>
31. (REVERSALS) / PROVISIONS AND WRITE OFFS-NET			
Reversal for diminution in value of investments-net	9.2	(972,450)	(2,407)
Provision against loans & advances-net	10.3	19,630	148,683
Provision against other assets	14.1.1	361	399
Provision against off-balance sheet items	20.1	183	7,110
Reversal against balance with other banks		(9)	-
		<u>(952,285)</u>	<u>153,785</u>
32. TAXATION			
Current		6,929,414	3,335,606
Deferred		(911,691)	(114,017)
		<u>6,017,723</u>	<u>3,221,589</u>
33. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period		<u>10,539,334</u>	<u>4,963,049</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,111,425,416</u>	<u>1,111,425,416</u>
		(Rupees)	
Basic and diluted earnings per share		<u>9.48</u>	<u>4.47</u>
34. FAIR VALUE MEASUREMENTS			
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:			
Federal Government Securities		PKRV rates (Reuters page)	
Non Government Debt Securities		Market prices	
Foreign Securities		Market prices / Mashreqbank PSC	
Listed Securities		Prices quoted at Pakistan Stock Exchange Limited	
Mutual Funds		Net asset values declared by respective funds	



Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the Bank's accounting policies, as disclosed in the annual financial statements for the year ended 31 December 2022.

34.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the 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).

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

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:

	31 March 2023 (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	-	902,937,330	-	902,937,330
Shares	2,709,829	-	-	2,709,829
Non-Government Debt Securities	25,452,597	5,077,390	-	30,529,987
Foreign Securities	-	4,873,204	-	4,873,204
Mutual Funds	-	3,972,642	-	3,972,642
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	168,435,440	-	168,435,440
Foreign Securities	-	928,780	-	928,780
Associates				
Mutual Funds	-	4,654,746	-	4,654,746
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	65,033,580	-	65,033,580
Forward sale of foreign exchange contracts	-	30,147,397	-	30,147,397



31 December 2022 (Audited)

Level 1	Level 2	Level 3	Total
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(Rupees in '000)

On balance sheet financial instruments

Financial assets-measured at fair value

Investments

Federal Government Securities	-	930,034,112	-	930,034,112
Shares	3,023,291	-	-	3,023,291
Non-Government Debt Securities	25,515,203	5,139,900	-	30,655,103
Foreign Securities	-	4,118,155	-	4,118,155
Mutual Funds	-	3,476,377	-	3,476,377

Financial assets-disclosed but not measured at fair value

Investments

Federal Government Securities	-	169,562,245	-	169,562,245
Foreign Securities	-	1,037,110	-	1,037,110
Associates	-	-	-	-
Mutual Funds	-	4,655,089	-	4,655,089

Off-balance sheet financial instruments

- measured at fair value

Forward purchase of foreign exchange contracts	-	80,387,622	-	80,387,622
Forward sale of foreign exchange contracts	-	35,704,460	-	35,704,460

34.2 Certain fixed assets and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.

34.3 Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.

35. TRUST ACTIVITIES

The Bank is not engaged in any trust activities other than holding investments of individuals and entities in its IPS account maintained with the State Bank of Pakistan.



36. SEGMENT INFORMATION

Segment Details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	Three months period ended 31 March 2023 (Un-audited)		
	Commercial banking	Retail banking (Rupees in '000)	Total
Profit and loss account			
Mark-up / return / profit	68,666,012	6,139,163	74,805,175
Inter segment revenue-net	–	14,829,606	14,829,606
Non mark-up / return / interest income	1,305,595	4,996,729	6,302,324
Total income	69,971,607	25,965,498	95,937,105
Segment direct expenses	(47,697,381)	(17,805,346)	(65,502,727)
Inter segment expense allocation	(14,829,606)	–	(14,829,606)
Total expenses	(62,526,987)	(17,805,346)	(80,332,333)
Reversals / (provisions)	990,250	(37,965)	952,285
Profit before tax	8,434,870	8,122,187	16,557,057

	As at 31 March 2023 (Un-audited)		
Statement of financial position			
Cash and bank balances	133,377,135	24,094,251	157,471,386
Investments	1,134,932,542	–	1,134,932,542
Net inter segment lending	–	935,445,839	935,445,839
Lendings to financial institutions	104,800,915	–	104,800,915
Advances - performing	742,401,883	134,498,323	876,900,206
- non-performing	2,361,999	41,437	2,403,436
Others	163,467,616	31,469,286	194,936,902
Total assets	2,281,342,090	1,125,549,136	3,406,891,226
Borrowings	480,796,566	–	480,796,566
Subordinated debt	29,990,600	–	29,990,600
Deposits and other accounts	696,488,628	1,030,408,510	1,726,897,138
Net inter segment borrowing	935,445,839	–	935,445,839
Others	58,168,567	86,056,518	144,225,085
Total liabilities	2,200,890,200	1,116,465,028	3,317,355,228
Equity	80,451,890	9,084,108	89,535,998
Total equity and liabilities	2,281,342,090	1,125,549,136	3,406,891,226
Contingencies and commitments	384,867,836	163,200	385,031,036



Three months period ended 31 March 2022 (Un-audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	31,263,960	2,931,624	34,195,584
Inter segment revenue-net	–	10,260,706	10,260,706
Non mark-up / return / interest income	1,722,981	2,435,947	4,158,928
Total income	32,986,941	15,628,277	48,615,218
Segment direct expenses	(17,283,672)	(12,732,417)	(30,016,089)
Inter segment expense allocation	(10,260,706)	–	(10,260,706)
Total expenses	(27,544,378)	(12,732,417)	(40,276,795)
(Provisions) / reversals	(112,130)	(41,655)	(153,785)
Profit before tax	5,330,433	2,854,205	8,184,638

As at 31 December 2022 (Audited)

Statement of financial position			
Cash and bank balances	95,446,058	13,784,788	109,230,846
Investments	1,158,520,697	–	1,158,520,697
Net inter segment lending	–	940,663,885	940,663,885
Lendings to financial institutions	15,568,607	–	15,568,607
Advances - performing	707,798,504	102,621,595	810,420,099
- non-performing	3,069,270	45,421	3,114,691
Others	152,565,414	22,647,382	175,212,796
Total assets	2,132,968,550	1,079,763,071	3,212,731,621
Borrowings	418,989,460	–	418,989,460
Subordinated debt	29,991,600	–	29,991,600
Deposits and other accounts	594,495,846	973,642,209	1,568,138,055
Net inter segment borrowing	940,663,885	–	940,663,885
Others	60,546,297	99,160,373	159,706,670
Total liabilities	2,044,687,088	1,072,802,582	3,117,489,670
Equity	88,281,462	6,960,489	95,241,951
Total equity and liabilities	2,132,968,550	1,079,763,071	3,212,731,621
Contingencies and commitments	389,420,252	287,644	389,707,896

37. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiaries, associates, directors, key management personnel and other related parties.

Transactions with related parties of the Bank are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.



Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	31 March 2023 (Un-audited)					31 December 2022 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	883,250	4,614,652	386,597	-	-	883,250	7,764,656	305,998
Investment made during the period / year	-	-	-	-	-	-	-	-	8,200,000	50,000
Investment adjusted / redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	(11,350,004)	-
(Deficit) / surplus on revaluation during the period / year	-	-	-	-	(27,775)	-	-	-	-	30,599
Closing balance	-	-	883,250	4,614,652	358,822	-	-	883,250	4,614,652	386,597
Advances										
Opening balance	1,310	320,774	265,950	-	1,023,207	1,620	195,482	463,425	-	2,417,285
Addition during the period / year	4,904	41,695	5,929,912	-	5,299,637	90,890	328,735	20,685,721	-	40,985,490
Repaid during the period / year	(5,212)	(62,289)	(5,828,329)	-	(5,284,644)	(91,200)	(203,443)	(20,883,196)	-	(42,379,568)
Closing balance	1,002	300,180	367,533	-	1,028,200	1,310	320,774	265,950	-	1,023,207
Operating fixed assets										
Right of use	-	-	-	-	8,177	-	-	-	-	9,199
Other Assets										
Interest / mark-up accrued	-	450	9,921	-	7,306	-	177	14,837	-	25,879
L/C acceptances	-	-	-	-	124,187	-	-	-	-	323,894
Other receivable	-	-	-	8,529	-	-	-	-	6,345	-
Subordinated debt	-	-	-	-	44,000	-	-	-	-	44,000
Deposits and other accounts										
Opening balance	569,762	691,575	132,421	1,770,411	5,223,723	769,918	774,436	90,084	59,383	6,936,252
Received during the period / year	1,687,105	1,448,117	2,319,370	205,747,924	54,255,271	4,487,172	5,939,373	11,589,748	582,767,296	174,705,011
Withdrawn during the period / year	(1,284,184)	(1,490,653)	(2,290,925)	(206,306,714)	(52,851,395)	(4,687,328)	(6,022,234)	(11,547,411)	(581,056,268)	(176,417,540)
Closing balance	972,683	649,039	160,866	1,211,621	6,627,599	569,762	691,575	132,421	1,770,411	5,223,723
Other Liabilities										
Interest / mark-up payable	1,052	6,062	21	-	34,551	73	1,598	-	-	24,737
Payable to staff retirement fund	-	-	-	-	1,583,804	-	-	-	-	974,312
Other liabilities	-	123	4,022	-	-	-	113	836	-	-
Contingencies and commitments	-	-	-	-	1,131,967	-	-	-	-	1,004,215
Other Transactions - Investor Portfolio Securities										
Opening balance	-	-	120,000	-	16,314,700	-	-	75,000	-	4,791,800
Increased during the period / year	-	-	-	-	2,444,500	-	-	45,000	-	25,764,700
Decreased during the period / year	-	-	-	-	(3,236,000)	-	-	-	-	(14,241,800)
Closing balance	-	-	120,000	-	15,523,200	-	-	120,000	-	16,314,700



37.1 RELATED PARTY TRANSACTIONS

□ □ □ □ □

	31 March 2023 (Un-audited)					31 March 2022 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties (Rupees in '000)	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Income										
Mark-up / return / interest earned	-	4,363	9,921	-	27,649	-	2,808	12,188	-	19,998
Fee and commission income	19	122	4	34	3,719	14	43	3	13	3,317
Dividend income	-	-	-	165,781	32,954	-	-	-	182,699	28,246
Net gain on sale / redemption of securities and units of mutual funds	-	-	-	-	-	-	-	-	21,253	-
Other income	-	-	3,248	-	137	-	-	3,055	-	134
Expense										
Mark-up / return / interest expensed	16,187	17,666	5,568	320,054	218,842	11,826	15,547	3,508	4,681	116,038
Operating expenses	-	-	1,457	-	1,200	-	-	1,237	-	1,034
Salaries and allowances	-	284,498	-	-	-	-	158,519	-	-	-
Bonus	-	47,578	-	-	-	-	34,136	-	-	-
Contribution to defined contribution plan	-	8,933	-	-	-	-	11,103	-	-	-
Contribution to defined benefit plan	-	11,247	-	-	-	-	4,694	-	-	-
Staff provident fund	-	-	-	-	224,807	-	-	-	-	184,445
Staff gratuity fund	-	-	-	-	207,000	-	-	-	-	148,000
Directors' fees	10,630	-	-	-	-	10,880	-	-	-	-
Donation	-	-	-	-	3,000	-	-	-	-	6,000
Insurance premium paid	-	-	-	-	196,211	-	-	-	-	81,519
Insurance claims settled	-	-	-	-	13,780	-	-	-	-	14,121



38. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	<u>11,114,254</u>	<u>11,114,254</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>75,678,600</u>	88,523,529
Eligible Additional Tier 1 (ADT 1) Capital	<u>13,346,975</u>	13,331,030
Total Eligible Tier 1 Capital	<u>89,025,575</u>	101,854,559
Eligible Tier 2 Capital	<u>25,799,141</u>	30,082,013
Total Eligible Capital (Tier 1 + Tier 2)	<u>114,824,716</u>	<u>131,936,572</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>757,126,650</u>	735,957,692
Market Risk	<u>12,930,538</u>	11,889,046
Operational Risk	<u>147,320,337</u>	147,320,337
Total	<u>917,377,525</u>	<u>895,167,075</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>8.249%</u>	<u>9.889%</u>
Tier 1 Capital Adequacy Ratio	<u>9.704%</u>	<u>11.378%</u>
Total Capital Adequacy Ratio	<u>12.517%</u>	<u>14.739%</u>
Leverage Ratio (LR):		
Eligible Tier 1 Capital	<u>89,025,575</u>	101,854,559
Total Exposures	<u>2,854,536,455</u>	2,742,827,763
Leverage Ratio	<u>3.119%</u>	<u>3.713%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>836,289,686</u>	741,159,604
Total Net Cash Outflow	<u>356,441,519</u>	309,591,436
Liquidity Coverage Ratio	<u>234.622%</u>	<u>239.399%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>1,792,617,079</u>	1,651,635,617
Total Required Stable Funding	<u>934,661,053</u>	922,254,251
Net Stable Funding Ratio	<u>191.793%</u>	<u>179.087%</u>



39. ISLAMIC BANKING BUSINESS

The Bank is operating with 178 (31 December 2022: 178) Islamic banking branches and 150 (31 December 2022: 150) Islamic banking windows at the end of the period / year.

	Note	(Un-audited) 31 March 2023	(Audited) 31 December 2022
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		12,291,733	10,129,656
Balances with other banks		7,585	7,087
Due from financial institutions		-	-
Investments	39.1	141,805,628	139,707,651
Islamic financing and related assets-net	39.2	99,058,527	101,266,517
Fixed assets		1,022,202	960,714
Intangible assets		-	-
Due from Head Office		-	-
Other assets		14,350,784	9,004,260
Total Assets		268,536,459	261,075,885
LIABILITIES			
Bills payable		349,743	429,262
Due to financial institutions		36,466,506	38,932,611
Deposits and other accounts	39.3	192,701,090	177,775,602
Due to Head Office		1,970,323	7,016,160
Subordinated debt		-	-
Other liabilities		13,597,397	15,579,661
		245,085,059	239,733,296
NET ASSETS		23,451,400	21,342,589
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		-	-
Deficit on revaluation of assets		(871,954)	(463,276)
Unappropriated profit	39.4	16,723,354	14,205,865
		23,451,400	21,342,589
CONTINGENCIES AND COMMITMENTS	39.5		



The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2023 is as follows:

	Note	(Un-audited) Three months period ended	
		31 March 2023	31 March 2022
(Rupees in '000)			
Profit / return earned	39.6	8,314,028	4,240,801
Profit / return expensed	39.7	(4,467,940)	(2,435,102)
Net Profit / return		3,846,088	1,805,699
Other income			
Fee and commission income		248,769	201,843
Dividend income		13,902	9,334
Foreign exchange income		42,173	41,319
Income / (loss) from derivatives		-	-
Gain on securities		-	-
Other income		17,470	13,824
Total other income		322,314	266,320
Total income		4,168,402	2,072,019
Other expenses			
Operating expenses		(1,331,864)	(969,621)
Other charges		-	-
Total other expenses		(1,331,864)	(969,621)
Profit before provisions		2,836,538	1,102,398
Provisions and write offs-net		(319,049)	(1,896)
Profit for the period		2,517,489	1,100,502

	31 March 2023 (Un-audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
(Rupees in '000)								
39.1 Investments by segments:								
Federal Government Securities								
- Ijarah Sukuks	106,900,272	-	(888,072)	106,012,200	106,895,687	-	(478,887)	106,416,800
- Neelum Jhelum Hydropower Co Ltd. Sukuk	2,021,250	-	-	2,021,250	2,021,250	-	-	2,021,250
- Islamic Naya Pakistan Certificates	7,417,141	-	-	7,417,141	4,852,292	-	-	4,852,292
	116,338,663	-	(888,072)	115,450,591	113,769,229	-	(478,887)	113,290,342
Shares								
- Listed Companies	30,529	(19,471)	25	11,083	30,529	(19,253)	56	11,332
Non Government Debt Securities								
- Listed	22,231,705	-	(2,205)	22,229,500	21,952,266	-	(2,266)	21,950,000
- Unlisted	3,598,000	-	-	3,598,000	3,940,000	-	-	3,940,000
	25,829,705	-	(2,205)	25,827,500	25,892,266	-	(2,266)	25,890,000
Units of Mutual Funds	351,022	(52,866)	18,298	316,454	351,022	(52,866)	17,821	315,977
Associates								
- AL Habib Islamic Cash Fund	100,000	-	-	100,000	100,000	-	-	100,000
- AL Habib Islamic Savings Fund	100,000	-	-	100,000	100,000	-	-	100,000
	200,000	-	-	200,000	200,000	-	-	200,000
Total Investments	142,749,919	(72,337)	(871,954)	141,805,628	140,243,046	(72,119)	(463,276)	139,707,651



	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)	
39.2 Islamic financing and related assets		
Ijarah	2,529,635	2,452,842
Murabaha	11,094,501	10,598,735
Diminishing Musharaka	15,217,538	15,741,969
Islamic Long Term Financing Facility (ILTFF)	4,516,758	3,835,813
Istisna	6,427,216	5,766,719
Islamic Refinance for Renewable Energy (IFRE)	2,212,692	2,157,740
Islamic Refinance for Wages & Salaries (IRWS)	-	41,082
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	5,418,805	5,498,680
Islamic Refinance Facility for Modernization of SMEs (IRFMS)	47,422	49,186
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	142,438	142,438
Islamic Export Refinance-Istisna (IERF)	2,675,639	2,303,561
Musawamah	5,319,220	3,532,923
Islamic Export Refinance-Musawamah	290,500	303,750
Running Musharaka	1,520,414	2,073,941
Islamic Export Refinance-Running Musharaka	6,075,426	6,075,426
Financing against Bills-Musawamah	3,149,321	3,916,970
Export Finance Scheme (EFS) - Discounting	5,365,841	5,110,945
Staff Financing	1,569,247	1,438,084
Musawamah Inventory	2,642,585	3,947,033
Advance against Istisna	9,609,890	9,761,928
Advance against Istisna-IERF	5,806,252	7,922,393
Advance against Ijarah	410,310	444,846
Advance against Diminishing Musharaka	3,235,988	3,102,235
Advance against ILTFF	1,280,835	2,100,278
Advance against IFRE	346,280	451,733
Advance against ITERF	2,859,997	2,888,709
Advance against IRFSME	6,048	-
Gross Islamic financing and related assets	99,770,798	101,659,959
Less: provision against Islamic financings		
- Specific	662,214	343,385
- General	50,057	50,057
	712,271	393,442
Islamic financing and related assets-net of provision	99,058,527	101,266,517



	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)	
39.3 Deposits and Other Accounts		
Customers		
Current deposits	74,275,993	64,921,780
Savings deposits	90,954,855	64,480,636
Term deposits	25,770,466	27,105,947
	<u>191,001,314</u>	<u>156,508,363</u>
Financial institutions		
Current deposits	16,506	16,506
Savings deposits	1,683,270	21,250,733
	<u>1,699,776</u>	<u>21,267,239</u>
	<u>192,701,090</u>	<u>177,775,602</u>
39.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	14,205,865	6,607,722
Add: Islamic Banking profit for the period / year	2,517,489	7,598,143
Closing Balance	<u>16,723,354</u>	<u>14,205,865</u>
39.5 Contingencies and Commitments		
Guarantees	10,377,370	10,385,298
Commitments	21,052,782	24,096,223
	<u>31,430,152</u>	<u>34,481,521</u>
		(Un-audited)
		Three months period ended
	31 March	31 March
	2023	2022
	(Rupees in '000)	
39.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	2,937,860	1,465,699
Investments	5,375,671	2,775,037
Placements	497	65
	<u>8,314,028</u>	<u>4,240,801</u>
39.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	3,503,975	1,354,106
Due to Financial Institutions	558,266	147,320
Due to Head Office	405,699	933,676
	<u>4,467,940</u>	<u>2,435,102</u>



39.8 Profit and Loss Distribution and Pool Management

39.8.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk and reward characteristics:

General Pool PKR (Mudaraba)

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

Special Pool(s) PKR (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY pool, all FCY deposits and Investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY General Pool, the loss will be borne by the FCY general pool members.

Special Pool(s) FCY (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. The Bank as Mudarib in the general pool is responsible for administrative costs and cost of operating fixed assets, which are financed from equity. Furthermore, subsidized financing to employees are also financed from equity as per SBP guidelines.

Special Mudaraba Financing Facility (SMFF) Pool – Open Market Operations (OMO) Injections

Special Mudaraba Financing Facility (MFF) Pool for OMO Injection is created to invest the funds exclusively raised from SBP through Islamic Open Market Operations (OMO) in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement (SLR).

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.



39.8.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed:

The Mudaraba based funds have been deployed in the following avenues / sectors / business:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuks, shares and mutual funds
- Production and transmission of energy
- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)

39.8.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-UI-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukuks etc.

The Bank calculates the profit of the pool at every month. Profit is distributed at the net income level. Net income is calculated after deducting direct costs such as cost of murabaha, cost of takaful, depreciation on ijarah assets, and amortization of premium on sukuks and loss of investments directly incurred in deriving that Income.

The net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the quarter was 50% (31 December 2022: 50%) of net income and the depositors' profit sharing ratio was 50% (31 December 2022: 50%) of net income.

After the allocation of Income between the equity holder and depositors the profit is distributed among the account holders on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

In case of provisioning, the general and specific provisions created against non-performing financing and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.



39.8.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

		31 March 2023 (Un-audited)				
		Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
	LCY Pool	4,835,635	1,708,133	35.32%	828,347	48.49%
	FCY Pool	36,096	26,608	73.71%	6,672	25.08%
		31 March 2022 (Un-audited)				
	LCY Pool	2,690,072	683,094	25.39%	320,190	46.87%
	FCY Pool	26,350	24,802	94.13%	1,113	4.49%

39.8.5 Profit rate earned vs. profit rate distributed to the depositors during the period

	(Un-audited)	
	Three months period ended	
	31 March 2023	31 March 2022
	(Percentage)	
Profit rate earned	14.05%	8.32%
Profit rate distributed	8.26%	4.42%

40. GENERAL

40.1 Captions in respect of which there are no amounts, have not been reproduced in these unconsolidated condensed interim financial statements, except for captions of the statement of financial position and profit and loss account.

40.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

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

41. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 19 April 2023.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	(Un-audited) 31 March 2023	(Audited) 31 December 2022
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	6 132,408,649	94,163,589
Balances with other banks	7 25,064,343	15,105,449
Lendings to financial institutions	8 104,800,915	15,568,607
Investments	9 1,135,279,311	1,158,799,988
Advances	10 878,935,474	813,267,817
Fixed assets	11 62,346,617	62,087,777
Intangible assets	12 375,898	452,845
Deferred tax assets	13 16,962,159	9,702,816
Other assets	14 115,923,037	103,533,391
	2,472,096,403	2,272,682,279
LIABILITIES		
Bills payable	16 31,973,666	44,855,837
Borrowings	17 480,796,566	418,989,460
Deposits and other accounts	18 1,726,745,761	1,568,009,274
Liabilities against assets subject to finance lease	-	-
Subordinated debt	19 29,990,600	29,991,600
Deferred tax liabilities	-	-
Other liabilities	20 112,493,382	115,087,502
	2,381,999,975	2,176,933,673
NET ASSETS	90,096,428	95,748,606
REPRESENTED BY		
Share capital	11,114,254	11,114,254
Reserves	25,716,693	24,391,414
(Deficit) / surplus on revaluation of assets	21 (7,887,193)	899,575
Unappropriated profit	61,042,464	59,229,669
Equity attributable to the shareholders of the Holding company	89,986,218	95,634,912
Non-controlling interest	22 110,210	113,694
Total equity	90,096,428	95,748,606
CONTINGENCIES AND COMMITMENTS	23	

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

	Note	Three months period ended	
		31 March 2023	31 March 2022
		(Rupees in '000)	
Mark-up / return / interest earned	25	74,805,273	34,193,065
Mark-up / return / interest expensed	26	(50,179,715)	(18,243,620)
Net mark-up / interest income		<u>24,625,558</u>	<u>15,949,445</u>
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	3,134,194	2,842,253
Dividend income		150,828	204,504
Foreign exchange income		2,698,027	585,043
Income / (loss) from derivatives		-	-
Gain on securities-net	28	24,537	158,287
Share of profit from associates		193,433	173,828
Other income	29	247,928	232,013
Total non mark-up / interest income		<u>6,448,947</u>	<u>4,195,928</u>
Total income		<u>31,074,505</u>	<u>20,145,373</u>
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	(15,040,833)	(11,651,628)
Workers welfare fund		(339,955)	(167,824)
Other charges	31	(70)	(251)
Total non mark-up / interest expenses		<u>(15,380,858)</u>	<u>(11,819,703)</u>
Profit before provisions		<u>15,693,647</u>	<u>8,325,670</u>
Reversals / (provisions) and write offs-net Extra ordinary / unusual items	32	980,270	(156,183)
		<u>-</u>	<u>-</u>
PROFIT BEFORE TAXATION		<u>16,673,917</u>	<u>8,169,487</u>
Taxation	33	(6,048,049)	(3,231,616)
PROFIT AFTER TAXATION		<u><u>10,625,868</u></u>	<u><u>4,937,871</u></u>
Attributable to:			
Shareholders of the Holding Company		10,627,760	4,940,477
Non-controlling interest		(1,892)	(2,606)
		<u><u>10,625,868</u></u>	<u><u>4,937,871</u></u>
(Rupees)			
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	34	<u><u>9.56</u></u>	<u><u>4.45</u></u>

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

	Three months period ended	
	31 March 2023	31 March 2022
	(Rupees in '000)	
Profit after taxation for the period	10,625,868	4,937,871
Other comprehensive income		
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>		
Effect of translation of net investment in foreign branches	271,346	390,524
Movement in deficit on revaluation of investments-net of tax	(8,635,396)	(1,990,350)
	(8,364,050)	(1,599,826)
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>		
Movement in (deficit) / surplus on revaluation of operating fixed assets-net of tax	(134,018)	74,632
Total comprehensive income	2,127,800	3,412,677
Attributable to:		
Shareholders of the Holding Company	2,131,284	3,416,083
Non-controlling interest	(3,484)	(3,406)
	2,127,800	3,412,677

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

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Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

	Attributable to the shareholders of the Holding Company										
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of		Unappropriated Profit	Sub-total	Non-controlling interest	Total
				Special Reserve	General Reserve	Investments	Fixed / Non Banking Assets				
	(Rupees in '000)										
Balance as at 01 January 2022	11,114,254	17,511,051	2,478,915	126,500	540,000	(650,717)	7,104,700	52,071,442	90,296,145	123,140	90,419,285
Comprehensive income for the three months period ended 31 March 2022:											
Profit after taxation	-	-	390,524	-	-	(1,989,550)	74,632	4,940,477	4,940,477	(2,606)	4,937,871
Other comprehensive income-net of tax	-	-	-	-	-	-	-	-	(1,524,394)	(800)	(1,525,194)
Total comprehensive income for the period	-	-	390,524	-	-	(1,989,550)	74,632	4,940,477	3,416,083	(3,406)	3,412,677
Transfer to statutory reserve	-	496,305	-	-	-	-	-	(496,305)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(30,118)	30,118	-	-	-
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 7 per share)	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)	-	(7,779,978)
Balance as at 31 March 2022-unaudited	11,114,254	18,007,356	2,869,439	126,500	540,000	(2,640,267)	7,149,214	48,765,754	85,932,250	119,734	86,051,984
Comprehensive income for the nine months period ended 31 December 2022:											
Profit after taxation	-	-	1,687,401	-	-	(2,985,413)	(541,505)	11,747,450	11,747,450	983	11,748,433
Other comprehensive income-net of tax	-	-	-	-	-	-	-	(205,271)	(2,044,788)	(7,023)	(2,051,811)
Total comprehensive income for the period	-	-	1,687,401	-	-	(2,985,413)	(541,505)	11,542,179	9,702,662	(6,040)	9,696,622
Transfer to statutory reserve	-	1,160,718	-	-	-	-	-	(1,160,718)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(82,454)	82,454	-	-	-
Balance as at 31 December 2022-audited	11,114,254	19,168,074	4,556,840	126,500	540,000	(5,625,680)	6,525,255	59,229,669	95,634,912	113,694	95,748,606
Comprehensive income for the three months period ended 31 March 2023:											
Profit after taxation	-	-	271,346	-	-	(8,633,804)	(134,018)	10,627,760	10,627,760	(1,892)	10,625,868
Other comprehensive income-net of tax	-	-	-	-	-	-	-	-	(8,496,476)	(1,592)	(8,498,068)
Total comprehensive income for the period	-	-	271,346	-	-	(8,633,804)	(134,018)	10,627,760	2,131,284	(3,484)	2,127,800
Transfer to statutory reserve	-	1,053,933	-	-	-	-	-	(1,053,933)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(18,946)	18,946	-	-	-
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 7 per share)	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)	-	(7,779,978)
Balance as at 31 March 2023-unaudited	11,114,254	20,222,007	4,828,186	126,500	540,000	(14,259,484)	6,372,291	61,042,464	89,986,218	110,210	90,096,428

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

	31 March 2023	31 March 2022
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,673,917	8,169,487
Less: Dividend income	(150,828)	(204,504)
	16,523,089	7,964,983
Adjustments:		
Depreciation	1,010,596	832,230
Depreciation on right-of-use assets	556,674	516,579
Amortisation	77,147	60,586
(Reversals) / provisions and write offs-net	(980,261)	156,183
Gain on sale of fixed assets-net	(142,356)	(133,824)
Charge for defined benefit plan	207,000	148,000
Gain on securities-net	(24,537)	(158,287)
Share of profit from associates	(193,433)	(173,828)
Charge for compensated absences	60,790	60,464
Mark-up expense on lease liability against right-of-use assets	364,157	305,981
	935,777	1,614,084
(Increase) / decrease in operating assets	17,458,866	9,579,067
Lendings to financial institutions	(89,232,308)	(7,668,215)
Held-for-trading securities	96,639	(58,742)
Advances	(65,687,287)	(13,411,580)
Other assets	(12,289,853)	(7,567,636)
	(167,112,809)	(28,706,173)
(Decrease) / increase in operating liabilities	(12,882,171)	(617,429)
Bills payable	62,295,369	(89,059,968)
Borrowings from financial institutions	158,736,487	57,667,986
Deposits	(1,105,627)	5,102,993
Other liabilities (excluding current taxation)	207,044,058	(26,906,418)
Income tax paid	57,390,115	(46,033,524)
	(8,521,329)	(3,034,320)
Net cash flow generated from / (used in) operating activities	48,868,786	(49,067,844)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	12,487,740	69,427,407
Net investments in held to maturity securities	(3,062,147)	1,258,119
Net investments in associates	96,780	(525,536)
Dividends received	48,869	132,012
Investments in operating fixed assets	(1,591,121)	(2,139,200)
Proceeds from sale of fixed assets	149,957	133,074
Exchange differences on translation of net investment in foreign branches	271,346	390,524
Net cash flow generated from investing activities	8,401,424	68,676,400
CASH FLOW FROM FINANCING ACTIVITIES		
(Payments) / receipts of subordinated debt - net	(1,000)	4,541,000
Dividend paid	(7,637,350)	(7,632,865)
Payment against lease liabilities	(939,643)	(800,017)
Net cash used in financing activities	(8,577,993)	(3,891,882)
Increase in cash and cash equivalents	48,692,217	15,716,674
Cash and cash equivalents at beginning of the period	108,774,793	125,042,703
Cash and cash equivalents at end of the period	157,467,010	140,759,377

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding Company

- Bank AL Habib Limited

Subsidiaries

- AL Habib Capital Markets (Private) Limited
- AL Habib Asset Management Limited

- 1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,052 branches (31 December 2022: 1,050 branches), 29 sub - branches (31 December 2022: 29 sub - branches), 04 representative offices (31 December 2022: 04 representative offices) and 09 booths (31 December 2022: 09 booths). The branch network of the Bank includes 02 overseas branches (31 December 2022: 02 overseas branches) and 178 Islamic Banking branches (31 December 2022: 178 Islamic Banking branches).
- 1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.
- 1.4 The Bank has invested in 100% shares of AL Habib Asset Management Limited. The Company was incorporated in Pakistan on 30 September 2005 as an unquoted public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company has been issued a license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services as a Non-Banking Finance Company. The principal business of the Company is to provide Investment Advisory Services and Asset Management Services.

The Company is managing following funds:

- AL Habib Money Market Fund
- AL Habib Islamic Cash Fund
- AL Habib Islamic Savings Fund
- AL Habib Income Fund
- AL Habib Stock Fund
- AL Habib Cash Fund
- AL Habib Islamic Stock Fund
- AL Habib Islamic Income Fund
- AL Habib Asset Allocation Fund
- AL Habib Pension Fund Equity Sub Fund
- AL Habib Pension Fund Debt Sub Fund
- AL Habib Pension Fund Money Market Sub Fund
- AL Habib Islamic Pension Fund Equity Sub Fund
- AL Habib Islamic Pension Fund Debt Sub Fund
- AL Habib Islamic Pension Fund Money Market Sub Fund



2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.

2.2 Key financial information of the Islamic Banking branches is disclosed in note 40 to these consolidated condensed interim financial statements.

2.3 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- IFAS issued by 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 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 SBP and SECP differ with the requirements of the IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by SBP vide BPRD Circular Letter No. 05, dated 22 March 2019 and International Accounting Standard (IAS) 34 "Interim Financial Reporting". They do not include all the information required in the annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2022. Further, SBP vide its BPRD Circular Letter No. 07 of 2023 dated 13 April 2023 deferred the applicability of new format of annual and interim financial statement for the banks issued through BPRD Circular No. 02 of 2023 dated 09 February 2023.

SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Further, SBP vide its BPRD Circular Letter No. 07 of 2023 dated 13 April 2023 directed the banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2024. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the



requirements prescribed by SBP through various circulars. In case of overseas branches, IFRS 9 / respective foreign regulatory requirements are considered for recording, classification and valuation of investment.

SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these consolidated condensed interim financial statements.

IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.

3. ACCOUNTING POLICY

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2022.

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

There are certain new and amended standards that became effective during the period. However, these are considered either not to be relevant or not to have any significant impact on the Group's consolidated condensed interim financial statements.

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

SBP vide its BPRD Circular Letter No. 07 of 2023 dated 13 April 2023 has extended the implementation date of IFRS 9 to 01 January 2024.

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that are not effective in the current period. These are considered not to have any significant impact on these consolidated condensed interim financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2022.

5. FINANCIAL RISK MANAGEMENT

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



	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	36,601,320	26,172,043
Foreign currencies	4,061,586	1,703,466
	40,662,906	27,875,509
In transit:		
Local currency	987,470	291,878
Foreign currencies	235,939	-
	1,223,409	291,878
With State Bank of Pakistan in:		
Local currency current accounts	61,349,435	53,502,052
Local currency current accounts-Islamic Banking	7,353,224	6,348,266
Foreign currency deposit accounts		
Cash reserve account	5,533,942	4,641,833
Cash reserve / special cash reserve accounts - Islamic Banking	924,027	612,722
Special cash reserve account	11,067,884	-
Local collection account	489,370	552,306
	86,717,882	65,657,179
With National Bank of Pakistan in:		
Local currency current accounts	3,525,535	189,343
Prize bonds	278,917	149,680
	3,804,452	339,023
	132,408,649	94,163,589
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	137,278	92,616
In deposit accounts	665,442	636,181
	802,720	728,797
Outside Pakistan:		
In current accounts	9,608,014	2,692,451
In deposit accounts	14,653,619	11,684,220
	24,261,633	14,376,671
	25,064,353	15,105,468
Less: impairment against IFRS 9 in overseas branches	(10)	(19)
	25,064,343	15,105,449
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)		
Pakistan Investment Bonds	99,857,900	-
Market Treasury Bills	4,943,015	15,568,607
	104,800,915	15,568,607



9. INVESTMENTS

	31 March 2023 (Un-audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying Value
9.1 Investments by type:								
Held-for-trading securities								
Shares	-	-	-	-	99,950	-	419	100,369
Available-for-sale securities								
Federal Government Securities	934,866,756	(5,423,232)	(26,353,521)	903,090,003	945,814,070	(4,841,980)	(10,784,639)	930,187,451
Shares	4,566,776	(1,846,174)	237,266	2,957,868	4,675,318	(1,917,975)	410,910	3,168,253
Non Government Debt Securities	30,617,366	-	(87,379)	30,529,987	30,742,543	-	(87,440)	30,655,103
Foreign Securities	8,941,016	(4,150,406)	82,594	4,873,204	7,476,045	(3,314,354)	(43,536)	4,118,155
Units of Mutual Funds	3,226,022	(365,225)	1,111,845	3,972,642	3,257,238	(365,225)	615,580	3,507,593
	982,217,936	(11,785,037)	(25,009,195)	945,423,704	991,965,214	(10,439,534)	(9,889,125)	971,636,555
Held-to-maturity securities								
Federal Government Securities	185,295,248	(1,901,484)	-	183,393,764	182,266,360	(1,739,320)	-	180,527,040
Foreign Securities	1,846,120	(1,014,739)	-	831,381	1,812,862	(810,648)	-	1,002,214
Other	4,481	(4,481)	-	-	4,481	(4,481)	-	-
	187,145,849	(2,920,704)	-	184,225,145	184,083,703	(2,554,449)	-	181,529,254
Associates	5,630,462	-	-	5,630,462	5,533,810	-	-	5,533,810
Total Investments	1,174,994,247	(14,705,741)	(25,009,195)	1,135,279,311	1,181,682,677	(12,993,983)	(9,888,706)	1,158,799,988



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

9.1.1 Investments given as collateral

Market Treasury Bills	–	71,831,084
Pakistan Investment Bonds	295,732,000	154,644,300
	<u>295,732,000</u>	<u>226,475,384</u>

9.2 Provision for diminution in the value of investments

Opening balance	12,993,983	3,520,375
Exchange adjustments against IFRS 9 in overseas branches	2,712,193	512,063
Charge / (reversals):		
Charge for the period / year	13,204	158,469
(Reversal) / charge of impairment as per IFRS 9 in overseas branches for the period / year	(928,634)	8,843,517
Reversal on disposal during the period / year	(85,005)	(40,441)
	(1,000,435)	8,961,545
Closing Balance	<u>14,705,741</u>	<u>12,993,983</u>

9.3 The market value of securities classified as held to maturity at 31 March 2023 amounted to Rs. 169,364 million (31 December 2022: Rs. 170,599 million).



10. ADVANCES

	Performing		Non Performing		Total	
	(Unaudited) 31 March 2023	(Audited) 31 December 2022	(Unaudited) 31 March 2023	(Audited) 31 December 2022	(Unaudited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	739,868,390	673,293,270	14,648,796	13,102,322	754,517,186	686,395,592
Islamic financing and related assets	99,030,785	100,915,017	740,013	744,942	99,770,798	101,659,959
Bills discounted and purchased	43,792,176	42,148,012	502,862	874,021	44,295,038	43,022,033
Advances - gross	882,691,351	816,356,299	15,891,671	14,721,285	898,583,022	831,077,584
Provision against advances						
- Specific	-	-	13,488,235	11,606,594	13,488,235	11,606,594
- General as per regulations	360,890	410,890	-	-	360,890	410,890
- General	5,750,000	5,750,000	-	-	5,750,000	5,750,000
- As per IFRS 9 in overseas branches	48,423	42,283	-	-	48,423	42,283
	6,159,313	6,203,173	13,488,235	11,606,594	19,647,548	17,809,767
Advances - net of provision	876,532,038	810,153,126	2,403,436	3,114,691	878,935,474	813,267,817
					(Un-audited) 31 March 2023	(Audited) 31 December 2022
					(Rupees in '000)	
10.1 Particulars of advances (Gross)						
In local currency					788,327,628	732,689,656
In foreign currencies					110,255,394	98,387,928
					898,583,022	831,077,584



10.2 Advances include Rs. 15,891.671 million (31 December 2022: Rs. 14,721.285 million) which have been placed under non-performing status as detailed below:

Category of Classification	31 March 2023 (Un-audited)		31 December 2022 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	249,417	7,117	65,333	917
Substandard	1,277,893	272,811	887,349	211,101
Doubtful	746,869	373,009	926,869	463,175
Loss	4,925,674	4,860,195	4,618,496	4,552,653
	7,199,853	5,513,132	6,498,047	5,227,846
Overseas				
Overdue by:				
Upto 90 days	5,486,781	4,770,066	5,650,414	3,805,924
181 to 365 days	45,484	45,484	43,612	43,612
> 365 days	3,159,553	3,159,553	2,529,212	2,529,212
	8,691,818	7,975,103	8,223,238	6,378,748
Total	15,891,671	13,488,235	14,721,285	11,606,594

10.3 Particulars of provision against advances

	31 March 2023 (Un-audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	11,606,594	6,203,173	17,809,767	6,494,129	6,596,182	13,090,311
Exchange adjustments	1,807,621	10,711	1,818,332	663,797	99,778	763,575
Charge for the period / year						
- Specific provision	724,496	-	724,496	7,771,780	-	7,771,780
- General provision as per regulations	-	(50,000)	(50,000)	-	41,500	41,500
- As per IFRS 9 in overseas branches	-	(4,571)	(4,571)	-	(534,287)	(534,287)
Reversals	(650,295)	-	(650,295)	(3,275,830)	-	(3,275,830)
	74,201	(54,571)	19,630	4,495,950	(492,787)	4,003,163
Amounts written off	(181)	-	(181)	(47,282)	-	(47,282)
Closing balance	13,488,235	6,159,313	19,647,548	11,606,594	6,203,173	17,809,767

10.3.1 In line with its prudent policies, the Bank also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 31 March 2023 amounts to Rs. 5,750 million (31 December 2022: Rs. 5,750 million).

10.3.2 For the purposes of determining provision against domestic non-performing advances, the Bank has not taken into account the Forced Sales Value of pledged stock and mortgaged properties held as collateral against domestic non-performing advances.



11. FIXED ASSETS	Note	(Unaudited) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
Capital work-in-progress	11.1	3,353,988	3,175,654
Property and equipment		58,992,629	58,912,123
		<u>62,346,617</u>	<u>62,087,777</u>
11.1 Capital work-in-progress			
Civil works		1,339,332	1,173,278
Advance payment for purchase of equipments		707,593	228,417
Advance payment towards suppliers, contractors and property		1,279,937	1,752,554
Consultants' fee and other charges		27,126	21,405
		<u>3,353,988</u>	<u>3,175,654</u>
11.2 Additions to fixed assets			
The following additions have been made to operating fixed assets during the period:			
		(Un-audited) Three months period ended	
		31 March 2023	31 March 2022
		(Rupees in '000)	
Capital work-in-progress		1,171,749	1,172,859
Property and equipment			
Leasehold land		2,455	-
Building on leasehold land		163,983	16,724
Furniture and fixture		97,875	118,545
Electrical, office and computer equipment		371,720	898,268
Vehicles		530,958	215,852
Improvements to leasehold building		245,597	39,327
Right-of-use assets		309,130	1,009,760
		<u>1,721,718</u>	<u>2,298,476</u>
Total		<u>2,893,467</u>	<u>3,471,335</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		619	1,384
Electrical, office and computer equipment		1,736	1,843
Vehicles		11,928	1,826
Improvements to leasehold building		5,245	-
Right-of-use assets		69,471	-
Total		<u>88,999</u>	<u>5,053</u>



	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)	
12. INTANGIBLE ASSETS		
Computer software	292,728	369,675
TRE certificates	2,500	2,500
Management rights	80,670	80,670
	<u>375,898</u>	<u>452,845</u>
	(Un-audited) Three months period ended	
	31 March 2023	31 March 2022
	(Rupees in '000)	
12.1 Additions to intangible assets		
Computer software-directly purchased	<u>200</u>	<u>5,305</u>
	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)	
13. DEFERRED TAX ASSET		
Deductible Temporary Differences on		
Provision against diminution in the value of investments	6,321,592	5,573,505
Provision against loans and advances, off-balance sheet etc.	2,083,809	2,131,285
Workers' welfare fund	1,805,261	1,659,964
Deficit on revaluation of available for sale investments	10,735,068	4,249,847
Provision for compensated absences	582	571
Others	18,720	19,747
	<u>20,965,032</u>	<u>13,634,919</u>
Taxable Temporary Differences on		
Accelerated tax depreciation	(1,661,669)	(1,713,841)
Surplus on revaluation of fixed assets / non-banking assets	(2,335,255)	(2,215,527)
Surplus on revaluation of held for trading securities	(5,949)	(2,735)
	<u>(4,002,873)</u>	<u>(3,932,103)</u>
	<u>16,962,159</u>	<u>9,702,816</u>



	Note	(Un-audited) 31 March 2023	(Audited) 31 December 2022
(Rupees in '000)			
14. OTHER ASSETS			
Income / mark-up accrued in local currency-net of provision		64,891,011	41,874,661
Income / mark-up accrued in foreign currencies-net of provision		1,889,208	1,221,831
Advances, deposits, advance rent and other prepayments		2,096,757	1,567,932
Non-banking assets acquired in satisfaction of claims		3,650,509	3,651,344
Mark to market gain on forward foreign exchange contracts		5,983,783	2,685,804
Acceptances		30,398,617	47,907,675
Stationery and stamps on hand		698,659	710,733
Receivable from SBP on encashment of Government Securities		156,070	169,240
Others		6,032,191	3,616,664
		<u>115,796,805</u>	<u>103,405,884</u>
Less: Provision held against other assets	14.1	<u>(8,406)</u>	<u>(8,101)</u>
Other Assets (net of provision)		<u>115,788,399</u>	<u>103,397,783</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>134,638</u>	<u>135,608</u>
Other Assets-total		<u><u>115,923,037</u></u>	<u><u>103,533,391</u></u>
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	<u>8,406</u>	<u>8,101</u>
14.1.1 Movement in provision held against other assets			
Opening balance		8,101	7,497
Charge for the period / year		987	2,620
Reversals for the period / year		(626)	(1,672)
		361	948
Amount written off		(56)	(344)
Closing balance		<u>8,406</u>	<u>8,101</u>
15. CONTINGENT ASSETS			
There were no contingent assets of the Group as at 31 March 2023 (31 December 2022: Nil).			
(Rupees in '000)			
16. BILLS PAYABLE			
In Pakistan		<u>31,973,666</u>	<u>44,855,837</u>



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

17. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan

Under export refinance scheme

Under renewable energy

Under long term financing for imported and locally
manufactured plant and machinery

Under modernisation of small and medium enterprises

Under women entrepreneurship

Under financing facility for storage of agricultural produce

Under refinance scheme for payment of wages and salaries

Under refinance scheme for working capital financing of
small enterprises and low-end medium enterprises

Under temporary economic refinance facility

Under refinance facility for combating COVID-19

80,701,452	88,423,421
16,671,320	17,089,222
34,327,803	35,641,679
896,611	771,687
27,163	29,253
982,384	1,009,305
1,649	544,994
30,000	—
38,976,404	39,132,557
175,798	188,889

172,790,584 182,831,007

Repurchase agreement borrowings

305,000,000 230,164,208

Total secured

477,790,584 412,995,215

Unsecured

Call borrowings

3,000,000 5,500,000

Overdrawn nostro accounts

5,982 494,245

Total unsecured

3,005,982 5,994,245

480,796,566 418,989,460

18. DEPOSITS AND OTHER ACCOUNTS

31 March 2023 (Un-audited)

31 December 2022 (Audited)

In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
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(Rupees in '000)

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Customers

Current deposits

558,368,953	60,946,585	619,315,538	515,194,125	58,993,284	574,187,409
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Savings deposits

451,036,476	54,645,834	505,682,310	402,129,430	51,436,347	453,565,777
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Term deposits

219,068,384	61,921,165	280,989,549	225,036,480	48,657,036	273,693,516
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Current deposits-remunerative

181,286,817	9,341,323	190,628,140	162,972,729	1,183,436	164,156,165
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Others

36,351,701	17,093,776	53,445,477	36,607,996	12,203,992	48,811,988
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1,446,112,331	203,948,683	1,650,061,014	1,341,940,760	172,474,095	1,514,414,855
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Financial institutions

Current deposits

5,403,373	913,344	6,316,717	5,701,409	576,226	6,277,635
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Savings deposits

16,855,309	29	16,855,338	21,757,779	22	21,757,801
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Term deposits

454,568	404,403	858,971	727,223	293,228	1,020,451
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Current deposits-remunerative

51,712,573	921,838	52,634,411	23,812,174	686,547	24,498,721
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Others

19,310	—	19,310	39,811	—	39,811
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74,445,133	2,239,614	76,684,747	52,038,396	1,556,023	53,594,419
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1,520,557,464	206,188,297	1,726,745,761	1,393,979,156	174,030,118	1,568,009,274
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		(Un-audited) 31 March 2023	(Audited) 31 December 2022
	Note	(Rupees in '000)	
19. SUBORDINATED DEBT - Unsecured			
Term Finance Certificates (TFCs) - VI	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII	19.2	3,993,600	3,993,600
Term Finance Certificates (TFCs) - VIII	19.3	4,997,000	4,998,000
Term Finance Certificates (TFCs) - IX	19.4	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X	19.5	7,000,000	7,000,000
		<u>29,990,600</u>	<u>29,991,600</u>

19.1 Term Finance Certificates - VI

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The Issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



19.2 Term Finance Certificates - VII

Issue amount	Rupees 4,000 million
Issue date	December 2018
Maturity date	December 2028
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.00% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.3 Term Finance Certificates - VIII

Issue amount	Rupees 5,000 million
Issue date	September 2021
Maturity date	September 2031
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 0.75% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



19.4 Term Finance Certificates - IX

Issue amount	Rupees 7,000 million
Issue date	April 2022
Maturity date	Perpetual
Rating	AA+
Profit payment frequency	semi-annually
Redemption	No fixed or final redemption date.
Mark-up	Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap. The Issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default.
Call option	On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause	No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).

19.5 Term Finance Certificates - X

Issue amount	Rupees 7,000 million
Issue date	December 2022
Maturity date	December 2032
Rating	AAA
Profit payment frequency	semi-annually
Redemption	6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each.
Mark-up	6 - Months KIBOR (ask side) + 1.35% per annum.
Call option	On or after five years with prior SBP approval.
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR").
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full).



	(Un-audited) 31 March 2023	(Audited) 31 December 2022
Note	(Rupees in '000)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	10,279,605	7,727,842
Mark-up / return / interest payable in foreign currencies	598,122	380,651
Unearned commission income	776,820	692,150
Accrued expenses	4,328,163	3,290,260
Acceptances	30,398,617	47,907,675
Unclaimed / dividends payable	775,359	632,731
Mark to market loss on forward foreign exchange contracts	1,750,902	1,106,213
Branch adjustment account	979,811	1,343,949
Payable to defined benefit plan	1,583,804	1,376,805
Charity payable	33,571	23,820
Provision against off-balance sheet items	20.1 111,459	110,059
Security deposits against leases / ijarah	9,119,038	8,899,624
Provision for compensated absences	1,378,628	1,311,882
Other security deposits	1,235,523	878,993
Workers' welfare fund	4,210,330	3,870,375
Payable to SBP / NBP	9,872,375	4,581,075
Payable to supplier against murabaha	342,421	199,719
Insurance payable	645,455	683,385
Lease liability against right-of-use assets	13,879,451	14,213,811
Current taxation (payments less provisions)	726,058	2,290,392
ATM settlement account	7,311,496	3,059,347
Clearing and settlement account	6,021,749	6,564,374
Others	6,134,625	3,942,370
	<u>112,493,382</u>	<u>115,087,502</u>
20.1 Provision against off-balance sheet obligations		
Opening balance	110,059	173,319
Exchange adjustment against IFRS 9 overseas branches	1,217	21,866
Charge for the period / year	-	27,330
As per IFRS 9 in overseas branches	183	(109,073)
Reversals for the period / year	-	(3,383)
	<u>183</u>	<u>(85,126)</u>
Closing balance	<u>111,459</u>	<u>110,059</u>
21. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS		
(Deficit) / surplus on revaluation of:		
- Investments	21.1 (24,994,552)	(9,876,074)
- Fixed assets	8,643,254	8,675,522
- Non-banking assets acquired in satisfaction of claims	134,638	135,608
	<u>(16,216,660)</u>	<u>(1,064,944)</u>
Deferred tax on (deficit) / surplus on revaluation of:		
- Investments	(10,735,068)	(4,250,394)
- Fixed assets	2,346,874	2,226,730
- Non-banking assets acquired in satisfaction of claims	58,727	59,145
	<u>(8,329,467)</u>	<u>(1,964,519)</u>
	<u>(7,887,193)</u>	<u>899,575</u>



	(Un-audited) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
21.1 Investments		
Available-for-sale securities	(25,009,195)	(9,889,125)
Non-controlling interest	14,643	13,051
	(24,994,552)	(9,876,074)
Less: related deferred tax	(10,735,068)	(4,250,394)
	<u>(14,259,484)</u>	<u>(5,625,680)</u>
22. NON-CONTROLLING INTEREST		
Opening balance	113,694	123,140
Loss attributable to non-controlling interest	(1,892)	(1,623)
Loss on equity attributable to non-controlling interest	(1,592)	(7,823)
Closing balance	<u>110,210</u>	<u>113,694</u>
23. CONTINGENCIES AND COMMITMENTS		
Guarantees	23.1 168,879,344	164,254,110
Commitments	23.2 313,253,920	347,436,086
Other contingent liabilities	23.3 2,859,784	1,887,763
	<u>484,993,048</u>	<u>513,577,959</u>
23.1 Guarantees:		
Financial guarantees	25,224,999	24,753,930
Performance guarantees	143,654,345	139,500,180
	<u>168,879,344</u>	<u>164,254,110</u>
23.2 Commitments:		
Documentary credits and short term trade-related transactions - letters of credit	216,151,692	225,453,786
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 90,948,096	114,512,491
- forward lendings	23.2.2 4,870,312	6,328,518
Commitments for acquisition of:		
- Operating fixed assets	1,283,820	1,141,291
	<u>313,253,920</u>	<u>347,436,086</u>
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	59,076,518	78,111,679
Sale	31,871,578	36,400,812
	<u>90,948,096</u>	<u>114,512,491</u>
The maturities of above contracts are spread over the periods upto one year.		
23.2.2 Commitments in respect of forward lending	<u>4,870,312</u>	<u>6,328,518</u>

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) 31 March 2023 (Rupees in '000)	(Audited) 31 December 2022
23.3 Claims against the Bank not acknowledged as debts	<u>2,859,784</u>	<u>1,887,763</u>

23.4 Other contingent liabilities

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2021 (Tax Year 2022) including Azad Kashmir and Gilgit Baltistan operations. The income tax assessments of the Bank (including Azad Kashmir operations) have been finalized upto and including tax year 2020. Tax year 2021 has been finalized for Azad Kashmir operations only.

Matters of disagreement exist between the Bank and tax authorities for various tax years and are pending with the Commissioner Inland Revenue (Appeals) and Income Tax Appellate Tribunal (ITAT). These issues mainly relate to addition of general provision (specific), reversal of provision for non-performing loans, charge for defined benefit plan and provision for compensated absences.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) passed an amended order u/s. 122(5A) of the Income Tax Ordinance, 2001 resulting in an impact of Rs. 482.233 million. Subsequently, Commissioner Inland Revenue (Appeals) has passed order by allowing Rs. 134.616 million resulting in an aggregate net tax impact of Rs. 347.617 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.

Commissioner Inland Revenue (Appeals) passed an appellate order against Deputy Commissioner Inland Revenue (DCIR) order for Tax Year 2014 (Accounting Year 2013) by allowing certain expenses resulting in an impact of Rs. 25.300 million and remanded back certain expenses to DCIR. The resulted aggregate net tax impact stands at Rs. 125.469 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2015 (Accounting Year 2014) by allowing certain expenses and remanded back to ACIR for other matters. During the year certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 154.201 million. The resulted aggregate net tax impact stands at Rs. 147.655 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2016 (Accounting Year 2015) by allowing certain expenses and remanded back to ACIR for other matters. During the year certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 224.625 million. The resulted aggregate net tax impact stands at Rs. 80.557 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2018 (Accounting Year 2017) by allowing certain expenses resulting in an impact of Rs. 65.722 million. The resulted aggregate net tax impact stands at Rs. 194.376 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.



Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2019 (Accounting Year 2018) by disallowing certain expenses resulting in an impact of Rs. 173.799 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2020 (Accounting Year 2019) by disallowing certain expenses resulting in an impact of Rs. 873.437 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Commissioner Inland Revenue (Appeals) has remanded back the order of Deputy Commissioner Inland Revenue (DCIR) against Federal Excise Duty levy on certain items for the period January 2013 to December 2015. The resulted aggregate net tax impact stands at Rs. 80.766 million.

Deputy Commissioner Inland Revenue (DCIR) has passed order against Federal Excise Duty levy on certain items for the period from January 2018 to December 2019. The resulted aggregate net tax impact stands at Rs. 17.524 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Commissioner (HQ), Punjab Revenue Authority has passed order for the period from January to December 2016 levying Punjab Sales Tax on services on certain items resulting in an impact of Rs. 112.641 million. Appellate Tribunal – Punjab Revenue Authority has remanded back the order of Commissioner (HQ), Punjab Revenue Authority.

Commissioner Inland Revenue (Appeals) has passed orders for tax years 2009 and 2011 confirming disallowance of provision for non-performing loans, other provisions and amortization of intangible assets having an aggregate tax impact of Rs. 15.372 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.

Commissioner Inland Revenue (Appeals), Mirpur AJ&K has annulled the amendments made by Assistant Commissioner Inland Revenue, Mirpur AJ&K for Tax Year 2014 to 2018. This resulted in a favorable aggregate net tax impact of Rs. 93.443 million.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2019 by disallowing certain expenses resulting in an impact of Rs. 92.311 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2020 by disallowing certain expenses resulting in an impact of Rs. 6.608 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

Assistant Commissioner Inland Revenue, Mirpur AJ&K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2021 by disallowing certain expenses resulting in an impact of Rs. 7.031 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.



24. DERIVATIVE INSTRUMENTS

The Bank deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business. As per the Bank's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded in the statement of financial position under "other assets / other liabilities". These products are offered to the Bank's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter - bank foreign exchange market.

24.1 Product Analysis

Counter Parties	31 March 2023 (Un-audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal (Rupees in '000)	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
Banks						
Hedging	7,410,154	(227,570)	45,155,348	(395,929)	52,565,502	(623,499)
Other Entities						
Hedging	38,382,594	4,856,380	–	–	38,382,594	4,856,380
Total						
Hedging	<u>45,792,748</u>	<u>4,628,810</u>	<u>45,155,348</u>	<u>(395,929)</u>	<u>90,948,096</u>	<u>4,232,881</u>
Counter Parties	31 December 2022 (Audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal (Rupees in '000)	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
Banks						
Hedging	6,657,489	(79,494)	57,727,922	472,630	64,385,411	393,136
Other Entities						
Hedging	50,127,080	1,186,455	–	–	50,127,080	1,186,455
Total						
Hedging	<u>56,784,569</u>	<u>1,106,961</u>	<u>57,727,922</u>	<u>472,630</u>	<u>114,512,491</u>	<u>1,579,591</u>



24.2 Maturity Analysis

31 March 2023 (Un-audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	259	28,497,074	(531,764)	1,887,806	1,356,042
1 to 3 months	288	32,366,978	(358,023)	2,312,782	1,954,759
3 to 6 months	209	26,659,345	(858,457)	1,501,136	642,679
6 months to 1 year	28	3,424,699	(2,658)	282,059	279,401
	784	90,948,096	(1,750,902)	5,983,783	4,232,881

31 December 2022 (Audited)					
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	309	44,674,521	(486,472)	1,246,699	760,227
1 to 3 months	469	50,246,423	(535,680)	904,348	368,668
3 to 6 months	318	16,445,297	(74,497)	420,589	346,092
6 months to 1 year	53	3,146,250	(9,564)	114,168	104,604
	1,149	114,512,491	(1,106,213)	2,685,804	1,579,591

(Un-audited)		
Three months period ended		
	31 March 2023	31 March 2022
	(Rupees in '000)	

25. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	29,311,198	14,192,069
On investments	44,511,436	18,979,569
On deposits with financial institutions	561,488	68,597
On securities purchased under resale agreements	421,151	952,830
	74,805,273	34,193,065



		(Un-audited)	
		Three months period ended	
	Note	31 March 2023	31 March 2022
(Rupees in '000)			
26. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		33,887,094	15,482,495
Borrowings from SBP		2,103,697	711,407
Subordinated debt		1,322,621	456,320
Cost of foreign currency swaps		1,237,473	162,765
Repurchase agreement borrowings		10,866,583	988,417
Mark-up expense on lease liability against right-of-use assets		364,157	305,981
Other borrowings		398,090	136,235
		<u>50,179,715</u>	<u>18,243,620</u>
27. FEE AND COMMISSION INCOME			
Branch banking customer fees		450,749	324,957
Investment banking fees		16,335	3,221
Consumer finance related fees		12,701	17,607
Card related fees (debit and credit cards)		891,445	592,524
Credit related fees		92,934	61,608
Commission on trade		1,174,046	1,475,865
Commission on guarantees		203,750	171,034
Commission on cash management		65,385	59,763
Commission on home remittances		91,301	33,041
Others		135,548	102,633
		<u>3,134,194</u>	<u>2,842,253</u>
28. GAIN / (LOSS) ON SECURITIES-NET			
Realised	28.1	24,537	167,877
Unrealised-held for trading		-	(9,590)
		<u>24,537</u>	<u>158,287</u>
28.1 Realised gain on:			
Federal Government Securities		156	102
Shares		24,381	167,775
		<u>24,537</u>	<u>167,877</u>
29. OTHER INCOME			
Gain on sale of fixed assets-net		142,356	133,824
Recovery of expenses from customers		94,936	87,904
Lockers rent		5,511	5,138
Others		5,125	5,147
		<u>247,928</u>	<u>232,013</u>



	(Un-audited)	
	Three months period ended	
	31 March 2023	31 March 2022
	(Rupees in '000)	
30. OPERATING EXPENSES		
Total compensation expenses	6,475,142	5,713,502
Property expenses		
Rent and taxes	58,546	53,998
Insurance	988	1,123
Utilities cost	486,854	351,678
Security (including guards)	426,746	311,305
Repair and maintenance (including janitorial charges)	149,262	86,832
Depreciation	875,404	803,671
	1,997,800	1,608,607
Information technology expenses		
Software maintenance	489,474	375,854
Hardware maintenance	96,742	54,626
Depreciation	163,544	106,243
Amortisation	77,147	60,586
Network charges	168,630	146,270
	995,537	743,579
Other operating expenses		
Directors' fees and allowances	11,372	11,555
Fees and allowances to Shariah Board	5,760	4,675
Insurance	194,747	177,504
Legal and professional charges	72,774	63,171
Outsourced services costs	877,192	484,287
Travelling and conveyance	99,042	83,909
NIFT and other clearing charges	55,743	56,523
Depreciation	528,322	438,895
Repair and maintenance	528,032	426,051
Training and development	24,252	14,592
Postage and courier charges	89,595	92,704
Communication	265,675	118,652
Stationery and printing	370,523	262,982
Marketing, advertisement and publicity	281,063	91,171
Donations	122,608	51,750
Auditors remuneration	4,068	2,047
Commission and brokerage	250,999	138,270
Entertainment and staff refreshment	132,216	98,986
Vehicle running expenses	1,003,938	557,231
Subscriptions and publications	91,098	73,271
CNIC verification charges	41,438	50,594
Security charges	139,783	129,231
Others	382,114	157,889
	5,572,354	3,585,940
	15,040,833	11,651,628



		(Un-audited)	
		Three months period ended	
		31 March	31 March
		2023	2022
Note		(Rupees in '000)	
31.	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	<u>70</u>	<u>251</u>
32.	(REVERSALS) / PROVISIONS AND WRITE OFFS-NET		
	Reversal for diminution in value of investments-net	9.2 (1,000,435)	(9)
	Provision against loans & advances-net	10.3 19,630	148,683
	Provision against other assets	14.1.1 361	399
	Provision against off-balance sheet items	20.1 183	7,110
	Reversals against balance with other banks	(9)	-
		<u>(980,270)</u>	<u>156,183</u>
33.	TAXATION		
	Current	6,956,995	3,343,556
	Deferred	(908,946)	(111,940)
		<u>6,048,049</u>	<u>3,231,616</u>
34.	BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY		
	Profit for the period-attributable to equity holders of the Holding Company	<u>10,627,760</u>	<u>4,940,477</u>
		(Number)	
	Weighted average number of ordinary shares	<u>1,111,425,416</u>	<u>1,111,425,416</u>
		(Rupees)	
	Basic and diluted earnings per share	<u>9.56</u>	<u>4.45</u>



35. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government securities	PKRV rates (Reuters page)
Non Government Debt Securities	Market prices
Foreign Securities	Market prices / Mashreqbank PSC
Listed Securities	Prices quoted at Pakistan Stock Exchange Limited
Mutual Funds	Net asset values declared by respective funds

Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the Group's accounting policies, as disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

35.1 Fair value of financial assets

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the 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).

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



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:

31 March 2023 (Un-audited)				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government Securities	-	903,090,003	-	903,090,003
Shares	2,771,101	-	-	2,771,101
Non-Government Debt Securities	25,452,597	5,077,390	-	30,529,987
Foreign Securities	-	4,873,204	-	4,873,204
Mutual Funds	-	3,972,642	-	3,972,642
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	168,435,440	-	168,435,440
Foreign Securities	-	928,780	-	928,780
Associates				
Mutual Funds	-	5,628,685	-	5,628,685
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	65,033,580	-	65,033,580
Forward sale of foreign exchange contracts	-	30,147,397	-	30,147,397
31 December 2022 (Audited)				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government Securities	-	930,187,451	-	930,187,451
Shares	3,081,855	-	-	3,081,855
Non-Government Debt Securities	25,515,203	5,139,900	-	30,655,103
Foreign Securities	-	4,118,155	-	4,118,155
Mutual Funds	-	3,507,593	-	3,507,593
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	169,562,245	-	169,562,245
Non-Government Debt Securities	-	1,037,110	-	1,037,110
Associates				
Mutual Funds	-	5,533,810	-	5,533,810
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	80,387,622	-	80,387,622
Forward sale of foreign exchange contracts	-	35,704,460	-	35,704,460



35.2 Certain fixed assets and non banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuer (level 3 measurement) based on their assessment of the market value.

35.3 Foreign exchange contracts are valued using exchange rates declared by the State Bank of Pakistan.

36. TRUST ACTIVITIES

The Bank is not engaged in any trust activities other than holding investments of individuals and entities in its IPS account maintained with the State Bank of Pakistan.

37. SEGMENT INFORMATION

Segment Details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	Three months period ended 31 March 2023 (Un-audited)				Total
	Commercial banking	Retail banking	Retail brokerage	Asset management	
	(Rupees in '000)				
Profit and loss					
Mark-up / return / profit	68,655,197	6,139,163	10,453	460	74,805,273
Inter segment revenue-net	556	14,829,606	-	-	14,830,162
Non mark-up / return / interest income	1,295,611	4,996,729	24,114	132,493	6,448,947
Total income	69,951,364	25,965,498	34,567	132,953	96,084,382
Segment direct expenses	(47,683,137)	(17,805,346)	(39,998)	(32,092)	(65,560,573)
Inter segment expense allocation	(14,829,606)	-	(556)	-	(14,830,162)
Total expenses	(62,512,743)	(17,805,346)	(40,554)	(32,092)	(80,390,735)
Reversals / (provisions)	990,250	(37,965)	27,985	-	980,270
Profit before tax	8,428,871	8,122,187	21,998	100,861	16,673,917
	As at 31 March 2023 (Un-audited)				
Statement of financial position					
Cash and bank balances	133,225,758	24,094,251	151,220	1,763	157,472,992
Investments	1,134,082,941	-	222,166	974,204	1,135,279,311
Net inter segment lending	99,790	935,445,839	-	-	936,385,629
Lendings to financial institutions	104,800,915	-	-	-	104,800,915
Advances - performing	742,033,689	134,498,323	26	-	876,532,038
- non-performing	2,361,999	41,437	-	-	2,403,436
Others	163,538,263	31,469,286	501,624	98,538	195,607,711
Total assets	2,280,983,355	1,125,549,136	875,036	1,074,505	3,408,482,032
Borrowings	480,428,373	-	368,193	-	480,796,566
Subordinated debt	29,990,600	-	-	-	29,990,600
Deposits and other accounts	696,337,251	1,030,408,510	-	-	1,726,745,761
Net inter segment borrowing	935,445,839	-	189,790	750,000	936,385,629
Others	58,167,502	86,056,518	173,801	69,227	144,467,048
Total liabilities	2,200,369,565	1,116,465,028	731,784	819,227	3,318,385,604
Equity	80,613,790	9,084,108	143,252	255,278	90,096,428
Total equity and liabilities	2,280,983,355	1,125,549,136	875,036	1,074,505	3,408,482,032
Contingencies and commitments	384,867,836	163,200	-	-	385,031,036



Three months period ended 31 March 2022 (Un-audited)

	Commercial banking	Retail banking	Retail brokerage	Asset management	Total
	(Rupees in '000)				
Profit and loss					
Mark-up / return / profit	31,249,855	2,931,624	11,477	109	34,193,065
Inter segment revenue-net	12,485	10,260,706	–	–	10,273,191
Non mark-up / return / interest income	1,676,259	2,435,947	20,154	63,568	4,195,928
Total income	32,938,599	15,628,277	31,631	63,677	48,662,184
Segment direct expenses	(17,266,281)	(12,732,417)	(39,027)	(25,598)	(30,063,323)
Inter segment expense allocation	(10,260,706)	–	(2,192)	(10,293)	(10,273,191)
Total expenses	(27,526,987)	(12,732,417)	(41,219)	(35,891)	(40,336,514)
Provisions	(112,130)	(41,655)	(2,398)	–	(156,183)
Profit before tax	5,299,482	2,854,205	(11,986)	27,786	8,169,487

As at 31 December 2022 (Audited)

	Commercial banking	Retail banking	Retail brokerage	Asset management	Total
Statement of financial position					
Cash and bank balances	95,317,276	13,784,788	157,002	9,972	109,269,038
Investments	1,157,669,660	–	251,342	878,986	1,158,799,988
Net inter segment lending	936,306	940,663,885	–	–	941,600,191
Lendings to financial institutions	15,568,607	–	–	–	15,568,607
Advances - performing	707,531,498	102,621,595	33	–	810,153,126
- non-performing	3,069,270	45,421	–	–	3,114,691
Others	152,631,172	22,647,382	409,217	89,058	175,776,829
Total assets	2,132,723,789	1,079,763,071	817,594	978,016	3,214,282,470
Borrowings	418,722,454	–	267,006	–	418,989,460
Subordinated debt	29,991,600	–	–	–	29,991,600
Deposits and other accounts	594,367,065	973,642,209	–	–	1,568,009,274
Net inter segment borrowing	940,663,885	–	186,306	750,000	941,600,191
Others	60,532,353	99,160,373	207,097	43,516	159,943,339
Total liabilities	2,044,277,357	1,072,802,582	660,409	793,516	3,118,533,864
Equity	88,446,432	6,960,489	157,185	184,500	95,748,606
Total equity and liabilities	2,132,723,789	1,079,763,071	817,594	978,016	3,214,282,470
Contingencies and commitments	389,420,252	287,644	–	–	389,707,896

38. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates, directors, key management personnel and other related parties.

Transactions with related parties of the Group are carried out on arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.



Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	31 March 2023 (Un-audited)				31 December 2022 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	5,533,810	386,597	-	-	8,563,438	305,998
Investment made during the period / year	-	-	1,437,593	-	-	-	9,077,662	50,000
Investment adjusted / redeemed / disposed off during the period / year	-	-	(1,340,941)	-	-	-	(12,107,290)	-
(Deficit) / surplus on revaluation during the period / year	-	-	-	(27,775)	-	-	-	30,599
Closing balance	-	-	5,630,462	358,822	-	-	5,533,810	386,597
Advances								
Opening balance	1,310	320,774	-	1,023,207	1,620	195,482	-	2,417,285
Addition during the period / year	4,904	41,695	-	5,299,637	90,890	328,735	-	40,985,490
Repaid during the period / year	(5,212)	(62,289)	-	(5,294,644)	(91,200)	(203,443)	-	(42,379,568)
Closing balance	1,002	300,180	-	1,028,200	1,310	320,774	-	1,023,207
Operating fixed assets								
Right of use	-	-	-	8,177	-	-	-	9,199
Other Assets								
Interest / mark-up accrued	-	450	-	7,306	-	177	-	25,879
L/C acceptances	-	-	-	124,187	-	-	-	323,894
Other receivable	-	-	8,529	-	-	-	6,581	64
Subordinated debt	-	-	-	44,000	-	-	-	44,000
Deposits and other accounts								
Opening balance	569,762	691,575	1,770,411	5,223,723	769,918	774,436	59,383	6,936,252
Received during the period / year	1,687,105	1,448,117	205,747,924	54,255,271	4,487,172	5,939,373	582,767,296	174,705,011
Withdrawn during the period / year	(1,284,184)	(1,490,653)	(206,306,714)	(52,851,395)	(4,687,328)	(6,022,234)	(581,056,268)	(176,417,540)
Closing balance	972,683	649,039	1,211,621	5,627,599	569,762	691,575	1,770,411	5,223,723
Other Liabilities								
Interest / mark-up payable	1,052	6,062	-	34,551	73	1,596	-	24,737
Payable to staff retirement fund	-	-	-	1,583,804	-	-	-	974,312
Other liabilities	-	123	-	-	-	113	-	71,960
Contingencies and commitments	-	-	-	1,131,967	-	-	-	1,004,215
Other Transactions - Investor Portfolio Securities								
Opening balance	-	-	-	16,314,700	-	-	-	4,791,800
Increased during the period / year	-	-	-	2,444,500	-	-	-	25,764,700
Decreased during the period / year	-	-	-	(3,236,000)	-	-	-	(14,241,800)
Closing balance	-	-	-	15,523,200	-	-	-	16,314,700



38.1 RELATED PARTY TRANSACTIONS

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□

	31 March 2023 (Un-audited)				31 March 2022 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	-	4,363	-	27,649	-	2,808	-	19,998
Fee and commission income	19	122	34	3,719	14	43	47,044	3,441
Dividend income	-	-	-	-	-	-	-	-
Share of profit from associates	-	-	193,433	-	-	-	173,828	-
Other income	-	-	-	137	-	-	-	134
Expense								
Mark-up / return / interest expensed	16,187	17,666	320,054	218,842	11,826	15,547	4,681	116,038
Operating expenses	-	-	-	1,200	-	-	-	1,034
Salaries and allowances	-	295,201	-	-	-	167,362	-	-
Bonus	-	48,675	-	-	-	35,929	-	-
Contribution to defined contribution plan	-	9,532	-	-	-	11,627	-	-
Contribution to defined benefit plan	-	11,247	-	-	-	4,694	-	-
Staff provident fund	-	-	-	230,755	-	-	-	186,169
Staff gratuity fund	-	-	-	207,000	-	-	-	148,000
Directors' fees	10,730	-	-	-	10,955	-	-	-
Donation	-	-	-	3,000	-	-	-	6,000
Insurance premium paid	-	-	-	196,211	-	-	-	81,519
Insurance claims settled	-	-	-	13,780	-	-	-	14,121



39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	<u>11,114,254</u>	<u>11,114,254</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>76,088,359</u>	88,846,766
Eligible Additional Tier 1 (ADT 1) Capital	<u>13,274,197</u>	13,284,854
Total Eligible Tier 1 Capital	<u>89,362,556</u>	102,131,620
Eligible Tier 2 Capital	<u>25,973,972</u>	30,118,520
Total Eligible Capital (Tier 1 + Tier 2)	<u>115,336,528</u>	<u>132,250,140</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>755,261,804</u>	734,076,775
Market Risk	<u>13,447,952</u>	12,072,245
Operational Risk	<u>148,012,019</u>	148,012,019
Total	<u>916,721,775</u>	<u>894,161,039</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>8.300%</u>	<u>9.936%</u>
Tier 1 Capital Adequacy Ratio	<u>9.748%</u>	<u>11.422%</u>
Total Capital Adequacy Ratio	<u>12.581%</u>	<u>14.790%</u>
Leverage Ratio (LR):		
Eligible Tier 1 Capital	<u>89,362,556</u>	102,131,620
Total Exposures	<u>2,855,125,096</u>	2,743,357,594
Leverage Ratio	<u>3.130%</u>	<u>3.723%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>836,472,540</u>	741,344,389
Total Net Cash Outflow	<u>356,563,901</u>	309,814,044
Liquidity Coverage Ratio	<u>234.593%</u>	<u>239.287%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>1,792,985,612</u>	1,651,921,923
Total Required Stable Funding	<u>934,804,086</u>	922,325,376
Net Stable Funding Ratio	<u>191.803%</u>	<u>179.104%</u>



40. ISLAMIC BANKING BUSINESS

The Bank is operating with 178 (31 December 2022: 178) Islamic banking branches and 150 (31 December 2022: 150) Islamic banking windows at the end of the period / year.

	Note	(Un-audited) 31 March 2023	(Audited) 31 December 2022
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		12,291,733	10,129,656
Balances with other banks		7,585	7,087
Due from financial institutions		–	–
Investments	40.1	141,805,628	139,707,651
Islamic financing and related assets-net	40.2	99,058,527	101,266,517
Fixed assets		1,022,202	960,714
Intangible assets		–	–
Due from Head Office		–	–
Other assets		14,350,784	9,004,260
Total Assets		268,536,459	261,075,885
LIABILITIES			
Bills payable		349,743	429,262
Due to financial institutions		36,466,506	38,932,611
Deposits and other accounts	40.3	192,701,090	177,775,602
Due to Head Office		1,970,323	7,016,160
Subordinated debt		–	–
Other liabilities		13,597,397	15,579,661
		245,085,059	239,733,296
NET ASSETS		23,451,400	21,342,589
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		–	–
Deficit on revaluation of assets		(871,954)	(463,276)
Unappropriated profit	40.4	16,723,354	14,205,865
		23,451,400	21,342,589
CONTINGENCIES AND COMMITMENTS	40.5		



The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2023 is as follows:

	Note	(Un-audited) Three months period ended	
		31 March 2023	31 March 2022
(Rupees in '000)			
Profit / return earned	40.6	8,314,028	4,240,801
Profit / return expensed	40.7	(4,467,940)	(2,435,102)
Net Profit / return		3,846,088	1,805,699
Other income			
Fee and commission income		248,769	201,843
Dividend income		13,902	9,334
Foreign exchange income		42,173	41,319
Income / (loss) from derivatives		-	-
Gain on securities		-	-
Other income		17,470	13,824
Total other income		322,314	266,320
Total income		4,168,402	2,072,019
Other expenses			
Operating expenses		(1,331,864)	(969,621)
Other charges		-	-
Total other expenses		(1,331,864)	(969,621)
Profit before provisions		2,836,538	1,102,398
Provisions and write offs-net		(319,049)	(1,896)
Profit for the period		2,517,489	1,100,502

31 March 2023 (Un-audited)				31 December 2022 (Audited)			
Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
(Rupees in '000)							

40.1 Investments by segments:

Federal Government Securities								
- Ijarah Sukuks	106,900,272	-	(888,072)	106,012,200	106,895,687	-	(478,887)	106,416,800
- Neelum Jhelum Hydropower Co Ltd. Sukuk	2,021,250	-	-	2,021,250	2,021,250	-	-	2,021,250
- Islamic Naya Pakistan Certificates	7,417,141	-	-	7,417,141	4,852,292	-	-	4,852,292
	116,338,663	-	(888,072)	115,450,591	113,769,229	-	(478,887)	113,290,342
Shares								
- Listed Companies	30,529	(19,471)	25	11,083	30,529	(19,253)	56	11,332
Non Government Debt Securities								
- Listed	22,231,705	-	(2,205)	22,229,500	21,952,266	-	(2,266)	21,950,000
- Unlisted	3,598,000	-	-	3,598,000	3,940,000	-	-	3,940,000
	25,829,705	-	(2,205)	25,827,500	25,892,266	-	(2,266)	25,890,000
Units of Mutual Funds	351,022	(52,866)	18,298	316,454	351,022	(52,866)	17,821	315,977
Associates								
- AL Habib Islamic Cash Fund	100,000	-	-	100,000	100,000	-	-	100,000
- AL Habib Islamic Savings Fund	100,000	-	-	100,000	100,000	-	-	100,000
	200,000	-	-	200,000	200,000	-	-	200,000
Total Investments	142,749,919	(72,337)	(871,954)	141,805,628	140,243,046	(72,119)	(463,276)	139,707,651



	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)	
40.2 Islamic financing and related assets		
Ijarah	2,529,635	2,452,842
Murabaha	11,094,501	10,598,735
Diminishing Musharaka	15,217,538	15,741,969
Islamic Long Term Financing Facility (ILTF)	4,516,758	3,835,813
Istisna	6,427,216	5,766,719
Islamic Refinance for Renewable Energy (IFRE)	2,212,692	2,157,740
Islamic Refinance for Wages & Salaries (IRWS)	-	41,082
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	5,418,805	5,498,680
Islamic Refinance Facility for Modernization of SMEs (IRFMS)	47,422	49,186
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	142,438	142,438
Islamic Export Refinance-Istisna (IERF)	2,675,639	2,303,561
Musawamah	5,319,220	3,532,923
Islamic Export Refinance-Musawamah	290,500	303,750
Running Musharaka	1,520,414	2,073,941
Islamic Export Refinance-Running Musharaka	6,075,426	6,075,426
Financing against Bills-Musawamah	3,149,321	3,916,970
Export Finance Scheme (EFS) - Discounting	5,365,841	5,110,945
Staff Financing	1,569,247	1,438,084
Musawamah Inventory	2,642,585	3,947,033
Advance against Istisna	9,609,890	9,761,928
Advance against Istisna-IERF	5,806,252	7,922,393
Advance against Ijarah	410,310	444,846
Advance against Diminishing Musharaka	3,235,988	3,102,235
Advance against ILTF	1,280,835	2,100,278
Advance against IFRE	346,280	451,733
Advance against ITERF	2,859,997	2,888,709
Advance against IRFSME	6,048	-
Gross Islamic financing and related assets	99,770,798	101,659,959
Less: provision against Islamic financings		
- Specific	662,214	343,385
- General	50,057	50,057
	712,271	393,442
Islamic financing and related assets-net of provision	99,058,527	101,266,517



	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)	
40.3 Deposits and Other Accounts		
Customers		
Current deposits	74,275,993	64,921,780
Savings deposits	90,954,855	64,480,636
Term deposits	25,770,466	27,105,947
	<u>191,001,314</u>	<u>156,508,363</u>
Financial institutions		
Current deposits	16,506	16,506
Savings deposits	1,683,270	21,250,733
	<u>1,699,776</u>	<u>21,267,239</u>
	<u>192,701,090</u>	<u>177,775,602</u>
40.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	14,205,865	6,607,722
Add: Islamic Banking profit for the period / year	2,517,489	7,598,143
Closing Balance	<u>16,723,354</u>	<u>14,205,865</u>
40.5 Contingencies and Commitments		
Guarantees	10,377,370	10,385,298
Commitments	21,052,782	24,096,223
	<u>31,430,152</u>	<u>34,481,521</u>
	(Un-audited)	
	Three months period ended	
	31 March 2023	31 March 2022
	(Rupees in '000)	
40.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	2,937,860	1,465,699
Investments	5,375,671	2,775,037
Placements	497	65
	<u>8,314,028</u>	<u>4,240,801</u>
40.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	3,503,975	1,354,106
Due to Financial Institutions	558,266	147,320
Due to Head Office	405,699	933,676
	<u>4,467,940</u>	<u>2,435,102</u>



40.8 Profit and Loss Distribution and Pool Management

40.8.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk and reward characteristics:

General Pool PKR (Mudaraba)

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

Special Pool(s) PKR (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY pool, all FCY deposits and Investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY General Pool, the loss will be borne by the FCY general pool members.

Special Pool(s) FCY (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. The Bank as Mudarib in the general pool is responsible for administrative costs and cost of operating fixed assets, which are financed from equity. Furthermore, subsidized financing to employees are also financed from equity as per SBP guidelines.

Special Mudaraba Financing Facility (SMFF) Pool – Open Market Operations (OMO) Injections

Special Mudaraba Financing Facility (MFF) Pool for OMO Injection is created to invest the funds exclusively raised from SBP through Islamic Open Market Operations (OMO) in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement (SLR).

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.



40.8.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed:

The Mudaraba based funds have been deployed in the following avenues / sectors / business:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuks, shares and mutual funds
- Production and transmission of energy
- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)

40.8.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-UI-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukuks etc.

The Bank calculates the profit of the pool at every month. Profit is distributed at the net income level. Net income is calculated after deducting direct costs such as cost of murabaha, cost of takaful, depreciation on ijarah assets, and amortization of premium on sukuks and loss of investments directly incurred in deriving that Income.

The net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the quarter was 50% (31 December 2022: 50%) of net income and the depositors' profit sharing ratio was 50% (31 December 2022: 50%) of net income.

After the allocation of Income between the equity holder and depositors the profit is distributed among the account holders on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

In case of provisioning, the general and specific provisions created against non-performing financing and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.



40.8.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

		31 March 2023 (Un-audited)				
		Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
	LCY Pool	4,835,635	1,708,133	35.32%	828,347	48.49%
	FCY Pool	36,096	26,608	73.71%	6,672	25.08%
		31 March 2022 (Un-audited)				
	LCY Pool	2,690,072	683,094	25.39%	320,190	46.87%
	FCY Pool	26,350	24,802	94.13%	1,113	4.49%

40.8.5 Profit rate earned vs. profit rate distributed to the depositors during the period

		(Un-audited)	
		Three months period ended	
		31 March 2023	31 March 2022
		(Percentage)	
	Profit rate earned	14.05%	8.32%
	Profit rate distributed	8.26%	4.42%

41. GENERAL

- 41.1 Captions in respect of which there are no amounts, have not been reproduced in these consolidated condensed interim financial statements, except for captions of the statement of financial position and profit and loss account.
- 41.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 41.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation.

42. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 19 April 2023.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman