

**WE
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Corporate Information

Board of Directors

Mr. Suleman Lalani	Chairman (Non-Executive Director)
Mr. Syed Amir Ali	President & Chief Executive Officer
Mr. Akhtar Abbas	Independent Director
Mr. Ali Hussain	Non-Executive Director
Ms. Iffat Zehra Mankani	Non-Executive Director
Mr. Haider Ali Hilaly	Independent Director
Mr. Sulaiman Sadruddin Mehdi	Independent Director
Mr. Syed Ali Hasham	Non-Executive Director

Shariah Supervisory Board

Mufti Irshad Ahmad Aijaz	Chairperson
Mufti Javed Ahmad	Member
Mufti Muhammad Husain	Member
Mufti Syed Hussain Ahmed	Member

Board Audit Committee

Mr. Haider Ali Hilaly	Chairperson
Ms. Iffat Zehra Mankani	Member
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member

Board Risk Management Committee

Ms. Iffat Zehra Mankani	Chairperson
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member
Chief Executive Officer	Member

Board Human Resources & Remuneration Committee

Mr. Akhtar Abbas	Chairperson
Ms. Iffat Zehra Mankani	Member
Mr. Suleman Lalani	Member
Mr. Syed Ali Hasham	Member

Board Information Technology Committee

Mr. Haider Ali Hilaly	Chairperson
Mr. Akhtar Abbas	Member
Mr. Suleman Lalani	Member
Chief Executive Officer	Member

Company Secretary

Mr. Muhammad Shoab

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Adviser

1- Haidermota & Co.
2- Mohsin Tayebaly & Co.

Management (in alphabetical order)

Syed Amir Ali	President & Chief Executive Officer
Rizwan Ata	Deputy CEO
Aasim Salim	General Manager Central
Bilal Fiaz	Group Head Consumer Banking
Burhan Hafeez Khan	General Manager South West
Kashif Nisar	Head of Product & Shariah Structuring
Mahmood Rashid	Head of Government Relations & Security
Masood Muhammad Khan	Head of Compliance
Mateen Mahmood	Head of Operations
Mohammad Faisal Dhedhi	General Manager South East
Muhammad Amin	Group Head Information Technology
Muhammad Assadullah Chaudhry	Head of Human Resource
Muhammad Idrees Sheikh	Divisional General Manager Interior Sindh
Muhammad Irfan Ahmed	Head of Shariah Compliance
Muhammad Shoab	Company Secretary
Muhammad Shoab Rizwani	Divisional General Manager South Punjab
Muhammad Uzair Sipra	Head of Legal
Rizwan Qamar Lari	Group Head Internal Audit
Sajjad Qureshi	Head Treasury & Financial Institutions (Acting)
Sohail Sikandar	Chief Financial Officer
Tariq Ali Khan	General Manager North
Usman Shahid	Group Head Risk Management
Zabih Ullah Usmani	Divisional General Manager Balochistan
Zaheer Elahi Babar	Group Head Corporate Banking

Registered Office

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Marine Drive, Block-4, Clifton, Karachi.
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Fax: (92-21) 35378373
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Share Registrar

CDC Share Registrar Services Limited
Head Office: CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Karachi- 74400.
Tel: (92) 0800-23275 Fax: (92-21) 34326053
URL: www.cdcsrsl.com
Email: info@cdcsrsl.com

Public Dealing Timings of Share Registrar

Monday to Thursday: 9:00 am to 5:00 pm
Friday: 9:00 am to 12:30 pm and 2:30 pm to 5:00 pm

Website:

www.bankislami.com.pk

Directors' Report to the Members

Dear Members,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of BankIslami Pakistan Limited ('the Bank' or 'BankIslami') along with the Condensed Interim Un-audited Financial Statements for the half year ended June 30, 2023.

Economy Snapshot

The fiscal year 2023 presented a series of formidable challenges for Pakistan, characterized by a significant deceleration in economic growth due to various factors such as the aftermath of devastating floods from the previous year, persistent and escalating inflation, a current account deficit, political instability, diminishing foreign exchange reserves, and the reverberations of the global growth rate. In light of these multifaceted challenges, the country's economy registered a provisional GDP growth of 0.29% in FY 23. This stands in stark contrast to the economic outlook projected by the Organization for Economic Co-operation and Development (OECD), which anticipated global growth to reach 2.7% in 2023, with a moderate uptick to 2.9% in 2024. These projections fall notably below the average growth rates witnessed in the decade prior to the onset of the COVID-19 pandemic.

During the fiscal year 2023, the average inflation rate surged to 29.18%, reaching unprecedented levels. Notably, the country experienced its highest year-on-year inflation of 37.97% in May 2023, marking a historic occurrence. Looking ahead to FY 24, inflation is projected to range between 20% and 22%. This projection is influenced by factors including subdued domestic demand due to a stringent monetary policy stance, a favorable global commodity price outlook, and a positive base effect. However, the upward trajectory of energy and fuel prices is anticipated to contribute to mounting inflationary pressures. To cope up with inflationary pressures and to maintain external sector stability, the Monetary Policy Committee (MPC) has increased the policy rates from 16% in Dec 2022 to 22% in Jul 2023.

For the fiscal year 2023, the Current Account Deficit (CAD) closed at USD 2.6 billion, a substantial reduction of 85.4% from the deficit of USD 17.5 billion recorded in the preceding year. Demonstrating an encouraging trend, the current account achieved a surplus for the fourth consecutive month in June, amounting to USD 334 million. Consequently, the cumulative CAD for FY 23 experienced a substantial decrease to 0.7% of GDP from 4.7% reported in FY 22. This noteworthy improvement primarily results from implementation of policies with respect to non-essential imports, which effectively off-set the decline in exports and workers' remittances throughout the year. Looking ahead, it is anticipated that the current account deficit will remain contained within the range of 0.5% to 1.5% of GDP in FY 24. Similarly, the cumulative trade deficit for FY 23 contracted to USD 27.60 billion, marking a significant reduction from the USD 48.35 billion registered during FY 22. This trajectory signifies a promising shift in the trade balance and its contribution to overall economic dynamics.

The country has successfully obtained a nine-month Stand-By Arrangement (SBA) with the International Monetary Fund (IMF), a strategic move that effectively addressed immediate concerns related to external sector stability while bolstering foreign exchange reserves. The disbursement of the initial tranche within the framework of the SBA, along with USD 3 billion in bilateral support, contributed to a noteworthy surge in the SBP's foreign exchange reserves. From a level of USD 4.5 billion at the conclusion of June 2023, these reserves grew significantly, reaching to USD 8.0 billion as of August 04, 2023. Moreover, the country's overall reserves experienced a commendable enhancement, standing at USD 13.34 billion as of August 04, 2023.

Despite these anticipated positive developments, the cumulative impact of tightened monetary policies and anticipated fiscal consolidation is projected to maintain growth within a restricted range. Given these dynamics, the projected real GDP growth for FY 24 is expected to fall within the range of 2.0% to 3.0%. This projection reflects a cautious approach,

acknowledging the ongoing adjustments while anticipating measured economic expansion.

(Source: SBP Monetary Policy Statement, Other Publications, GoP Monthly Economic Update & Outlook and News Reports)

Overview of Financial Performance

Following are the key financial highlights for the half year ended June 30, 2023:

Key Balance Sheet Numbers	June 2023	December 2022	June 2022	June 2023 Vs December 2022	June 2023 Vs June 2022
	----- Rupees in '000 -----			----- % -----	
Net Assets	30,023,581	26,450,401	24,046,883	13.51%	24.85%
Deposits	462,965,023	415,911,942	370,707,941	11.31%	24.89%
Financing and related assets - net	243,463,985	201,328,442	208,805,802	20.93%	16.60%
Investments – net	204,133,027	179,741,488	127,021,761	13.57%	60.71%
Due from FI	54,519,331	23,878,183	52,634,211	128.32%	3.58%

Key profit and expense numbers	June 2023	June 2022	% Change
	----- Rupees in '000 -----		
Profit / return earned	39,164,602	18,370,569	113.19%
Profit / return expensed	22,511,204	10,452,343	115.37%
Net Spread Earned	16,653,398	7,918,226	110.32%
Fee and commission income	797,914	729,150	9.43%
Operating expenses	7,664,342	5,574,517	37.49%
Operating Profit before provisions	10,621,280	4,053,533	162.03%
Profit before taxation	8,295,833	2,697,571	207.53%
Profit after taxation	5,095,746	1,436,257	254.79%
Earnings per share (in Rupees)	4.5961	1.2954	254.80%

Alhumdulillah! This year, the Bank's long-term credit rating has been elevated to AA-. This accomplishment underscores Bank's resilient business approach, cautious risk management methodologies, and the enduring confidence reposed in the Bank by its esteemed clientele.

The Bank's total deposits experienced an 11.31% increase compared to the year-end 2022, with a notable year-on-year growth of 24.89%. The Bank has strategically developed a diverse range of products tailored to various market segments, addressing distinct market needs. In line with this approach, the Bank successfully re-introduced term deposit offerings featuring attractive profit rates, capitalizing on increased demand attributed to rising policy rates. Additionally, the Bank has designed women-centric product offerings, established priority banking centers, and emphasized cash management and employee banking services. Beyond its product portfolio, the Bank formulated plans to expand its branch network, amplifying its reach and accessibility. The initial outcomes of these efforts are evident, as the Bank achieved remarkable growth rates of 7.7% and 19.9% in its current account and term deposit bases, respectively, compared to the conclusion of 2022.

The Bank has showcased strong growth in financing portfolio, achieving a 20.93% increase when compared to December 2022, despite the challenges posed by stringent regulatory measures on auto financing and the absence of subsidized housing finance scheme for new cases. The Bank's gross ADR (Advance to Deposit ratio) has risen to 57.1%, a noteworthy

improvement from the 53% reported in December 2022. Through a steadfast commitment to cultivate a healthy financing portfolio and effectively addressing non-performing financing, the Bank has successfully managed its infection ratio to 7.87%. This represents a significant advancement from the 9.02% recorded in December 2022. Considering the prevailing economic landscape, the Bank has proactively allocated an additional general provision of Rs. 300 million during the first half of 2023. As a result, the Bank's coverage ratio has surged to 100%, showcasing a substantial enhancement from the 96% documented as of December 2022.

During the first half of 2023, the Bank deployed surplus liquidity in GoP Ijarah Sukuk, hence, the Bank's investment portfolio has increased to Rs. 204.13 billion from Rs. 179.74 billion, registering a considerable increase of 13.57%. Consequently, investment to deposit ratio (IDR) jumped from 43.22% as at December 31, 2022 to 44.09% as at June 30, 2023.

A strong capital foundation serves as the cornerstone for sustaining a robust portfolio of assets. As of June 30, 2023, the Bank's Capital Adequacy Ratio (CAR) reached an impressive 19.14%, reflecting a noteworthy uptick compared to its standing of 17.92% in December 2022. It is worth noting that this increase occurred even after accounting for the dividend payout of Re. 1/- per share, as approved by the shareholders for the year ended December 2022. This growth underscores the Bank's commitment to maintain a resilient financial position and foster shareholder value..

Alhamdulillah! The Bank has achieved a robust increase in profits for the half year ended June 30, 2023. This success can be attributed to our multifaceted strategy, which has proven effective in various aspects. Our focus on maintaining an optimal level of CASA mix, fostering healthy growth in low-risk weighted financing portfolio, focusing on fee based income and considerate growth in investment portfolio played key roles. Accordingly, Bank's profit before tax for the half year ended 2023 closed at Rs. 8.29 billion. This figure represents an impressive growth of 207.5% in comparison to the same period last year. During the first half of 2023, based on amendment in Finance Bill 2023-24 with respect to chargeability of super tax, tax rate of 49% has been used to recognize deferred tax assets (gross) which resulted in reversal in tax charge by Rs. 1 billion. Based on the foregoing, profit after tax recorded as Rs. 5.09 billion, a significant leap from the Rs. 1.44 billion recorded during first half of 2022. This outstanding growth of 254.8% showcases the Bank's steadfast commitment to financial excellence and its ability to navigate challenging circumstances while achieving remarkable results.

Group Results

Throughout the first half of 2023, the Group experienced a notable 21.3% expansion in its total assets. This significant boost in the Group's financial standing was primarily driven by an increase in financing and investments within the Islamic Banking segment. Demonstrating remarkable performance, the Group achieved a post-tax profit of Rs. 5.1 billion, showcasing a remarkable 252.8% surge compared to the corresponding period in the previous year. This remarkable achievement can be attributed to the augmentation of earning assets, the growth of profit-bearing liabilities, and the elevation of policy rates.

Composition of the Board

In line with the requirements of the Code of Corporate Governance (CCG) and best practices, the Board of the Bank comprises of both non-executive and independent directors, including representation of a female director on the Board.

The current composition of the Board is as follows:

Total number of Directors 8

Composition:

- | | |
|-------------------------------|---|
| (i) Independent Directors: | 3 |
| (ii) Non-executive Directors: | 4 |
| (iii) Executive Director: | 1 |
| (a) Female Director: | 1 |
| (b) Male Directors: | 7 |

The present Board of the Bank was elected on May 10, 2023 for which clearance from SBP has been received. BankIslami’s new Board of Directors comprises of leading professionals from industry. The members of the Board possess versatile experience in the fields of Corporate Finance, Capital Market, Investment Management, Private Equity, FinTech, Innovation and Corporate Governance. The Board members hold professional certifications and Master’s degrees from renowned international and local institutions.

Acknowledgements

Mr. Syed Amir Ali, President & CEO of the Bank, informed the Board that he does not intend to seek renewal at the expiry of his current term of employment on September 28, 2023. In view of this, the Board has announced appointment of Mr. Rizwan Ata as President & CEO of BankIslami Pakistan effective from September 29, 2023 subject to FPT clearance of SBP. Mr. Ata joined BankIslami in 2019 and currently serving as Group Head Distribution. He is a seasoned Islamic banker having two decades of Islamic banking experience. At this juncture, we wish Mr. Amir success in his future endeavors. With the blessings of Allah SWT, BankIslami made notable progress during 5 years period of his leadership. The Bank grew its deposit base at a CAGR of 23% while it achieved more than twenty-fold growth in its after tax profits. During this period, the Bank also witnessed distribution of first ever Cash dividend to its shareholders.

The Board wishes to formally express its profound gratitude to the State Bank of Pakistan for their invaluable assistance and guidance. Additionally, we extend our appreciation to the Securities and Exchange Commission of Pakistan and other regulatory bodies for their unwavering support towards the Bank’s endeavors. Our sincere gratitude goes out to our esteemed customers, valued business partners, and shareholders for their continuous loyalty and trust.

Furthermore, we would like to recognize the exceptional dedication, commitment, and tireless efforts exhibited by our management team and employees. Their contributions have been instrumental in propelling BankIslami to a prominent position within the broader banking sector and particularly in the Islamic Banking industry.

On behalf of the Board,

-Sd-

Syed Amir Ali
President & Chief Executive Officer

-Sd-

Suleman Lalani
Chairman of the Board of Directors

August 22, 2023

ایگزیکٹو آفیسر کی حیثیت سے تقرری کا اعلان کیا ہے جس کا اطلاق 29 ستمبر 2023 سے ہوگا جو اسٹیٹ بینک آف پاکستان کی FPT کلیئرٹس سے مشروط ہے۔ رضوان عطاء نے 2019 میں بینک اسلامی میں شمولیت اختیار کی اور اس وقت گروپ ہیڈ ڈسٹری بیوشن کے طور پر خدمات انجام دے رہے ہیں۔ وہ ایک تجربہ کار اسلامی بینکر ہیں جن کا اسلامی بینکنگ کا دو دہائیوں کا تجربہ ہے۔ اس موقع پر، ہم سید عامر علی کے مستقبل کے لیے نیک تمناؤں کا اظہار کرتے ہیں۔ اللہ سبحانہ و تعالیٰ کے فضل و کرم سے بینک اسلامی نے ان کی قیادت کے 5 سالہ دور میں قابل ذکر ترقی کی۔ بینک نے اپنے ڈپازٹس میں 23 فیصد کی CAGR تک پہنچایا جبکہ اس نے اپنے بعد از محصول منافع میں بیس گنا سے زیادہ اضافہ حاصل کیا۔ اس مدت کے دوران، بینک نے اپنے حصص یافتگان میں پہلی بار نقد منافع بھی تقسیم کیا۔

بورڈ اسٹیٹ بینک آف پاکستان کی مدد اور رہنمائی کے لیے باضابطہ طور پر ان کا تہہ دل سے شکریہ ادا کرنا چاہتا ہے۔ مزید برآں، ہم سیکریٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کو بینک کے لیے ان کی غیر متزلزل حمایت پر خراج تحسین پیش کرتے ہیں۔ ہم اپنے معزز صارفین، قابل قدر کاروباری شراکت داروں، اور حصص یافتگان کی مسلسل وفاداری اور اعتماد پر ان کے تہہ دل سے مشکور ہیں۔

مزید برآں، ہم اپنی انتظامی ٹیم اور ملازمین کی غیر معمولی لگن، عزم اور انتھک کوششوں کو تسلیم کرنا چاہیں گے۔ بینک اسلامی کو وسیع تر بینکنگ سیکٹر اور خاص طور پر اسلامی بینکنگ انڈسٹری میں نمایاں مقام تک پہنچانے میں ان کا کردار بہت اہم رہا۔

بورڈ کی جانب سے،

-Sd-

سلیمان لالانی

چیئرمین بورڈ آف ڈائریکٹرز

-Sd-

سید عامر علی

صدر اور چیف ایگزیکٹو آفیسر

22 اگست 2023

مظاہرہ کرتے ہوئے 5.10 ارب روپے کا بعد از محصول منافع حاصل کیا جو پچھلے سال کی اسی مدت کے مقابلے میں 252.8 فیصد کے اضافے کو ظاہر کرتا ہے۔ یہ قابل ذکر کامیابی منافع بخش اثاثوں میں اضافے، منافع پر جینی واجبات میں اضافے اور پالیسی کی شرح میں اضافے کی بدولت حاصل ہوئی۔

بورڈ کی تشکیل

کوڈ آف کارپوریٹ گورننس کے تقاضوں اور بہترین طریقوں کے عین مطابق بینک کا بورڈ غیر ایگزیکٹو اور آزاد دونوں ڈائریکٹرز پر مشتمل ہے، بورڈ میں ایک خاتون ڈائریکٹر کو بھی نمائندگی دی گئی ہے۔

بورڈ کی موجودہ تشکیل حسب ذیل ہے

ڈائریکٹرز کی کل تعداد 8

تشکیل

(i) آزاد ڈائریکٹرز: 3

(ii) نان ایگزیکٹو ڈائریکٹرز: 4

(iii) ایگزیکٹو ڈائریکٹرز: 1

(الف) خاتون ڈائریکٹر: 1

(ب) مرد ڈائریکٹرز: 7

بینک کے موجودہ بورڈ کا انتخاب 10 مئی 2023 کو ہوا تھا جس کے لیے اسٹیٹ بینک سے کلیئرنس مل چکی ہے۔ بینک اسلامی کا نیا بورڈ آف ڈائریکٹرز صنعت کے سرکردہ پیشہ ور افراد پر مشتمل ہے۔ بورڈ کے ممبران کارپوریٹ فننس، کمپیوٹر مارکیٹ، انویسٹمنٹ مینجمنٹ، پرائیویٹ ایجوکیشن، مالیاتی و ٹیکنالوجی ماہرین، جدت اور کارپوریٹ گورننس کے شعبوں میں وسیع تجربہ رکھتے ہیں۔ بورڈ کے اراکین معروف بین الاقوامی اور مقامی اداروں سے پیشہ ورانہ سرٹیفیکیشنز اور ماسٹرز کی ڈگریوں کے حامل ہیں۔

اظہار تشکر

بینک کے صدر اور چیف ایگزیکٹو آفیسر جناب سید عامر علی نے بورڈ کو مطلع کیا کہ وہ 28 ستمبر 2023 کو اپنی موجودہ ملازمت کی میعاد ختم ہونے پر نوکری جاری رکھنے کا ارادہ نہیں رکھتے۔ اس کے پیش نظر بورڈ نے جناب رضوان عطاء کی بینک اسلامی پاکستان کے صدر اور چیف

اضافی عمومی پروویژن ریکارڈ کیا ہے۔ نتیجتاً، بینک کی کوریج کا تناسب بڑھ کر 100 فیصد ہو گیا ہے جو دسمبر 2022 میں 96 فیصد ریکارڈ کیا گیا تھا۔

2023 کی پہلی ششماہی کے دوران، بینک نے حکومت پاکستان اجارہ سلوک میں اضافی لیکویڈیٹی انویسٹ کی۔ اس وجہ سے بینک کا سرمایہ کاری کا پورٹ فولیو 179.74 ارب روپے سے بڑھ کر 204.13 ارب روپے ہو گیا ہے جو 13.57 فیصد کے خاطر خواہ اضافے کو ظاہر کرتا ہے۔ نتیجتاً، ڈپازٹ کے مقابلے میں سرمایہ کاری کا تناسب 31 دسمبر 2022 میں 43.22 فیصد سے بڑھ کر 30 جون 2023 تک 44.09 فیصد ہو گیا۔

مشتمل کمپیوٹل میں مشتمل اثاثہ جات کو برقرار رکھنے کے لیے بنیاد کے طور پر کام کرتا ہے۔ 30 جون 2023 تک بینک کا کمپیوٹل ایڈویسری ریشو (CAR) 19.14 فیصد تک کی سطح تک پہنچ گیا جو دسمبر 2022 میں 17.92 فیصد کے مقابلے میں ایک قابل ذکر اضافے کو ظاہر کرتا ہے۔ یہ بات قابل ذکر ہے کہ یہ اضافہ حصص یا فنڈنگ کی جانب سے دسمبر 2022 کو ختم ہونے والے سال کے لیے ایک روپے فی حصص کی ادائیگی کی منظوری کے بعد حاصل کیا گیا۔ یہ نمو پگھلا دہ مالی پوزیشن کو برقرار رکھنے اور حصص یا فنڈنگ کی قدر میں فروغ کے لیے بینک کے عزم کا منہ بولتا ثبوت ہے۔

الحمد للہ! 30 جون 2023 کو ختم ہونے والی ششماہی میں بینک کے منافع میں زبردست اضافہ ہوا۔ اس کامیابی کا سہرا ہماری کثیر جہتی حکمت عملی کو قرار دیا جا سکتا ہے، جو مختلف پہلوؤں سے کارآمد ثابت ہوئی ہے۔ CASA مکتس کی بہترین سطح کو برقرار رکھنے پر ہماری توجہ، کم خطرے والے فنڈنگ پورٹ فولیو میں صحت مند ترقی کو فروغ دینے، فیس پر مبنی آمدنی پر توجہ اور سرمایہ کاری کے پورٹ فولیو میں قابل غور ترقی نے کلیدی کردار ادا کیا۔ اس کے مطابق، 2023 کو ختم ہونے والے ششماہی کے لیے بینک کا قبل از محمول منافع 18.29 ارب روپے رہا۔ یہ اعداد و شمار پچھلے سال کی اسی مدت کے مقابلے میں 207.5 فیصد کی متاثر کن نمو کی نمائندگی کرتا ہے۔ 2023 کی پہلی ششماہی کے دوران، اضافی محمول کے نفاذ کے حوالے سے فنانس بل 24-2023 میں ترمیم کی بنیاد پر موخر محمول اثاثوں (مجموعی) کو تسلیم کرنے کے لیے 49 فیصد محمول کی شرح کا استعمال کیا گیا ہے جس کے نتیجے میں محمول چارج میں ایک ارب روپے کی کمی آئی ہے۔ مذکورہ بالا کی بنیاد پر 2022 کی پہلی ششماہی میں ریکارڈ کیے گئے 1.44 ارب روپے کے مقابلے میں 5.09 ارب روپے کا بعد از محمول منافع ریکارڈ کیا گیا۔ مشکل حالات کے باوجود 254.8 فیصد کی یہ شاندار نمو بینک کی مالیاتی بہتری کے لیے ثابت قدمی اور قابل ذکر نتائج حاصل کرنے کی صلاحیت کو ظاہر کرتی ہے۔

گروپ کے نتائج

2023 کی پہلی ششماہی کے دوران گروپ نے اپنے کل اثاثوں میں 21.3 فیصد کی قابل ذکر توسیع کی۔ گروپ کی مالی حیثیت میں یہ نمایاں اضافہ بنیادی طور پر اسلامی بینکنگ کے شعبے میں فنڈنگ اور سرمایہ کاری میں اضافے سے ہوا۔ گروپ نے نمایاں کارکردگی کا

تبدیلی فیصد میں	جون 2022	جون 2023	منافع اور اخراجات کے اہم اعداد و شمار
113.19 فیصد	18,370,569	39,164,402	حاصل شدہ منافع / آمدن
115.37 فیصد	10,452,343	22,511,204	خرچ شدہ منافع / آمدن
110.32 فیصد	7,918,226	16,653,398	حاصل کردہ صافی آمدن
9.43 فیصد	729,150	797,914	فیس اور کمیشن کی آمدن
37.49 فیصد	5,574,517	7,664,342	آپریٹنگ اخراجات
162.03 فیصد	4,053,533	10,621,280	قبل از پروویژنز آپریٹنگ منافع
207.53 فیصد	2,697,571	8,295,833	قبل از محصول منافع
254.79 فیصد	1,436,257	5,095,746	بعد از محصول منافع
254.80 فیصد	1.2954	4.5961	فی حصص آمدن (روپے میں)

الحمد للہ! اس سال، بینک کی طویل مدتی کریڈٹ ریٹنگ اضافے کے ساتھ AA- تک پہنچ گئی۔ یہ کامیابی بینک کے چلدار کاروباری نقطہ نظر، رسک مینجمنٹ کے متاطریقے اور اس کے معزز صارفین کے بینک پر پائیدار اعتماد کی عکاسی کرتی ہے۔

بینک کے مجموعی ڈپازٹس میں سال 2022 کی نسبت 11.31 فیصد اضافہ ہوا جس میں سال بہ سال 24.89 فیصد تک قابل ذکر اضافہ ہوا۔ بینک نے مارکیٹ میں مختلف صارفین کی ضروریات کو مد نظر رکھتے ہوئے مصنوعات کی ایک متنوع رینج کو حکمت عملی کے ساتھ مرتب کیا ہے۔ اس نقطہ نظر کے مطابق بینک نے بڑھتی ہوئی پالیسی کی شرحوں کی وجہ سے بڑھتی ہوئی طلب کو فائدہ پہنچاتے ہوئے ٹرم ڈپازٹ کو پرکشش شرح منافع کے ساتھ کامیابی سے متعارف کرایا۔ مزید برآں، بینک نے خواتین کے لیے مرکوز مصنوعات ڈیزائن کی ہیں، ترجمہ کی بینکنگ مراکز قائم کیے ہیں اور کیش مینجمنٹ کے ساتھ ساتھ ملازمین کی بینکنگ سروسز پر توجہ دی ہے۔ اپنی مصنوعات کے پورٹ فولیو کے علاوہ بینک نے اپنی شاخوں کے نیٹ ورک کو وسعت دینے کے منصوبے بنائے اور اپنی رسائی کو بڑھایا۔ ان کوششوں کے ابتدائی نتائج واضح ہیں کیونکہ بینک نے 2022 کے اختتام کے مقابلے میں اس سال اپنے کرنٹ اکاؤنٹ اور ٹرم ڈپازٹ میں بالترتیب 7.7 فیصد اور 19.9 فیصد کی قابل ذکر شرح نمو حاصل کی۔

آؤ فنانسنگ پر سخت ریگولیٹری اقدامات اور نئے کیسز کے لیے سبسڈی کی حامل ہاؤسنگ فنانس ایکس کی عدم موجودگی کے باوجود بینک نے دسمبر 2022 کے مقابلے میں 20.93 فیصد بہتری حاصل کرتے ہوئے فنانسنگ پورٹ فولیو میں مضبوط نمو کا مظاہرہ کیا ہے۔ بینک کا مجموعی ADR (ایڈوائس ٹو ڈپازٹ ریٹو) بڑھ کر 57.1 فیصد ہو گیا ہے، جو کہ دسمبر 2022 میں 53 فیصد کے مقابلے میں قابل ذکر بہتری کی عکاسی کرتا ہے۔ ایک صحت مند فنانسنگ پورٹ فولیو کے فروغ اور غیر فعال فنانسنگ سے مؤثر طریقے سے نمٹنے کے عزم کی بدولت بینک نے انفلیکشن کے تناسب کو 7.87 فیصد تک گرانے میں کامیاب رہا۔ یہ دسمبر 2022 میں ریکارڈ 9.02 فیصد کے مقابلے میں اہم پیشرفت کو ظاہر کرتا ہے۔ موجودہ معاشی منظر نامے کو مد نظر رکھتے ہوئے بینک نے 2023 کی پہلی ششماہی کے دوران 300 ملین روپے کا

نتیجتاً، مالی سال 2023 کے لیے مجموعی کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے 0.7 فیصد تک چلا گیا جبکہ مالی سال 2022 میں یہ 4.7 فیصد تک تھا۔ یہ قابل ذکر بہتری بنیادی طور پر غیر ضروری درآمدات کے حوالے سے پالیسیوں کے نفاذ کا نتیجہ ہے، جس نے سال بھر کی برآمدات اور بیرون ملک کام کرنے والوں کی ترسیلات زر میں کمی کو موثر طریقے سے دور کیا۔ مستقبل کے حوالے سے یہ اندازہ لگایا جاتا ہے کہ مالی سال 2024 میں کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے 0.5 فیصد سے 1.5 فیصد کے درمیان رہے گا۔ اسی طرح، مالی سال 2023 کے لیے مجموعی تجارتی خسارہ کم ہو کر 27.60 ارب ڈالر ہو گیا جب کہ مالی سال 2022 کے دوران مجموعی تجارتی خسارہ 48.35 ارب ڈالر تھا۔ یہ رفتار تجارتی توازن اور مجموعی اقتصادی ترقی میں ایک امید افزا تبدیلی کی نشاندہی کرتی ہے۔

ملک نے کامیابی کے ساتھ بین الاقوامی مالیاتی فنڈ کے ساتھ نو ماہ کا اسٹینڈ بائی آرٹیمینٹ پر مبنی معاہدہ کیا ہے، یہ ایک اسٹریٹیجک اقدام ہے جس نے غیر ملکی زرمبادلہ کے ذخائر کو تقویت بخشنے ہوئے بیرونی شعبے کے استحکام سے متعلق فوری نوعیت کے مسائل کو مؤثر طریقے سے دور کیا۔ اسٹینڈ بائی آرٹیمینٹ فریم ورک کے تحت ابتدائی قسط کے ساتھ ساتھ دوست ممالک سے حاصل ہونے والے 3 ارب ڈالر کے دو طرفہ تعاون نے اسٹینڈ بائی آرٹیمینٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر میں قابل ذکر اضافے میں اہم کردار ادا کیا۔ جون 2023 کے اختتام پر ملکی ذخائر ساڑھے 4 ارب ڈالر تھے جس میں نمایاں طور پر اضافہ ہوا اور یہ 14 اگست 2023 تک 8 ارب ڈالر کی سطح پر پہنچ گئے۔ مزید برآں، ملک کے مجموعی ذخائر میں قابل ستائش اضافہ ہوا جو 4 اگست 2023 کو 13.34 ارب ڈالر پر تھے۔

ان متوقع مثبت پیش رفتوں کے باوجود سخت مانیٹری پالیسیوں اور متوقع مالیاتی استحکام کے مجموعی اثرات کے پیش نظر ترقی کی رفتار ایک محدود حد کے اندر رہنے کا امکان ہے۔ ان محرکات کو دیکھتے ہوئے مالی سال 2024 کے لیے متوقع حقیقی GDP کی نمو 2 سے 3 فیصد کی حد میں رہنے کی توقع ہے۔ یہ تخمینہ ایک محتاط سوچ کی عکاسی کرتا ہے جس میں پیکس کے مطابق معاشی توسیع کی توقع کرتے ہوئے جاری ایڈجسٹمنٹ کو تسلیم کیا گیا۔

مالیاتی کارکردگی کا جائزہ

30 جون 2023 کو ختم ہونے والی ششماہی کے اہم مالیاتی نکات درج ذیل ہیں:

فیصد		روپے 000 میں		
مالی گوشوارے کے اہم اعداد و شمار	جون 2023	دسمبر 2022	جون 2022	جون 2023 vs جون 2022
صافی اثاثہ جات	30,023,581	26,450,401	24,046,883	13.51 فیصد
ڈپازٹس	462,965,023	415,911,942	370,707,941	11.31 فیصد
فنانسنگ اور متعلقہ اثاثہ جات (صافی)	243,463,985	201,328,442	208,805,802	20.93 فیصد
سرمایہ کاری (صافی)	204,133,027	179,741,488	127,021,761	13.57 فیصد
ایف آئی (FI's) پر	54,519,331	23,878,183	52,634,211	128.32 فیصد
واجب الادا				3.58 فیصد

ڈائریکٹرز کی رپورٹ

معزز اراکین،

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2023 کو ختم ہونے والی ششماہی کے لیے بینک اسلامی پاکستان لمیٹڈ ('بینک یا' بینک اسلامی) کے مختصر عبوری غیر آڈٹ شدہ مالیاتی گوشواروں کے ہمراہ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معاشی منظر نامہ

مالی سال 2023 میں پاکستان کو سلسلہ وار کئی سنگین مشکلات درپیش تھیں جس میں گزشتہ سال کے تباہ کن سیلابوں، مسلسل بڑھتی ہوئی مہنگائی، کرنٹ اکاؤنٹ خسارہ، سیاسی عدم استحکام، غیر ملکی زرمبادلہ کے ذخائر میں کمی اور عالمی شرح نمو میں ردوبدل سمیت مختلف عوامل کی وجہ سے اقتصادی ترقی میں نمایاں کمی واقع ہوئی۔ ان کثیر جہتی مشکلات کے پیش نظر ملکی معیشت کی مالی سال 23 میں شرح نمو 0.29 فیصد رہی۔ یہ اقتصادی تعاون اور ترقی کی تنظیم (OECD) کی جانب سے پیش کردہ اقتصادی ترقی کی شرح نمو کے بالکل برعکس ہے جس نے 2023 میں متوقع معاشی شرح نمو 2.9 فیصد تک ظاہر کی تھی اور 2024 میں معمولی بہتری کے ساتھ 2.9 فیصد شرح نمو کی پیش گوئی کی گئی تھی۔ یہ اعداد و شمار بالخصوص COVID-19 کے وبائی امراض کے آغاز سے پہلے کی دہائی میں نظر آنے والی اوسط شرح نمو کے مقابلے میں کافی کم ہیں۔

مالی سال 2023 کے دوران مہنگائی 29.18 فیصد کی اوسط شرح کے ساتھ غیر معمولی سطح پر پہنچ گئی۔ قابل ذکر بات یہ ہے کہ مئی 2023 میں مہنگائی میں تاریخی اضافہ ریکارڈ کیا گیا اور ملک میں سالانہ بنیادوں پر افراط زر کی شرح 37.97 فیصد کے ساتھ بلند ترین سطح پر رہی۔ مالی سال 2024 کو دیکھتے ہوئے، افراط زر 20 سے 22 فیصد کے درمیان رہنے کا امکان ہے۔ اس تخمینے میں کئی عوامل کا رفرما ہوتے ہیں جس میں سخت مانیٹری پالیسی کی بناء پر کئی طلب میں کمی، اجناس کی عالمی قیمتوں کے حوالے سے موزوں منظر نامے اور مثبت اساسی اثر شامل ہیں۔ تاہم، توانائی اور ایندھن کی قیمتوں میں اضافے کی وجہ سے افراط زر میں اضافہ متوقع ہے۔ افراط زر کے دباؤ سے نمٹنے اور بیرونی شعبے کے استحکام کو برقرار رکھنے کے لیے مانیٹری پالیسی کمیٹی (ایم پی سی) نے جولائی 2023 تک پالیسی کی شرح 22 فیصد تک کر دی ہے جو دسمبر 2022 میں 16 فیصد تھی۔

مالی سال 2023 کے لیے کرنٹ اکاؤنٹ خسارہ 2.6 ارب ڈالر تھا جس میں گزشتہ سال کے مقابلے میں 85.4 فیصد کمی ہوئی جب کرنٹ اکاؤنٹ خسارہ 17.5 ارب ڈالر تھا۔ کرنٹ اکاؤنٹ میں جون میں مسلسل چوتھے مہینے 334 ملین امریکی ڈالر کا سرپلس ریکارڈ کیا گیا جو کہ ایک حوصلہ افزا رجحان تھا۔

Achievements and New Initiatives

In the year 2023, the Bank has attained remarkable milestones by demonstrating exceptional performance in key areas such as robust deposit expansion, enhancing investment portfolio in secured avenues, adoption of cautious approach while growing financing portfolio, and dedicated efforts towards fostering financial inclusivity. Our progress is further underscored by advancements in digital transformation, strategic undertakings, and impactful marketing endeavors, all of which collectively reinforce our narrative of dynamic growth, unwavering resilience and empowerment.

Credit Rating

In the current year, PACRA has upgraded the Bank's long-term entity rating to 'AA-', citing the Bank's remarkable financial performance, robust underwriting practices, and substantial growth in its Balance sheet. This upgrade underscores BankIslami's strong business strategy, prudent risk management practices, and the unwavering trust bestowed upon the Bank by its valued customers. This elevation not only reinforces our customers' confidence in the Bank but also empowers us to further enrich our offerings and expand our market presence.

Distribution

The Bank has achieved notable success during the first half of 2023, witnessing a robust growth in deposits from Rs. 416 billion in 2022 to Rs. 463 billion as of June 30, 2023, reflecting an impressive 11% increase. The Bank has strategically emphasized the cultivation of low-cost current deposits as a focal point. Additionally, the Bank has capitalized on the upward trajectory of policy rates, providing investment opportunities in Halal avenues to banking customers through the reintroduction of Islami Amdani Certificates.

Furthermore, the Bank has demonstrated proactive commitment by introducing dedicated women facilitation desks across multiple nationwide branches, aiming to empower women in the financial realm of the economy. In this context, the Mashal Aasan Remunerative Current Account has been introduced as part of this exclusive initiative.

In pursuit of delivering exceptional services to our esteemed priority clientele, the Bank has successfully launched Priority Banking lounges. These exclusive lounges not only provide our customers access to personalized banking solutions but also offer private meeting rooms, ensuring a comfortable and secure environment for conducting their business discussions.

Corporate Banking

In 2023, the Bank adeptly navigated macroeconomic challenges while strategically bolstering its financing portfolio. Corporate Banking successfully brought on board New to Bank (NTB) clients, enhancing credit quality across vital economic sectors and diversifying the portfolio. This effort ensured consistent maintenance of the financing portfolio in tandem with expanding deposit base, maintaining a robust Advance to Deposit Ratio – gross (ADR) at 57% by mid-year. The Bank's primary objective centers on expanding its blue chip clientele in key sectors, with a specific focus on the export business. Concurrently, cross-selling initiatives for Cash Management and Employee Banking are being pursued to strengthen relationships and enhance wallet share. Given prevailing economic indicators, continuous portfolio monitoring remains a foremost priority.

Investment Banking

During the first half of 2023, Investment Banking achieved a significant milestone by closing a groundbreaking syndicated contract financing transaction in Pakistan. This deal facilitated the country's first-ever B2B transaction in the gas sector, enabling the supply of 14 Million cubic feet per day of gas from the Mamikhel Gas Field TAL Block to industrial customers in central and upper Punjab. With a proven track record in delivering successful B2B and B2G contracts, the Bank is well-equipped to address the complex financing requirements of its clientele.

Cash Management & Employee Banking

In the first half of 2023, the Bank led digitalization efforts and drove portfolio growth in corporate, commercial, and SME sectors. We expanded our customer base, achieved low-cost liability and payroll account growth, and witnessed substantial fee income and throughputs improvement. Notably, we pioneered corporate bulk RAAST as the first Islamic Bank. Cash management and employee banking mandates flourished, resulting in over 50% collection throughput growth. Employee Banking (EB) services secured numerous new mandates, increasing EB accounts by 44% while maintaining healthy deposits.

The Bank's long-term vision focuses on evolving Cash Management into Transaction Banking, offering comprehensive digital solutions to corporate, mid-size businesses, and government clients. Our strategy prioritizes seamless and tailored cash management services with stringent controls for customer satisfaction.

SME & Commercial Banking

The SME sector in Pakistan is considered as backbone of the economy and is widely acknowledged as a pivotal catalyst for economic growth and job creation. Its dynamic and diverse nature holds a key role in fostering innovation, sharpening competitiveness, and fortifying overall economic resilience.

In the first half of 2023, the SME & Commercial Banking business experienced a remarkable 29% surge in its financing portfolio, driven by the addition of numerous New to Bank (NTB) customers. This growth was mirrored by an equivalent increase in trade volume. During this period, the Bank embarked on a strategic venture, the Export Sahulat Program, aimed at attracting new NTB customers with a focus on export.

Aligned with its commitment to financial inclusivity, the Bank is set to introduce dedicated products for Women Entrepreneurs. This proactive move not only strengthens financial accessibility but also strategically targets distinct market segments, thus further enhancing the Bank's financing portfolio.

Agri Finance

Utilizing the Prime Minister's Youth Business & Agriculture Loan Scheme and PM Kissan Package 2022, the Bank has extended agricultural financing across the nation. Embracing the emerging trend of Digital Value Chain Financing, we aim to simplify financing documentation and enhance monitoring processes.

Considering the upward trend in energy costs and its implications on farmers, the Bank has strategically shifted its attention towards the implementation of solar power solutions for agricultural operations. By collaborating with farmers to facilitate financing for solar tube wells, the Bank aims not only to alleviate their production expenditures but also to optimize crop yield. In alignment with the progression of the agricultural sector, the Bank is equally committed to provide financial support for essential farming machinery, encompassing tractors and related equipment. This multifaceted approach reflects the Bank's dedication to fostering the growth of the agricultural industry.

In 2023, the Bank conducted various farmers' awareness programs, enlightening over 2,000 farmers on Islamic Banking, Agri. products, and savings habits. Our goal for the rest of the year is to expand these programs in underserved areas, reaching rural communities and promoting financial awareness.

Consumer Banking

Against the backdrop of a declining economy, the consumer financing sector has faced significant challenges throughout the banking industry in our country. In the year 2023, expanding the consumer portfolio has proven to be a formidable task. Despite these hurdles, our Muskun Home Finance has demonstrated commendable performance in the first half of the year.

Aligned with our organizational vision and directives, our department is actively driving digitization initiatives. Following the success of the Auto Finance digitization project, we are now extending these efforts to enhance the digital experience of our Muskun Home Finance offering.

Marketing

Since the beginning of 2023, BankIslami has initiated several strategic marketing campaigns to elevate its standing as a premier Islamic Bank. A notable highlight is the Bank's steadfast collaboration with PSL as the Platinum Sponsor of Karachi Kings, utilizing cricket's immense popularity to propagate the Bank's rallying cry, 'Jeetay Ga Pakistan.' In tandem with these sports-related endeavors, our dynamic marketing department has orchestrated an array of compelling campaigns and sponsorships across diverse platforms.

Looking ahead, our planned campaigns for the remaining part of 2023 encompass a wide spectrum. These include engaging initiatives for Independence Day, the Asia Cup, World Cup, heightened visibility of One Touch Banking, and our dedicated offering, Mashal Women Banking. These strategic efforts affirm our commitment to a vibrant brand presence and an enriched customer experience.

Recognizing its role in the society, the Bank has launched "BankIslami's Rozgar Project" which stands as a prominent Corporate Social Responsibility (CSR) endeavor, supported by the Bank's collaboration with various institutions. The project is geared towards training unskilled and underprivileged individuals, paving their way to overseas employment opportunities. This initiative bears the potential to positively impact not only the individuals and their families but also contributes to the country's foreign exchange reserves, aligning with our commitment to both societal upliftment and economic growth.

Information Security

A robust security posture is imperative for banks in today's digital landscape. As financial institutions increasingly rely on technology for operations and customer interactions, safeguarding sensitive data, transactions, and systems becomes paramount.

The Bank maintained leading position on multiple security performance monitoring platforms; BankIslami was the first bank among 3,600 banks profiled by CTM360 to achieve a perfect score of 100/100 in 2021. Since May 2021, the Bank has been maintaining this perfect score of 100/100 with A+ rating. It is pertinent to mention that only two other banks in Pakistan have attained and maintaining this perfect score. Other than CTM360 platform, the Bank was able to achieve perfect Cyber Risk Score and "A" ratings on multiple other well known Security performance monitoring platforms that includes Risk Recon, Security Score Card, Panorays, Up guard and CheckTLS platforms.

Shariah

Aligned with the Bank's overarching mission of "Saving Humanity from Riba," a series of impactful awareness initiatives were meticulously executed. This encompassed organizing numerous training sessions on Islamic Banking principles in various cities, drawing the participation of over 1,500 attendees. These enlightening sessions extended to encompass differently-abled individuals, promoting inclusive knowledge dissemination.

Furthermore, the Bank's commitment to spread the teachings of Islam was evident through a spectrum of engagements. These ranged from workshops and courses to webinars, collectively aimed at propagating the values of the Faith. This holistic approach reflects our dedication to both financial ethics and the broader principles of compassion and education.

**Condensed Interim
Unconsolidated Financial Statements
of
BankIslami Pakistan Limited
For The Half Year Ended
June 30, 2023**

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BankIslami Pakistan Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of BankIslami Pakistan Limited ("the Bank") as at 30 June 2023 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated cash flow statement, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim unconsolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarter ended 30 June 2023 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 23 August 2023

Karachi

UDIN # RR202310106jJ1s2f9nG

-Sd-

KPMG Taseer Hadi & Co.
Chartered Accountants

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Statement of Financial Position

As at June 30, 2023

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	37,794,482	39,972,702
Balances with other banks	7	2,246,600	2,045,955
Due from financial institutions - net	8	54,519,331	23,878,183
Investments - net	9	204,133,027	179,741,488
Islamic financing, related assets and advances - net	10	243,463,985	201,328,442
Fixed assets	11	14,013,692	14,189,370
Intangible assets	12	3,394,685	3,261,569
Deferred tax assets	13	3,639,827	3,338,805
Other assets - net	14	27,381,227	19,482,598
Non-current assets held for sale	11.4	447,523	-
Total Assets		591,034,379	487,239,112
LIABILITIES			
Bills payable	15	3,215,197	3,530,929
Due to financial institutions	16	66,043,474	21,052,256
Deposits and other accounts	17	462,965,023	415,911,942
Subordinated sukuk	18	2,850,000	2,850,000
Other liabilities	19	25,937,104	17,443,584
		561,010,798	460,788,711
NET ASSETS		30,023,581	26,450,401
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		2,591,091	2,591,091
Surplus on revaluation of assets - net of tax	20	2,305,916	2,768,287
Unappropriated profit		14,118,583	10,083,032
		30,023,581	26,450,401
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 37 form an integral part of these condensed interim unconsolidated financial statements.

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DIRECTOR

BankIslami Pakistan Limited

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

For The Quarter & Half Year Ended June 30, 2023

Note	Quarter Ended		Half Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
----- Rupees in '000 -----					
Profit / return earned	22	22,601,260	10,616,214	39,164,602	18,370,569
Profit / return expensed	23	12,856,851	6,042,378	22,511,204	10,452,343
Net Profit / return		9,744,409	4,573,836	16,653,398	7,918,226
OTHER INCOME					
Fee and commission income	24	430,976	325,340	797,914	729,150
Dividend income		27,338	12,565	27,338	12,565
Foreign exchange income		224,192	378,128	584,577	591,381
Gain on securities	25	112,768	3,157	115,005	18,725
Other income - net	26	65,184	317,491	107,390	358,003
Total other income		860,458	1,036,681	1,632,224	1,709,824
Total Income		10,604,867	5,610,517	18,285,622	9,628,050
OTHER EXPENSES					
Operating expenses	27	3,880,610	2,852,136	7,493,664	5,512,865
Workers' Welfare Fund		101,873	36,488	165,917	53,951
Other charges	28	2,407	7,441	4,761	7,701
Total other expenses		3,984,890	2,896,065	7,664,342	5,574,517
Profit before provisions		6,619,977	2,714,452	10,621,280	4,053,533
Provisions and write offs - net Extra ordinary / unusual items	29	1,484,979	890,045	2,325,447	1,355,962
		-	-	-	-
PROFIT BEFORE TAXATION		5,134,998	1,824,407	8,295,833	2,697,571
Taxation	30	1,833,566	910,266	3,200,087	1,261,314
PROFIT AFTER TAXATION		3,301,432	914,141	5,095,746	1,436,257
----- Rupees -----					
Basic / Diluted earnings per share	31	2.9777	0.8245	4.5961	1.2954

The annexed notes 1 to 37 form an integral part of these condensed interim unconsolidated financial statements.

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DIRECTOR

BankIslami Pakistan Limited

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

For The Quarter & Half Year Ended June 30, 2023

	Quarter Ended		Half Year Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
----- Rupees in '000 -----				
Profit after taxation for the period	3,301,432	914,141	5,095,746	1,436,257
Other Comprehensive Income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of investments - net of tax	75,385	141,291	(244,171)	99,424
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of fixed assets - net of tax	(166,634)	-	(166,634)	-
Movement in surplus on revaluation of non-banking assets - net of tax	(3,426)	-	(3,058)	-
	(170,060)	-	(169,692)	-
Total comprehensive income	<u>3,206,757</u>	<u>1,055,432</u>	<u>4,681,883</u>	<u>1,535,681</u>

The annexed notes 1 to 37 form an integral part of these condensed interim unconsolidated financial statements.

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BankIslami Pakistan Limited

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

For The Half Year Ended June 30, 2023

	Share capital	Discount on issue of shares	Statutory reserve ⁹	Surplus on revaluation of		Unappropriated profit	Total
				Investments	Fixed / Non-Banking Assets		
-----Rupees in '000-----							
Opening Balance as at January 1, 2022	11,087,033	(79,042)	1,703,164	1,389,336	2,075,001	6,335,710	22,511,202
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	1,436,257	1,436,257
Other comprehensive income for the half year ended June 30, 2022	-	-	-	99,424	-	-	99,424
	-	-	-	99,424	-	1,436,257	1,535,681
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(58,209)	58,209	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(561)	561	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	(10,412)	10,412	-
Transfer from surplus on revaluation of non-banking assets on sale to unappropriated profit - net of tax	-	-	-	-	(43,347)	43,347	-
Opening Balance as at July 1, 2022	11,087,033	(79,042)	1,703,164	1,488,760	1,962,472	7,884,496	24,046,883
Profit after taxation for the period from July 01, 2022 to December 31, 2022	-	-	-	-	-	3,003,378	3,003,378
Other comprehensive (loss) / income for the period from July 01, 2022 to December 31, 2022	-	-	-	(357,504)	(269,050)	26,694	(599,860)
	-	-	-	(357,504)	(269,050)	3,030,072	2,403,518
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(59,610)	59,610	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	3,219	(3,219)	-
Transfer to statutory reserve	-	-	887,927	-	-	(887,927)	-
Opening Balance as at January 1, 2023	11,087,033	(79,042)	2,591,091	1,131,256	1,637,031	10,083,032	26,450,401
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	-	5,095,746	5,095,746
Other comprehensive income for the half year ended June 30, 2023	-	-	-	(244,171)	(169,692)	-	(413,863)
	-	-	-	(244,171)	(169,692)	5,095,746	4,681,883
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(48,353)	48,353	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(155)	155	-
Transactions with owners, recorded directly in equity							
Cash dividend to shareholders for the year 2022 @ Re.1 per share	-	-	-	-	-	(1,108,703)	(1,108,703)
Closing Balance as at June 30, 2023	11,087,033	(79,042)	2,591,091	887,085	1,418,831	14,118,583	30,023,581

⁹This represents reserve created under section 21(1) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 37 form an integral part of these condensed interim unconsolidated financial statements.

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BankIslami Pakistan Limited

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For The Half Year Ended June 30, 2023

Note	June 30, 2023	June 30, 2022
----- Rupees in '000 -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,295,833	2,697,571
Less: Dividend income	(27,338)	(12,565)
	<u>8,268,495</u>	<u>2,685,006</u>
Adjustments for non-cash charges and other items:		
Depreciation on fixed assets	543,559	468,593
Depreciation on non-banking assets	1,151	2,126
Depreciation on right-of-use assets	467,213	423,459
Amortization	61,691	44,133
Depreciation on operating Ijarah assets	10,707	46,081
Amortisation of lease liability against right of use assets	249,408	174,589
Provisions and write offs - net	2,325,447	1,355,962
Charge for defined benefit plan	94,818	76,396
Gain on sale of fixed assets	(9,971)	(11,503)
Gain on sale of non-banking assets	-	(208,967)
	<u>3,744,023</u>	<u>2,370,869</u>
	12,012,518	5,055,875
(Increase) / decrease in operating assets		
Due from financial institutions	(30,641,148)	(17,688,846)
Islamic financing and related assets and advances - net	(43,890,179)	(29,028,848)
Other assets (excluding advance taxation)	(7,857,947)	699,205
	<u>(82,389,274)</u>	<u>(46,018,489)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(315,732)	2,145,184
Due to financial institutions	44,991,218	21,697,940
Deposits and other accounts	47,053,081	25,919,985
Other liabilities (excluding current taxation)	6,883,413	774,400
	<u>98,611,980</u>	<u>50,537,509</u>
	28,235,224	9,574,895
Income tax paid	(1,912,188)	(257,214)
Net cash generated from operating activities	<u>26,323,036</u>	<u>9,317,681</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(25,215,057)	(2,085,065)
Dividends received	27,338	12,565
Investments in fixed assets	(1,305,028)	(612,989)
Investments in intangible assets	(194,807)	(130,333)
Proceeds from sale of fixed assets	10,566	74,640
Net cash used in investing activities	<u>(26,676,988)</u>	<u>(2,741,182)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Ijarah (lease) liability against right of use assets	(775,589)	(559,092)
Dividend paid	(848,034)	-
Net cash generated from financing activities	<u>(1,623,623)</u>	<u>(559,092)</u>
Increase / (decrease) in cash and cash equivalents	<u>(1,977,575)</u>	<u>6,017,407</u>
Cash and cash equivalents at the beginning of the period	42,018,657	28,244,300
Cash and cash equivalents at the end of the period	<u>40,041,082</u>	<u>34,261,707</u>

The annexed notes 1 to 37 form an integral part of these condensed interim unconsolidated financial statements.

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BankIslami Pakistan Limited

Notes to and forming part of the condensed interim unconsolidated financial statements (Un-audited)

For The Half Year Ended June 30, 2023

1 STATUS AND NATURE OF BUSINESS

- 1.1 BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, and retail banking and investment activities.

The Bank is operating through 390 branches including 70 sub-branches as at June 30, 2023 (2022: 380 branches including 80 sub-branches). The registered office of the Bank is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the Bank's long-term rating as 'AA-' and maintained the short-term rating as 'A1' with a stable outlook based on financial year ended December 31, 2022.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim unconsolidated financial statements have been prepared in accordance with approved 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of the IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

- 2.2 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2022.
- 2.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services.
- 2.4 Further, as per SBP's BPRD circular no. 07 of 2023, IFRS 9 'Financial Instruments' is applicable for all banks effective from January 1, 2024. However, an option of early adoption of the standard has been made permissible
- 2.5 These condensed interim financial statements are separate condensed interim unconsolidated financial statements of the Bank in which investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any, and are not consolidated. The condensed interim consolidated financial statements of the Bank are being issued separately.
- 2.6 The Bank provides financing mainly through Murabahah, Ijarah, Istisna, Musharakah, Diminishing Musharakah, Muswammah and other Islamic modes.

The purchases and sales arising under these arrangements are not reflected in these condensed interim unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Bank.

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

There are certain standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations and

therefore not detailed in these condensed interim unconsolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2023:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current and application of materiality to disclosure of accounting policies - Amendments to IAS 1	January 01, 2024
Disclosure of Accounting Policies - Amendments to IAS 1	January 01, 2023
Lease liability in a sale and leaseback - Amendments to IFRS 16	January 01, 2024
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IFRS 9 - 'Financial Instruments'	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

The management is in the process of assessing the impact of these standards and amendments on the unconsolidated financial statements of the Bank.

3.3 IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular Letter no 07 of 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 for banks having asset base of less than Rs. 500 billion as at December 31, 2022.

SBP through same circular has emphasised on its earlier instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks. During the transition period, the Bank will perform an impact assessment of IFRS 9 on quarterly basis and submit parallel results to SBP.

The management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalising the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Classification and measurement

The classification and measurement of financial assets will base on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and profit (SPPI) criteria are measured at fair value through profit or loss (FVTPL) regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL.

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and profit (SPPI)

Debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the assets is derecognized.

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates as FVOCI in which case both unrealised and realised gains or losses are recognised in reserve and no amounts other than dividends received are recognised in the profit and loss account.

All other financial assets will mandatorily be held at FVTPL.

Impairment

The impairment requirements apply to financial assets measured at an amortised cost and FVOCI (other than equity instruments), lease receivables, and certain financing commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted and should incorporate all available information which is relevant to the assessment including information about past events, current condition and reasonable and supportable forecasts of economic condition at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such

as assessment of significant increase in credit risk (SICR), Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instruction, credit exposure (in local currency) guaranteed by the Government, and Government Securities are exempted from the application of ECL Framework. Moreover, until Implementation of IFRS 9 has stabilised, Stage 1 and Stage 2 provision would be made as per IFRS 9 ECL and Stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing prudential regulations' (PRs) requirements.

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Bank's disclosure about its financial instruments particularly in the year of adoption of IFRS 9.

Further, the SBP vide BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. While the new format has revised certain disclosure requirements, it includes disclosure requirements with respect to IFRS 9. The requirements will be applicable from January 01, 2024 in accordance with the BPRD Circular Letter no 07 of 2023.

Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective 1 January 2024 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period.

In order to mitigate the impact of expected credit loss (ECL) models on capital, the SBP has allowed a transitional arrangement on the impact on regulatory capital from the application of ECL accounting period over a period of 5 years.

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

Effective date (annual periods beginning on or after)

Standard

IFRS 1 – First time adoption of International Financial Reporting Standards

July 01, 2009

IFRS 17 – Insurance Contracts

January 01, 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5 FINANCIAL RISK MANAGEMENT

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

(Un-audited) (Audited)
June 30, December 31,
2023 2022
----- Rupees in '000 -----

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

- Local currency	10,738,572	12,786,558
- Foreign currency	1,121,289	626,887
	11,859,861	13,413,445

With the State Bank of Pakistan in:

- Local currency current account	20,269,791	24,819,147
- Foreign currency deposit accounts:		
- Cash reserve account	863,691	683,821
- Special cash reserve account	1,043,294	826,020
- US dollar clearing account	84,116	7,466
	1,991,101	1,517,307

With National Bank of Pakistan in:

- Local currency current account	3,673,729	222,780
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Prize Bonds

-	23
37,794,482	39,972,702

7 BALANCES WITH OTHER BANKS

In Pakistan:

- In current accounts	14	927
- In deposit accounts	136	132
	150	1,059

Outside Pakistan:

- In current accounts	2,052,533	1,717,993
- In deposit accounts	193,917	326,903
	2,246,450	2,044,896
	2,246,600	2,045,955

8 DUE FROM FINANCIAL INSTITUTIONS - NET

Note	(Un-audited)		(Audited)		
	June 30, 2023		December 31, 2022		
	In Local Currency	Total	In Local Currency	Total	
----- Rupees in '000 -----					
Secured					
Bai Muajjal Receivable					
-from Other Financial Institutions	8.1	-	-	4,000,718	4,000,718
Unsecured					
Musharaka Placements	8.2	28,500,000	28,500,000	10,000,000	10,000,000
Bai Muajjal Receivable					
-from Banks	8.1	-	-	4,036,995	4,036,995
-from Other Financial Institutions	8.1	26,019,331	26,019,331	5,840,470	5,840,470
Other placements		19,440	19,440	21,060	21,060
		<u>54,538,771</u>	<u>54,538,771</u>	<u>23,899,243</u>	<u>23,899,243</u>
Provision held against					
Financial Institution Placements	8.3	(19,440)	(19,440)	(21,060)	(21,060)
		<u>54,519,331</u>	<u>54,519,331</u>	<u>23,878,183</u>	<u>23,878,183</u>

8.1 The average return on this product ranges between 15.64% to 23% (2022: 13.09% to 17.35%) per annum. The balances have maturities ranging between 14 days to 97 days (2022: 3 days to 278 days). The Secured Bai Muajjal receivables are secured against Federal Government securities received as collateral and having market value of Nil as at June 30, 2023 (2022: Rs. 3,821 million).

8.2 The expected profit rate on these agreements ranges between 20.75% to 22% (2022: 16% to 16.10%) per annum. The agreements have remaining maturities ranging between 4 days to 7 days (2022: 6 days).

8.3 Category of classification

	(Un-audited)		(Audited)	
	June 30, 2023		December 31, 2022	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	<u>19,440</u>	<u>19,440</u>	<u>21,060</u>	<u>21,060</u>

8.3.1 The Bank does not hold overseas classified placements.

9 INVESTMENTS - NET

Note	(Un-audited)	(Audited)	
	June 30, 2023	December 31, 2022	
-----Rupees in '000-----			
Investments - Islamic	9.1 & 9.3	204,133,027	179,163,813
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	-	577,675
		<u>204,133,027</u>	<u>179,741,488</u>

9.1 Islamic Investments by type

Note	(Un-audited)				(Audited)			
	June 30, 2023				December 31, 2022			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Available for sale securities								
Federal Government Shariah Compliant Securities	165,899,907	-	(145,035)	165,754,872	140,109,510	-	(289,819)	139,819,691
Shares / Mudaraba certificates	427,748	(79,243)	39,765	388,270	371,784	(77,571)	84,571	378,784
Non-Government Shariah Compliant Securities	35,546,350	(35,880)	1,844,653	37,355,123	36,176,548	(35,880)	2,189,908	38,330,576
Foreign Securities	6,820	-	-	6,820	6,820	-	-	6,820
	<u>201,880,825</u>	<u>(115,123)</u>	<u>1,739,383</u>	<u>203,505,085</u>	<u>176,664,662</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>178,535,871</u>
Associates	627,942	-	-	627,942	627,942	-	-	627,942
Total Islamic investments	<u>202,508,767</u>	<u>(115,123)</u>	<u>1,739,383</u>	<u>204,133,027</u>	<u>177,292,604</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>179,163,813</u>

9.2 Conventional Investments by type*
Available for sale securities

Shares	591,680	(591,680)	-	-	591,680	(591,680)	-	-
Non-Government Debt Securities	224,467	(224,467)	-	-	224,467	(224,467)	-	-
Foreign Securities	1,155,350	(1,155,350)	-	-	1,155,350	(577,675)	-	577,675
	<u>1,971,497</u>	<u>(1,971,497)</u>	<u>-</u>	<u>-</u>	<u>1,971,497</u>	<u>(1,393,822)</u>	<u>-</u>	<u>577,675</u>

Held to maturity securities

Non-Government Debt Securities	92,145	(92,145)	-	-	92,145	(92,145)	-	-
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Associates

	474,169	(474,169)	-	-	474,169	(474,169)	-	-
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Subsidiary

	104,771	(104,771)	-	-	104,771	(104,771)	-	-
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Total conventional investments

	<u>2,642,582</u>	<u>(2,642,582)</u>	<u>-</u>	<u>-</u>	<u>2,642,582</u>	<u>(2,064,907)</u>	<u>-</u>	<u>577,675</u>
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* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

9.3 Islamic Investments by segments
Federal Government Shariah Compliant Securities

GoP Ijarah Sukuks	165,899,907	-	(145,035)	165,754,872	140,109,510	-	(289,819)	139,819,691
Bai Muajjal	-	-	-	-	-	-	-	-
	<u>165,899,907</u>	<u>-</u>	<u>(145,035)</u>	<u>165,754,872</u>	<u>140,109,510</u>	<u>-</u>	<u>(289,819)</u>	<u>139,819,691</u>

Shares / Mudaraba certificates

Listed companies	427,748	(79,243)	39,765	388,270	371,784	(77,571)	84,571	378,784
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Non-Government Shariah Compliant Securities
Listed

Pakistan Energy Sukuk-I	27,146,945	-	1,845,992	28,992,937	27,146,945	-	1,845,992	28,992,937
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Pakistan Energy Sukuk-II	3,390,483	-	(5,806)	3,384,677	3,391,464	-	(7,464)	3,384,000
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	<u>30,537,428</u>	<u>-</u>	<u>1,840,186</u>	<u>32,377,614</u>	<u>30,538,409</u>	<u>-</u>	<u>1,838,528</u>	<u>32,376,937</u>
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Unlisted

Sukuk certificates	5,008,922	(35,880)	4,467	4,977,509	5,638,139	(35,880)	351,380	5,953,639
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Foreign securities

Equity securities	6,820	-	-	6,820	6,820	-	-	6,820
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Associates

Shakarganj Food Products Limited	627,942	-	-	627,942	627,942	-	-	627,942
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	<u>202,508,767</u>	<u>(115,123)</u>	<u>1,739,383</u>	<u>204,133,027</u>	<u>177,292,604</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>179,163,813</u>
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9.3.1 These represent Bank's investment in Pakistan Energy Sukuk-I issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuks are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuks are based on Islamic mode of Ijarah and have a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR + 80bps.

9.3.2 These represent Bank's investment in Pakistan Energy Sukuk-II issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuks are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuks are based on Islamic mode of Ijarah and have a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR - 10bps.

9.4 Conventional Investments by segments*

	(Un-audited)				(Audited)			
	June 30, 2023				December 31, 2022			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
Shares								
Unlisted Companies	591,680	(591,680)	-	-	591,680	(591,680)	-	-
	591,680	(591,680)	-	-	591,680	(591,680)	-	-
Non Government Debt Securities								
Listed	74,607	(74,607)	-	-	74,607	(74,607)	-	-
Unlisted	242,005	(242,005)	-	-	242,005	(242,005)	-	-
	316,612	(316,612)	-	-	316,612	(316,612)	-	-
Foreign securities								
Equity securities	1,155,350	(1,155,350)	-	-	1,155,350	(577,675)	-	577,675
Associates								
KASB Capital Limited	41,867	(41,867)	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
	474,169	(474,169)	-	-	474,169	(474,169)	-	-
Subsidiary								
My Solutions Corporation Limited	104,771	(104,771)	-	-	104,771	(104,771)	-	-
	104,771	(104,771)	-	-	104,771	(104,771)	-	-
	<u>2,642,582</u>	<u>(2,642,582)</u>	<u>-</u>	<u>-</u>	<u>2,642,582</u>	<u>(2,064,907)</u>	<u>-</u>	<u>577,675</u>

* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

9.5	Investments given as collateral	Note	(Un-audited)	(Audited)
			June 30, 2023	December 31, 2022
			-----Rupees in '000-----	
	Federal Government Securities		50,814,000	5,889,000
9.6	Provision for diminution in value of investments			
9.6.1	Opening balance		2,178,358	2,177,289
	Charge / (reversal)			
	Charge for the period / year		579,347	1,069
	Reversals for the period / year		-	-
			579,347	1,069
	Amounts written off		-	-
	Closing Balance	9.6.1.1	2,757,705	2,178,358
9.6.1.1	Breakup of provision for diminution in the value of investments is as follows:			
	Investments - Islamic		115,123	113,451
	Investments - Conventional		2,642,582	2,064,907
			2,757,705	2,178,358

9.6.2	Particulars of provision against debt securities	(Un-audited)		(Audited)	
		June 30, 2023		December 31, 2022	
		Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
----- Rupees in '000 -----					
	Domestic				
	Loss	628,743	352,492	628,743	352,492
	Total	628,743	352,492	628,743	352,492

9.6.2.1 The Bank does not hold overseas classified debt securities.

10	ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET	Note	(Un-audited)	(Audited)
			June 30, 2023	December 31, 2022
			-----Rupees in '000-----	
	Islamic financing and related assets - net	10.1	243,302,236	201,160,513
	Advances (relating to amalgamated entity) - net	10.2	161,749	167,929
			243,463,985	201,328,442

10.1 ISLAMIC FINANCING AND RELATED ASSETS

	Note	Performing		Non Performing		Total	
		(Un-audited) June 30, 2023	(Audited) December 31, 2022	(Un-audited) June 30, 2023	(Audited) December 31, 2022	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		-----Rupees in '000-----					
In Pakistan							
- Running Musharakah	10.9	91,382,702	70,086,223	1,324,955	1,324,955	92,707,657	71,411,178
- Diminishing Musharakah financing and related assets - Others	10.3	41,086,882	41,068,657	3,264,358	3,121,040	44,351,240	44,189,697
- Diminishing Musharakah - Housing		25,098,126	25,751,728	1,838,464	1,663,899	26,936,590	27,415,627
- Diminishing Musharakah financing and related assets - Auto		19,826,450	23,470,877	535,784	380,357	20,362,234	23,851,434
- Istisna financing and related assets	10.4 & 10.10	20,990,554	13,790,179	2,703,247	2,563,708	23,693,801	16,353,887
- Murabahah financing and related assets	10.5 & 10.11	13,879,430	13,255,965	226,829	238,222	14,106,259	13,494,187
- Musawamah financing and related assets / Tijarah	10.6 & 10.12	26,415,638	6,221,702	4,634,449	4,328,305	31,050,087	10,550,007
- Investment Agency Wakalah		2,730,590	3,125,000	-	-	2,730,590	3,125,000
- Murabahah against Bills		628,840	1,120,211	221,854	146,681	850,694	1,266,892
- Financing against Bills		625,278	1,179,967	-	-	625,278	1,179,967
- Ijarah financing under IFAS 2 and related assets	10.7	282,048	336,640	163,152	120,030	445,200	456,670
- Salam	10.8	143,902	223,900	-	-	143,902	223,900
- Past Due Acceptance		-	498,354	-	-	-	498,354
- Musharakah financing		160,000	160,000	-	-	160,000	160,000
- Qardh-e-Hasana		45,588	36,135	122,700	121,359	168,288	157,494
- Net investment in Ijarah financing in Pakistan		92,176	104,062	-	-	92,176	104,062
- Housing finance portfolio - others		22,767	23,535	-	-	22,767	23,535
Islamic financing and related assets - gross		243,410,971	200,453,135	15,035,792	14,008,756	258,446,763	214,461,891
Less: Provision against non-performing Islamic financing and related assets							
- Specific	10.15	-	-	(11,901,679)	(10,314,265)	(11,901,679)	(10,314,265)
- General	10.15	(3,242,848)	(2,987,113)	-	-	(3,242,848)	(2,987,113)
		(3,242,848)	(2,987,113)	(11,901,679)	(10,314,265)	(15,144,527)	(13,301,378)
Islamic financing and related assets - net of provision		240,168,123	197,466,022	3,134,113	3,694,491	243,302,236	201,160,513
10.2 ADVANCES							
- Loans, cash credits, running finances, etc. - In Pakistan*		14,379	15,253	4,508,550	4,598,676	4,522,929	4,613,929
- Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan		-	-	684,295	684,295	684,295	684,295
- Net investment in finance lease - In Pakistan		-	-	566,408	580,807	566,408	580,807
Advances - gross		14,379	15,253	5,759,253	5,863,778	5,773,632	5,879,031
Provision against advances							
- Specific	10.15	-	-	(5,702,817)	(5,804,866)	(5,702,817)	(5,804,866)
- General	10.15	(55)	(55)	-	-	(55)	(55)
		(55)	(55)	(5,702,817)	(5,804,866)	(5,702,872)	(5,804,921)
Advances - net of provision		14,324	15,198	56,436	58,912	70,760	74,110
Fair value adjustment	10.16	-	-	90,989	93,819	90,989	93,819
Advances - net of provision and fair value adjustment		14,324	15,198	147,425	152,731	161,749	167,929

* This includes non-interest bearing performing financing facilities amounting to Rs. 14,379 million (2022: Rs. 15,253 million).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	41,207,371	38,633,625
Advance against Diminishing Musharakah financing	3,143,869	5,556,072
	<u>44,351,240</u>	<u>44,189,697</u>
10.4 Istisna financing and related assets		
Istisna financing	6,943,278	7,547,321
Advance against Istisna financing	16,750,523	1,613,446
Istisna inventories	-	7,193,120
	<u>23,693,801</u>	<u>16,353,887</u>
10.5 Murabahah financing and related assets		
Murabahah financing	6,596,347	8,278,378
Deferred murabahah income	2,579,827	563,847
Advances against Murabaha financing	620,221	4,651,962
Murabaha Inventories	4,309,864	-
	<u>14,106,259</u>	<u>13,494,187</u>
10.6 Musawamah financing and related assets / Tijarah		
Musawamah financing	27,778,058	8,317,899
Advance against Musawamah financing	270,948	2,232,108
Musawamah inventories	3,001,081	-
	<u>31,050,087</u>	<u>10,550,007</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	436,962	456,059
Advance against Ijarah financing	8,238	611
	<u>445,200</u>	<u>456,670</u>
10.8 Salam		
Salam financing	40,001	110,000
Advance against Salam	103,901	64,000
Salam inventories	-	49,900
	<u>143,902</u>	<u>223,900</u>
10.9 Running musharakah financing and related assets includes financing amounting to Rs. 2,423 million (2022: Rs. 2,423 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 425 million (2022: Rs. 865 million) and advance amounting to Rs. 1,304 million (2022: Rs. 1,087 million) under Islamic Export Refinance Scheme.		
10.11 Murabahah financing and related assets includes financing amounting to Rs. 0.061 million (2022: Rs. 0.033 million) under Islamic Export Refinance Scheme.		
10.12 Musawamah financing and related assets / Tijarah includes advance amounting to Rs. Nil (2022: Rs. 150 million) under Islamic Export Refinance Scheme.		
10.13 Particulars of Islamic financing and related assets and advances - gross	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
In local currency	262,516,289	218,622,648
In foreign currencies	1,704,106	1,718,274
	<u>264,220,395</u>	<u>220,340,922</u>

- 10.14 Islamic financing and related assets and advances include Rs. 20,795.045 million (2022: Rs.19,872.534 million) which have been placed under non-performing status as detailed below:

Category of classification

	(Un-audited)		(Audited)	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	Non-performing Islamic financing, related assets and advances	Specific Provision	Non-performing Islamic financing, related assets and advances	Specific Provision
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned	423,380	-	325,596	-
Substandard	1,170,764	207,385	548,330	48,085
Doubtful	1,200,154	433,558	4,236,194	2,411,182
Loss	18,000,747	16,963,553	14,762,414	13,659,864
Total	20,795,045	17,604,496	19,872,534	16,119,131

- 10.14.1 The Bank does not hold overseas classified non-performing Islamic financing, related assets and advances.

- 10.15 Particulars of provision against non-performing Islamic financing, related assets and advances:

	(Un-audited)			(Audited)		
	June 30, 2023	December 31, 2022	December 31, 2022	June 30, 2023	December 31, 2022	December 31, 2022
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653
Charge for the period / year	1,923,073	300,000	2,223,073	2,748,357	2,220,145	4,968,502
Reversals for the period / year	(437,708)	(44,265)	(481,973)	(1,157,169)	-	(1,157,169)
	1,485,365	255,735	1,741,100	1,591,188	2,220,145	3,811,333
Amount written off	-	-	-	(687)	-	(687)
Closing balance	17,604,496	3,242,903	20,847,399	16,119,131	2,987,168	19,106,299
10.15.1 Islamic	11,901,679	3,242,848	15,144,527	10,314,265	2,987,113	13,301,378
Conventional	5,702,817	55	5,702,872	5,804,866	55	5,804,921
	17,604,496	3,242,903	20,847,399	16,119,131	2,987,168	19,106,299

- 10.15.2 Provision / reversal of provision net of fair value adjustment taken to the profit and loss account

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
Gross reversals for the period / year	481,973	1,157,169
Charge for the period / year	(2,223,073)	(4,968,502)
	(1,741,100)	(3,811,333)
Fair value adjusted - net	(2,830)	-
Net charge taken to the profit and loss account	(1,743,930)	(3,811,333)

- 10.15.3 Particulars of provision against non-performing Islamic financing and related assets and advances:

	(Un-audited)			(Audited)		
	June 30, 2023	December 31, 2022	December 31, 2022	June 30, 2023	December 31, 2022	December 31, 2022
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
In local currency	17,604,496	3,242,903	20,847,399	16,119,131	2,987,168	19,106,299
	17,604,496	3,242,903	20,847,399	16,119,131	2,987,168	19,106,299

- 10.15.4 The Bank maintains general reserve (provision) amounting to Rs. 442.903 million (2022: Rs. 487.168 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing. In addition, the Bank carries general provision of Rs. 2,800 million (2022: Rs. 2,500 million) as a matter of prudence based on management estimate.

- 10.15.5 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at June 30, 2023 amounts to Rs. 846.469 million (2022: Rs. 1,061.067 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 431.699 million (2022: Rs. 541.144 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

- 10.16 Provision in respect of acquired loans related to amalgamated entity have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by the Independent consultant.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
-----Rupees in '000-----			
10.17 SBP other refinance schemes			
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)		8,277,188	7,478,402
Islamic refinance scheme for payment of wages and salaries		62,527	438,035
Islamic Long-Term Financing Facility		963,047	952,692
RM EFS - Rupee Based Discounting (TFA)		2,056,679	223,136
Islamic refinance scheme for Renewable Energy		691,106	627,670
Islamic refinance scheme for combating COVID (IRFCC)		234,386	271,263
Islamic refinance facility for Modernization of SMEs		77,192	71,930
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)		54,688	59,710
Islamic Credit Guarantee Scheme for Women Entrepreneur		8,326	9,279
		<u>12,425,139</u>	<u>10,132,117</u>
11 FIXED ASSETS			
Capital work-in-progress	11.1	1,884,999	1,427,567
Property and equipment		9,553,706	9,864,421
Right of use assets		2,574,987	2,897,382
		<u>14,013,692</u>	<u>14,189,370</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors		694,276	236,844
Advance for acquiring properties: - Office premises		1,190,723	1,190,723
		<u>1,884,999</u>	<u>1,427,567</u>
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		644,029	133,147
Property and equipment			
Leasehold building		-	209,436
Furniture and fixture		247,743	120,325
Electrical office and computer equipment		418,897	166,505
Vehicles		14,323	15,264
		680,963	511,530
Right of use assets			
Leasehold building		144,818	159,641
Total		<u>1,469,810</u>	<u>804,318</u>

11.4.1 In 2023, the Board of Directors accorded its approval and authorized the management of the Bank

		(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
	Note	-----Rupees in '000-----	
11.3 Disposal / Transfer of fixed assets			
The net book value of fixed assets disposed off / transferred during the period is as follows:			
Disposal :			
Leasehold building		-	59,620
Furniture and fixture	11.3.1	460	7,298
Electrical office and computer equipment		5	212
Vehicles		130	-
		595	67,130
Transferred to non-current assets held for sale :			
Leasehold Land		405,000	-
Leasehold Building		42,523	-
		447,523	-
Total		448,118	67,130

11.3.1 Furniture & Fixtures includes write-offs amounting to Rs. Nil (June 30, 2022: Rs. 5.83 million)

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
11.4 NON-CURRENT ASSETS HELD FOR SALE			
Leasehold Land		405,000	-
Leasehold Building		42,523	-
	11.4.1	447,523	-

to sell the property comprised of Plot No. 14 & 14-C, situated at main Gulberg, facing Jail Road, Lahore, Pakistan to the identified buyer, keeping in view the growth of the Bank which made the property insufficient for regional staff. MoU has been signed with the identified party and sale is likely to be concluded during the current year. Key conditions for disposal:

- i) The property will be sold in its current condition subject to the completion of certain legal formalities.
- ii) The sale is expected to be completed within one year from the date of classification.
- iii) The Bank expects the legal and procedural formalities for the sale to be completed by the end of the year.

Immediately before the classification of the property as held for sale, the Property was revalued by an independent professional valuer, M/s. Sadruddin Associates on April 30, 2023 and no significant change was observed in the valuation of property.

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- Rupees in '000 -----	
12 INTANGIBLE ASSETS			
Computer software		388,097	271,628
Core deposits		21,139	22,835
Membership & Subscription		41,152	22,809
Goodwill		2,944,297	2,944,297
		3,394,685	3,261,569

	(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
	----- Rupees in '000 -----	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
- Directly purchased	194,808	131,597
12.2 Disposals of intangible assets		
Membership & Subscription	-	1,837
	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
13 DEFERRED TAX ASSETS		
Deductible Temporary Differences on:		
Accumulated tax losses	-	863,212
Provision for diminution in the value of investments	193,571	220,328
Provision against non-performing Islamic financing and related assets and advances	5,872,286	4,650,741
Ijarah financing and related assets	40,745	53,009
Accelerated tax depreciation	205,986	146,333
	6,312,588	5,933,623
Taxable Temporary Differences on:		
Fair value adjustments relating to net assets acquired upon amalgamation	(386,606)	(351,206)
Surplus on revaluation of available for sale securities	(852,298)	(853,404)
Surplus on revaluation of fixed assets	(1,329,711)	(1,206,906)
Surplus on revaluation of non-banking assets	(33,481)	(28,712)
Others	(70,665)	(154,590)
	(2,672,761)	(2,594,818)
	3,639,827	3,338,805
14 OTHER ASSETS - NET		
Profit / return accrued in local currency	18,413,502	12,472,201
Profit / return accrued in foreign currency	29,221	26,199
Advances, deposits, advance rent and other prepayments	4,230,724	2,656,198
Non-banking assets acquired in satisfaction of claims	1,453,940	1,455,091
Takaful / insurance claim receivable	58,574	58,148
Receivable against takaful and registration charges - Diminishing Musharakah Auto Financing	450,459	319,093
Receivable against First WAPDA Sukuk	50,000	50,000
Acceptances	2,095,276	2,332,910
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts	339,227	7,968
Others	960,721	802,973
	28,081,644	20,180,781
Less: Provision held against other assets	(768,745)	(764,955)
Other Assets (net of provision)	27,312,899	19,415,826
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	68,328	66,772
Other assets - total	27,381,227	19,482,598
14.1 Market value of non-banking assets acquired in satisfaction of claims	1,357,003	1,357,003

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	----- Rupees in '000 -----	
14.2 Provision held against other assets		
Advances, deposits, advance rent & other prepayments	26,692	26,692
Non banking assets acquired in satisfaction of claims	305,762	305,762
Others	436,291	432,501
14.2.1	<u>768,745</u>	<u>764,955</u>
14.2.1 Movement in provision held against other assets		
Opening balance	764,955	1,261,370
Charge for the period / year	3,990	-
Reversals during the period / year	(200)	(496,415)
Closing balance	<u>768,745</u>	<u>764,955</u>
15 BILLS PAYABLE		
In Pakistan	3,215,197	3,530,929
Outside Pakistan	-	-
	<u>3,215,197</u>	<u>3,530,929</u>
16 DUE TO FINANCIAL INSTITUTIONS		
<i>Secured</i>		
Due to State Bank of Pakistan		
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	8,075,523	7,473,692
Acceptances for financial assistance	4,223,258	4,036,120
Acceptances under Islamic Export Refinance Scheme	3,952,003	4,175,000
Acceptances from SBP under Mudaraba	41,250,225	-
Islamic refinance scheme for payment of wages and salaries	-	469,634
Islamic Long-Term Financing Facility	963,046	922,930
Islamic refinance scheme for Renewable Energy	665,047	563,692
Islamic Export Finance Scheme - Rupee based discounting	3,028,050	139,863
Islamic refinance scheme for combating COVID (IRFCC)	59,718	76,879
Islamic Refinance Scheme for Modernization of SMEs	55,663	65,854
Islamic Credit Guarantee Scheme for Women Entrepreneur	10,388	9,499
Islamic refinance scheme for Facility of Storage of Agricultural Produce (IFFSAP)	50,116	56,967
	<u>62,333,037</u>	<u>17,990,130</u>
Refinance facility for Islamic Mortgage	3,710,437	3,062,126
Total secured	<u>66,043,474</u>	<u>21,052,256</u>
	<u>66,043,474</u>	<u>21,052,256</u>

17 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	June 30, 2023			December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits	163,766,920	7,118,951	170,885,871	153,254,447	4,891,424	158,145,871
Savings deposits	97,234,508	3,754,698	100,989,206	91,134,589	3,359,456	94,494,045
Term deposits	157,986,580	6,737,468	164,724,048	132,317,698	4,987,727	137,305,425
Margin deposits	12,060,173	125,319	12,185,492	10,979,366	90,052	11,069,418
	431,048,181	17,736,436	448,784,617	387,686,100	13,328,659	401,014,759
Financial Institutions						
Current deposits	730,233	7,166	737,399	1,419,692	9,985	1,429,677
Savings deposits	13,117,361	-	13,117,361	13,071,506	-	13,071,506
Term deposits	325,500	-	325,500	396,000	-	396,000
Margin deposits	146	-	146	-	-	-
	14,173,240	7,166	14,180,406	14,887,198	9,985	14,897,183
	445,221,421	17,743,602	462,965,023	402,573,298	13,338,644	415,911,942

18 SUBORDINATED SUKUK

	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
-----Rupees in '000-----			
ADT-1 Sukuk Issue I	18.1	2,000,000	2,000,000
Advance subscription against ADT-1 Sukuk Issue II	18.2	850,000	850,000
		2,850,000	2,850,000

18.1 The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuk under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

18.1.1 Salient features of the ADT-1 Sukuk issue I are as follows:

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A-' (A minus).
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.
Call option	The Bank may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

- 18.2 The Bank is in the process of issuing fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Sukuks under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. The total size of ADT-1 Sukuk Issue II is Rs. 1,000 million.

As of 31 December 2022, the Pre-IPO (Initial Public Offer) phase of ADT-I Sukuk issue II was achieved through which subscription amounting to Rs. 850 million was received. Further, the Bank is in process of conducting the IPO of ADT-1 Sukuk issue II, subject to regulatory approvals, amounting to Rs. 150 million.

The State Bank of Pakistan also allowed the Bank to consider the advance subscription money of Rs. 850 million received against the issuance of ADT-1 Sukuk issue II (Pre-IPO) for Capital Adequacy Ratio subject to following conditions:

- The pre-IPO subscription money shall not be withdrawn without prior approval of SBP.
- The pre-IPO subscription money shall only be used for the issuance of ADT-I eligible Sukuks of BIPL and will not be refunded.
- The terms of SBP's In-principle approval and final approval will remain applicable on the pre-IPO subscription money received against the proposed Sukuks.

19 OTHER LIABILITIES	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
Profit / return payable in local currency	7,720,398	4,633,768
Profit / return payable in foreign currencies	103,698	152,308
Accrued expenses	1,371,144	1,343,277
Deferred Murabahah Income Financing and IERS	1,283,380	335,033
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	38,711	29,804
Defined Benefit Plan liabilities	397,165	302,347
Dividend Payable	260,669	-
Security deposits against Ijarah	430,345	441,034
Lease liability against right of use assets	3,178,312	3,559,675
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	2,095,276	2,332,910
Current taxation (provisions less payments)	3,531,180	1,895,197
Provision against other tax liabilities	244,078	95,475
Sundry creditors	2,914,946	1,008,462
Payable to brokers against purchase of shares - net	536	442
Charity payable	8,322	7,440
Retention money payable	39,559	27,158
Provision for Workers' Welfare Fund	524,337	358,419
Branch adjustment account	1,023,115	387,266
Others	681,281	442,917
	<u>25,937,104</u>	<u>17,443,584</u>

20	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
			-----Rupees in '000-----	
	Surplus on revaluation of:			
	Available for sale securities	9.1	1,739,383	1,984,660
	Fixed assets		2,713,695	2,805,877
	Non-banking assets acquired in satisfaction of claims		68,328	66,772
			4,521,406	4,857,309
	Deferred tax liability on surplus on revaluation of:	13		
	Available for sale securities		(852,298)	(853,404)
	Fixed assets		(1,329,711)	(1,206,906)
	Non-banking assets acquired in satisfaction of claims		(33,481)	(28,712)
			(2,215,490)	(2,089,022)
			<u>2,305,916</u>	<u>2,768,287</u>
21	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	21.1	3,859,118	3,527,283
	- Commitments	21.2	49,448,596	35,701,601
	- Other contingent liabilities	21.3	229,652	229,652
			<u>53,537,366</u>	<u>39,458,536</u>
21.1	Guarantees:			
	Performance guarantees		2,819,979	2,668,388
	Other guarantees		1,039,139	858,895
			<u>3,859,118</u>	<u>3,527,283</u>
21.2	Commitments:			
	Documentary credits and short-term trade-related transactions:			
	- letters of credit		41,008,480	28,386,915
	Commitments in respect of:			
	- Shariah compliant alternative of forward foreign exchange contracts	21.2.1	7,506,919	6,708,168
	Commitments for acquisition of:			
	- fixed assets		890,490	553,177
	- intangible assets		42,707	53,341
			49,448,596	35,701,601
21.2.1	Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions			
	Purchase		34,710,899	17,741,180
	Sale		(27,203,980)	(11,033,012)
			<u>7,506,919</u>	<u>6,708,168</u>
21.3	Other contingent liabilities			
	Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt	21.3.1	4,200	4,200
	Tax Contingencies	21.3.2	225,452	225,452
			<u>229,652</u>	<u>229,652</u>
21.3.1	There is no change in the status of contingencies related to pending legal cases, as set out in note 25.3.1 to the annual financial statements of the Bank for the year ended December 31, 2022.			
21.3.2	There is no change in the status of tax and other contingencies, as set out in note 25.3.2 to the annual financial statements of the Bank for the year ended December 31, 2022.			

		----- (Un-audited) -----	
		June 30, 2023	June 30, 2022
		-----Rupees in '000-----	
22	PROFIT / RETURN EARNED	Note	
	On:		
	Financing	19,842,627	10,016,294
	Investments	17,400,564	6,515,454
	Placements	1,829,205	1,764,257
	Others	92,206	74,564
		<u>39,164,602</u>	<u>18,370,569</u>
23	PROFIT / RETURN EXPENSED		
	On:		
	Deposits and other accounts	16,907,624	8,107,010
	Due to financial institutions	4,858,698	1,974,677
	Cost of foreign currency swaps against foreign currency deposits	180,941	57,627
	Amortisation of lease liability against right of use assets	249,408	174,589
	Subordinated Sukuk	314,533	138,440
		<u>22,511,204</u>	<u>10,452,343</u>
24	FEE AND COMMISSION INCOME		
	Branch banking customer fees	28,906	28,444
	Commission on bancatakaful	42,086	59,107
	Card related fees	388,893	263,742
	Commission on arrangement with financial institutions	38,518	49,040
	Consumer finance related fees	12,253	37,561
	Commission on Guarantees	25,419	32,468
	Investment banking fees	21,709	55,790
	Commission on cash management	9,014	6,899
	Commission on remittances including home remittances	22,037	35,491
	Commission on trade	204,572	156,654
	Others	4,507	3,954
		<u>797,914</u>	<u>729,150</u>
25	GAIN ON SECURITIES		
	Realized gain	25.1 115,005	18,725
25.1	Realized gain on:		
	Federal Government Shariah Compliant Securities	115,005	18,725
		<u>115,005</u>	<u>18,725</u>
26	OTHER INCOME - NET		
	Rent on property	766	729
	Gain on termination of financing	89,880	61,064
	Gain on sale of fixed assets	9,971	11,503
	Gain on sale of non-banking assets	-	208,967
	Recoveries against previously expensed items	6,773	73,854
	Others	-	1,886
		<u>107,390</u>	<u>358,003</u>

27 OPERATING EXPENSES

----- (Un-audited) -----
June 30, **June 30,**
2023 **2022**
 -----Rupees in '000-----

Total compensation expense	3,386,053	2,553,138
Property expense		
Rent & taxes	70,451	30,898
Takaful cost	830	2,218
Utilities cost	345,869	237,583
Security (including guards)	293,004	200,025
Repair & maintenance (including janitorial charges)	147,074	107,072
Depreciation	251,362	240,722
Depreciation on right of use assets	467,213	423,459
	1,575,803	1,241,977
Information technology expenses		
Software maintenance	254,344	174,590
Hardware maintenance	138,276	78,360
Depreciation	157,034	129,716
Amortization	58,538	41,837
Network charges	134,144	111,971
	742,336	536,474
Other operating expenses		
Directors' fees and allowances	7,620	5,880
Fees and allowances to Shariah Board	12,964	10,986
Legal & professional charges	66,359	69,441
Travelling & conveyance	60,702	39,594
NIFT clearing charges	18,022	12,839
Depreciation	135,163	98,155
Depreciation on non-banking assets	1,151	2,126
Entertainment expense	51,571	50,415
Training & development	7,735	3,552
Postage & courier charges	44,442	24,786
Communication	107,391	33,826
Stationery & printing	167,631	128,456
Marketing, advertisement & publicity	169,800	136,353
Repairs and maintenance	109,768	63,964
Takaful, tracker and other charges on car Ijarah - net of income	152,735	-
Takaful / Insurance	173,473	168,593
Fee and subscription	193,365	103,306
Vehicle running and maintenance	230,197	124,129
Donations	-	56
Auditors' remuneration	13,770	11,464
Amortization	3,153	2,296
CDC and share registrar services	6,844	3,984
Brokerage and commission	13,191	12,179
Stamp duty, registration & verification charges	23,059	44,915
Others	19,366	29,981
	1,789,472	1,181,276
	<u>7,493,664</u>	<u>5,512,865</u>

	Note	----- (Un-audited) ----- June 30, June 30, 2023 2022 -----Rupees in '000-----	
28	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	4,761	7,701
29	PROVISIONS AND WRITE OFFS - NET		
	Reversal of provision against Due from financial institutions	(1,620)	(1,620)
	Charge / (reversal) of provision for diminution in value of Investments	579,347	1,045
	Provision against Islamic financing and related assets and advances - net	1,743,930	1,353,205
	Other provisions / (reversal) / write offs - net	3,790	3,332
		<u>2,325,447</u>	<u>1,355,962</u>
30	TAXATION		
	Current	3,548,171	732,674
	Prior years	123,235	-
	Deferred	(471,319)	528,640
		<u>3,200,087</u>	<u>1,261,314</u>
31	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit after taxation for the period	5,095,746	1,436,257
		----- Number of shares -----	
	Weighted average number of ordinary shares	<u>1,108,703,299</u>	<u>1,108,703,299</u>
		----- Rupees -----	
	Basic and diluted EPS	<u>4.5961</u>	<u>1.2954</u>

31.1 There were no convertible / dilutive potential ordinary shares outstanding as at June 30, 2023 and June 30, 2022, therefore diluted earning per share has not been presented separately.

32 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity or investments in associates and subsidiary, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost less impairment losses. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

32.1 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).

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

(Un-audited)			
June 30, 2023			
Level 1	Level 2	Level 3	Total

----- Rupees in '000 -----

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	388,270	-	6,820	395,090
GoP Ijara Sukuk	-	165,754,872	-	165,754,872
Non-Government Shariah compliant securities	32,377,614	4,977,509	-	37,355,123

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	7,241,906	7,241,906
Non-banking assets acquired in satisfaction of claims	-	-	1,216,506	1,216,506

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	34,710,899	-	34,710,899
Shariah compliant alternative of forward sale of foreign exchange	-	27,203,980	-	27,203,980

(Audited)			
December 31, 2022			
Level 1	Level 2	Level 3	Total

----- Rupees in '000 -----

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	378,784	-	584,495	963,279
GOP Ijara Sukuk	-	139,819,691	-	139,819,691
Non-Government Shariah compliant Securities	32,376,937	5,953,639	-	38,330,576

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	7,396,770	7,396,770
Non-banking assets acquired in satisfaction of claims	-	-	1,216,101	1,216,101

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	17,741,180	-	17,741,180
Shariah compliant alternative of forward sale of foreign exchange	-	11,033,012	-	11,033,012

Valuation techniques used in determination of fair values within level 1

Item	Valuation approach and input used
Listed securities (Shares and Sukuks)	The valuation has been determined through closing rates on Pakistan Stock Exchange.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GoP Ijarah Sukuks	The fair value of GoP Ijarah Sukuk are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
Non-Government Shariah compliant Securities	Non-Government Shariah compliant Securities are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

Fixed assets - Land and building	Land and buildings are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.
Non-banking assets acquired in satisfaction of claims	Non-banking assets acquired in satisfaction of claims are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Banks' Association. The valuation is based on their assessment of market value of the properties.

- 32.2 The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 from last year.

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	(Un-audited) June 30, 2023				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	----- Rupees in '000 -----				
Profit & Loss					
Net profit / return	13,887,979	(12,033,281)	15,082,536	(283,836)	16,653,398
Inter segment revenue - net	(14,347,712)	29,758,802	(14,791,576)	(619,514)	-
Total other income	765,438	589,568	259,710	17,508	1,632,224
Total income	305,705	18,315,089	550,670	(885,842)	18,285,622
Segment direct expenses	82,616	4,086,860	312,448	3,182,418	7,664,342
Inter segment expense allocation	24,730	1,380,169	377,985	(1,782,884)	-
Total expenses	107,346	5,467,029	690,433	1,399,534	7,664,342
Provisions / (reversals)	577,727	(235,225)	2,004,902	(21,957)	2,325,447
Profit / (loss) before tax	(379,368)	13,083,285	(2,144,665)	(2,263,419)	8,295,833

(Un-audited) June 30, 2023					
Balance Sheet	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Assets					
Cash & Bank balances	2,348,936	37,692,146	-	-	40,041,082
Investments	204,133,027	-	-	-	204,133,027
Net inter segment placements	-	384,724,025	-	-	384,724,025
Due from financial institutions	54,519,331	-	-	-	54,519,331
Islamic financing and related assets - performing	-	39,210,019	191,621,575	9,493,828	240,325,422
- non-performing - net	-	2,003,343	1,135,220	-	3,138,563
Others	-	-	-	48,876,954	48,876,954
Total Assets	261,001,294	463,629,533	192,756,795	58,370,782	975,758,404
Liabilities					
Due to financial institutions	45,473,483	3,710,437	16,859,554	-	66,043,474
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	11,923,409	451,041,614	-	-	462,965,023
Net inter segment acceptances	203,439,487	-	174,140,064	7,144,474	384,724,025
Others	164,915	8,877,483	1,757,177	18,352,726	29,152,301
Total liabilities	261,001,294	463,629,534	192,756,795	28,347,200	945,734,823
Equity	-	-	-	30,023,581	30,023,581
Total Equity & liabilities	261,001,294	463,629,534	192,756,795	58,370,781	975,758,404
Contingencies & Commitments					
	7,506,919	-	44,867,598	1,162,849	53,537,366

(Un-audited) June 30, 2022					
Profit & Loss	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Net profit / return	5,877,315	(5,086,961)	7,375,263	(247,391)	7,918,226
Inter segment revenue - net	(6,558,250)	14,047,396	(7,679,563)	190,417	-
Total other income	671,710	547,874	264,348	225,892	1,709,824
Total Income	(9,225)	9,508,309	(39,952)	168,918	9,628,050
Segment direct expenses	39,882	3,303,365	289,385	1,941,885	5,574,517
Inter segment expense allocation	16,152	1,079,387	295,492	(1,391,031)	-
Total expenses	56,034	4,382,752	584,877	550,854	5,574,517
Provisions / (reversals)	(575)	80,192	1,273,960	2,385	1,355,962
Profit / (loss) before tax	(64,684)	5,045,365	(1,898,789)	(384,321)	2,697,571

(Audited) December 31, 2022					
Assets	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Cash & Bank balances	2,148,290	39,870,367	-	-	42,018,657
Investments	179,741,488	-	-	-	179,741,488
Net inter segment placements	-	326,385,391	-	9,995,730	336,381,121
Due from financial institutions	23,878,183	-	-	-	23,878,183
Islamic financing and related assets - performing	-	44,799,019	148,864,422	4,336,599	198,000,040
- non-performing - net	-	1,338,876	1,821,532	167,994	3,328,402
Others	6,821,631	1,671,185	6,630,060	25,149,466	40,272,342
Total Assets	212,589,592	414,064,838	157,316,014	39,649,789	823,620,233
Liabilities					
Due to financial institutions	4,036,120	3,062,126	13,954,010	-	21,052,256
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	12,701,835	403,210,107	-	-	415,911,942
Net inter segment acceptances	195,667,357	-	140,713,764	-	336,381,121
Others	184,280	7,792,605	2,648,240	10,349,388	20,974,513
Total liabilities	212,589,592	414,064,838	157,316,014	13,199,388	797,169,832
Equity	-	-	-	26,450,401	26,450,401
Total Equity & liabilities	212,589,592	414,064,838	157,316,014	39,649,789	823,620,233
Contingencies & Commitments					
	6,708,168	-	31,914,198	836,170	39,458,536

34 RELATED PARTY TRANSACTIONS

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

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

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

	(Un-audited)					(Audited)				
	June 30, 2023					December 31, 2022				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
(Rupees in '000)										
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	3,233,725	-	-	-	-	-
Repaid during the year	-	-	-	-	(3,233,725)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	104,771	1,102,111	-	-	-	104,771	1,660,111	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed-off during the period / year	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	(558,000)	-
Closing balance	-	-	104,771	1,102,111	-	-	-	104,771	1,102,111	-
Provision for diminution in value of investments	-	-	(104,771)	(474,169)	-	-	-	(104,771)	(474,169)	-
Islamic financing and related assets										
Opening balance	-	372,910	-	480,187	700,001	15,382	280,483	-	480,540	700,001
Addition during the period / year	-	71,925	-	410,769	2,349,343	-	204,049	-	813,116	4,655,399
Repaid during the period / year	-	(23,921)	-	(410,769)	(1,867,930)	(15,382)	(107,753)	-	(813,469)	(4,405,399)
Transfer in / (out) - net	-	(41,196)	-	-	(839,452)	-	(3,869)	-	-	(250,000)
Closing balance	-	379,718	-	480,187	341,962	-	372,910	-	480,187	700,001
Other assets										
Profit receivable on financings	-	642	-	11,907	13,341	-	280	-	5,579	18,842
Due to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	64,905,200	-	-	-	-	-
Settled during the year	-	-	-	-	(64,905,200)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Subordinated sukuk										
Opening balance	-	1,015	-	-	-	-	1,015	-	-	-
Issued / purchased during the period / year	-	-	-	-	-	-	-	-	-	-
Redemption / sold during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	1,015	-	-	-	-	1,015	-	-	-
Deposits and other accounts										
Opening balance	2,745	32,443	4	12,186	1,776,697	6,063	42,412	4	27,338	1,306,399
Received during the period / year	227,175	394,991	-	739,874	11,352,494	39,235	709,549	-	1,641,001	13,686,134
Withdrawn during the period / year	(229,373)	(371,362)	-	(768,332)	(11,201,879)	(42,553)	(716,423)	-	(1,656,153)	(13,218,501)
Transfer in / (out) - net	(136)	2,723	-	-	(60,208)	-	(3,095)	-	-	2,665
Closing balance	411	58,795	4	3,728	1,867,104	2,745	32,443	4	12,186	1,776,697
Other Liabilities										
Profit / return payable	1	471	-	1	51,160	1	490	-	-	31,609
Dividend Payable	77,324	-	-	-	172,744	-	-	-	-	-
Meeting fee / remuneration payable	-	-	-	-	-	240	-	-	-	-
Contingencies and Commitments										
Other contingencies	-	-	-	23,788	75,618	-	-	-	25,202	82,277

	(Un-audited)					(Un-audited)				
	June 30, 2023					June 30, 2022				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
(Rupees in '000)										
Income										
Profit / return earned	-	7,691	-	29,924	98,369	674	5,515	-	10,718	26,830
Other income	-	8,886	-	-	-	-	6,265	-	-	-
Expense										
Profit / return expensed	11	816	-	14	243,511	6	444	-	17	71,592
Other administrative expenses	1,527	1,063	-	-	25,995	-	1,629	-	-	20,651
Meeting fee / remuneration	7,620	287,751	-	-	-	5,880	205,450	-	-	-
Contribution to employees provident fund	-	-	-	-	103,351	-	-	-	-	82,746
Charge for employees gratuity fund	-	-	-	-	94,818	-	-	-	-	76,396

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) **(Audited)**
June 30, **December 31,**
2023 **2022**
 ----- Rupees in '000 -----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

11,007,991 11,007,991

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

23,540,718 19,539,043

Eligible Additional Tier 1 (ADT 1) Capital

2,850,000 2,850,000

Total Eligible Tier 1 Capital

26,390,718 22,389,043

Eligible Tier 2 Capital

8,339,480 7,112,440

Total Eligible Capital (Tier 1 + Tier 2)

34,730,198 29,501,483

Risk Weighted Assets (RWAs):

Credit Risk

147,612,246 130,973,978

Market Risk

2,233,837 2,036,650

Operational Risk

31,601,888 31,601,888

Total

181,447,971 164,612,516

Common Equity Tier 1 Capital Adequacy ratio

12.97% 11.87%

Tier 1 Capital Adequacy Ratio

14.54% 13.60%

Total Capital Adequacy Ratio

19.14% 17.92%

National minimum capital requirements prescribed by SBP

CET1 minimum ratio

6.00% 6.00%

Tier 1 minimum ratio

7.50% 7.50%

Total capital minimum ratio

10.00% 10.00%

Capital Conservation Buffer (CCB) (Consisting of CET 1 only)

1.50% 1.50%

Total Capital plus CCB

11.50% 11.50%

- 35.1 The capital to risk weighted assets ratio is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for credit and market risk and Basic Indicator Approach for operational Risk.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	26,390,718	22,389,043
Total Exposures	595,348,074	547,348,618
Leverage Ratio	4.43%	4.09%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	182,643,762	158,731,694
Total Net Cash Outflow	64,711,370	50,014,976
Liquidity Coverage Ratio	282.24%	317.37%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	475,996,223	418,095,642
Total Required Stable Funding	181,020,055	160,353,265
Net Stable Funding Ratio	262.95%	260.73%

36 GENERAL

- 36.1 Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these unconsolidated financial statements, except for captions of the condensed interim Unconsolidated Statement of Financial Position and condensed interim Unconsolidated Profit and Loss Account.
- 36.2 These condensed interim unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.
- 36.3 The figures in the financial statements have been rounded off to the nearest thousand rupee.

37 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue on August 22, 2023 by the Board of Directors of the Bank.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICE

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

**Condensed Interim
Consolidated Financial Statements
of
BankIslami Pakistan Limited
For The Half Year Ended
June 30, 2023**

BankIslami Pakistan Limited

Condensed Interim Consolidated Statement of Financial Position

As at June 30, 2023

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	6	37,794,482	39,972,702
Balances with other banks	7	2,248,802	2,048,157
Due from financial institutions - net	8	54,519,331	23,878,183
Investments - net	9	204,668,850	180,176,339
Islamic financing, related assets and advances - net	10	243,463,985	201,328,442
Fixed assets	11	14,014,744	14,190,422
Intangible assets	12	3,441,696	3,308,580
Deferred tax assets	13	3,514,741	3,213,719
Other assets - net	14	27,381,499	19,482,870
Non-current assets held for sale	11.4	447,523	-
Total Assets		591,495,653	487,599,414
LIABILITIES			
Bills payable	15	3,215,197	3,530,929
Due to financial institutions	16	66,043,474	21,052,256
Deposits and other accounts	17	462,965,018	415,911,937
Subordinated sukuk	18	2,850,000	2,850,000
Other liabilities	19	25,956,868	17,463,348
		561,030,557	460,808,470
NET ASSETS		30,465,096	26,790,944
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		2,591,071	2,591,071
Surplus on revaluation of assets - net of tax	20	2,296,851	2,759,222
Unappropriated profit		14,569,183	10,432,660
		30,465,096	26,790,944
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 37 form an integral part of these condensed interim consolidated financial statements.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICE

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

For The Quarter & Half Year Ended June 30, 2023

Note	Quarter Ended		Half Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
----- Rupees in '000 -----					
Profit / return earned	22	22,601,260	10,616,214	39,164,602	18,370,569
Profit / return expensed	23	12,856,851	6,042,378	22,511,204	10,452,343
Net Profit / return		9,744,409	4,573,836	16,653,398	7,918,226
OTHER INCOME					
Fee and commission income	24	430,976	325,340	797,914	729,150
Dividend income		27,338	12,565	27,338	12,565
Foreign exchange income		224,192	378,128	584,577	591,381
Gain on securities	25	112,768	3,157	115,005	18,725
Other income - net	26	65,184	317,491	107,390	358,003
Total other income		860,458	1,036,681	1,632,224	1,709,824
Total Income		10,604,867	5,610,517	18,285,622	9,628,050
OTHER EXPENSES					
Operating expenses	27	3,880,610	2,852,136	7,493,664	5,512,865
Workers' Welfare Fund		101,873	36,488	165,917	53,951
Other charges	28	2,407	7,441	4,761	7,701
Total other expenses		3,984,890	2,896,065	7,664,342	5,574,517
Profit before provisions		6,619,977	2,714,452	10,621,280	4,053,533
Provisions and write offs - net	29	1,484,979	890,045	2,325,447	1,355,962
Extra ordinary / unusual items		-	-	-	-
Share of profit / (loss) from associate - net of tax		6,300	9,819	6,300	9,819
PROFIT BEFORE TAXATION		5,141,298	1,834,226	8,302,133	2,707,390
Taxation	30	1,833,566	910,266	3,200,087	1,261,314
PROFIT AFTER TAXATION		3,307,732	923,960	5,102,046	1,446,076
ATTRIBUTABLE TO:					
Equity shareholders of the Holding Company		3,307,732	923,960	5,102,046	1,446,076
Non-controlling interest		-	-	-	-
		3,307,732	923,960	5,102,046	1,446,076
----- Rupees -----					
Basic / Diluted earnings per share	31	2.9834	0.8334	4.6018	1.3043

The annexed notes 1 to 37 form an integral part of these condensed interim consolidated financial statements.

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CHAIRMAN

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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

For The Quarter & Half Year Ended June 30, 2023

	Quarter Ended		Half Year Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
----- Rupees in '000 -----				
Profit after taxation for the period attributable to:				
Equity shareholders of the Holding Company	3,307,732	923,960	5,102,046	1,446,076
Non-controlling interest	-	-	-	-
	<u>3,307,732</u>	<u>923,960</u>	<u>5,102,046</u>	<u>1,446,076</u>
Other Comprehensive Income / (Loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of investments - net of tax attributable to:				
Equity shareholders of the Holding Company	75,385	141,291	(244,171)	99,424
Non-controlling interest	-	-	-	-
	<u>75,385</u>	<u>141,291</u>	<u>(244,171)</u>	<u>99,424</u>
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of fixed assets - net of tax	(166,634)	-	(166,634)	-
Movement in surplus on revaluation of non-banking assets - net of tax	(3,426)	-	(3,058)	-
	<u>(170,060)</u>	<u>-</u>	<u>(169,692)</u>	<u>-</u>
Total comprehensive income	<u>3,213,057</u>	<u>1,065,251</u>	<u>4,688,183</u>	<u>1,545,500</u>
Total comprehensive income attributable to:				
Equity shareholders of the holding company	3,213,057	1,065,251	4,688,183	1,545,500
Non-controlling interest	-	-	-	-
	<u>3,213,057</u>	<u>1,065,251</u>	<u>4,688,183</u>	<u>1,545,500</u>

The annexed notes 1 to 37 form an integral part of these condensed interim consolidated financial statements.

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BankIslami Pakistan Limited

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

For The Half Year Ended June 30, 2023

	Share capital	Discount on issue of shares	Statutory reserve [*]	Surplus on revaluation of		Unappropriated profit	Total
				Investments	Fixed / Non-Banking Assets		
Rupees in '000							
Opening Balance as at January 1, 2022	11,087,033	(79,042)	1,703,144	1,380,271	2,075,001	6,640,760	22,807,167
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	1,446,076	1,446,076
Other comprehensive income for the half year ended June 30, 2022	-	-	-	99,424	-	-	99,424
	-	-	-	99,424	-	1,446,076	1,545,500
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(58,209)	58,209	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(561)	561	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	(10,412)	10,412	-
Transfer from surplus on revaluation of non-banking assets on sale to unappropriated profit - net of tax	-	-	-	-	(43,347)	43,347	-
Opening Balance as at July 1, 2022	11,087,033	(79,042)	1,703,144	1,479,695	1,962,472	8,199,365	24,352,667
Profit after taxation for the period from July 01, 2022 to December 31, 2022	-	-	-	-	-	3,038,137	3,038,137
Other comprehensive (loss) / income for the period from July 01, 2022 to December 31, 2022	-	-	-	(357,504)	(269,050)	26,694	(599,860)
	-	-	-	(357,504)	(269,050)	3,064,831	2,438,277
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(59,610)	59,610	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	3,219	(3,219)	-
Transfer to statutory reserve	-	-	887,927	-	-	(887,927)	-
Opening Balance as at January 1, 2023	11,087,033	(79,042)	2,591,071	1,122,191	1,637,031	10,432,660	26,790,944
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	-	5,102,046	5,102,046
Other comprehensive income for the half year ended June 30, 2023	-	-	-	(244,171)	(169,692)	-	(413,863)
	-	-	-	(244,171)	(169,692)	5,102,046	4,688,183
Share of profit from Associate for the period from October 01, 2022 to December 31, 2022	-	-	-	-	-	94,672	94,672
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(48,353)	48,353	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(155)	155	-
Transactions with owners, recorded directly in equity							
Cash dividend to shareholders for the year 2022 @ Re.1 per share	-	-	-	-	-	(1,108,703)	(1,108,703)
Closing Balance as at June 30, 2023	11,087,033	(79,042)	2,591,071	878,020	1,418,831	14,569,183	30,465,096

*This represents reserve created under section 21(1) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 37 form an integral part of these condensed interim consolidated financial statements.

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DIRECTOR

BankIslami Pakistan Limited Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For The Half Year Ended June 30, 2023

	Note	June 30, 2023	June 30, 2022
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		8,302,133	2,707,390
Less: Dividend income		(27,338)	(12,565)
Less: Share of profit from associate		(6,300)	(9,819)
		8,268,495	2,685,006
Adjustments for non-cash charges and other items:			
Depreciation on fixed assets		543,559	468,593
Depreciation on non-banking assets		1,151	2,126
Depreciation on right-of-use assets		467,213	423,459
Amortization		61,691	44,133
Depreciation on operating Ijarah assets		10,707	46,081
Amortisation of lease liability against right of use assets	23	249,408	174,589
Provisions and write offs - net	29	2,325,447	1,355,962
Charge for defined benefit plan		94,818	76,396
Gain on sale of fixed assets	26	(9,971)	(11,503)
Gain on sale of non-banking assets	26	-	(208,967)
		3,744,023	2,370,869
		12,012,518	5,055,875
(Increase) / decrease in operating assets			
Due from financial institutions		(30,641,148)	(17,688,846)
Islamic financing and related assets and advances - net		(43,890,179)	(29,028,848)
Other assets (excluding advance taxation)		(7,857,947)	699,774
		(82,389,274)	(46,017,920)
Increase / (decrease) in operating liabilities			
Bills payable		(315,732)	2,145,184
Due to financial institutions		44,991,218	21,697,940
Deposits and other accounts		47,053,081	25,919,985
Other liabilities (excluding current taxation)		6,883,413	773,832
		98,611,980	50,536,941
		28,235,224	9,574,896
Income tax paid		(1,912,188)	(257,214)
Net cash generated from operating activities		26,323,036	9,317,682
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(25,215,057)	(2,085,066)
Dividends received		27,338	12,565
Investments in fixed assets		(1,305,028)	(612,989)
Investments in intangible assets		(194,807)	(130,333)
Proceeds from sale of fixed assets		10,566	74,640
Net cash used in investing activities		(26,676,988)	(2,741,183)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of Ijarah (lease) liability against right of use assets		(775,589)	(559,092)
Dividend paid		(848,034)	-
Net cash generated from / (used in) financing activities		(1,623,623)	(559,092)
Increase / (decrease) in cash and cash equivalents		(1,977,575)	6,017,407
Cash and cash equivalents at the beginning of the period		42,020,859	28,246,502
Cash and cash equivalents at the end of the period		40,043,284	34,263,909

The annexed notes 1 to 37 form an integral part of these condensed interim consolidated financial statements.

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BankIslami Pakistan Limited

Notes to and forming part of the condensed interim consolidated financial statements (Un-audited)

For The Half Year Ended June 30, 2023

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

1.1 BankIslami Pakistan Limited (Holding Company or the Bank)

BankIslami Pakistan Limited (the Holding Company) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Holding Company on March 18, 2005. The Holding Company commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

The Holding Company is operating through 390 branches including 70 sub-branches as at June 30, 2023 (2022: 380 branches including 80 sub-branches). The registered office of the Holding Company is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Holding Company are quoted on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the Holding Company's long-term rating as 'AA-' and maintained the short-term rating as 'A1' with a stable outlook based on financial year ended December 31, 2022.

1.2 Subsidiary Companies

1.2.1 My Solutions Corporations Limited - 100 percent holding

My Solutions Corporation Limited (the Company) was incorporated as a private limited company on November 05, 1995 and was converted into a public limited company on March 24, 2003. The Company is currently dormant. Its registered office is situated at the 9th floor, Trade Centre, I.I Chundrigar Road, Karachi.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with approved 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;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of the IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

- 2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.
- 2.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services.
- 2.4 Further, as per SBP's BPRD circular no. 07 of 2023, IFRS 9 'Financial Instruments' is applicable for all banks effective from January 1, 2024. However, an option of early adoption of the standard has been made permissible.
- 2.5 The Holding Company provides financing mainly through Murabahah, Ijarah, Istisna, Musharakah, Diminishing Musharakah, Muswammah and other Islamic modes.

The purchases and sales arising under these arrangements are not reflected in these condensed interim consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Holding Company.

2.6 Basis of Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Holding Company and the financial statements of subsidiary company from the date that control of the subsidiary by the Holding company

commences until the date that control ceases. The financial statements of the subsidiary company are incorporated on a line-by-line basis and the investment held by The Holding Company is eliminated against the corresponding share capital of subsidiary in these condensed interim consolidated financial statements.

The financial statements of the subsidiary company are prepared for the same reporting period as the Holding Company, using accounting policies that are generally consistent with those of the Holding Company, except for non-banking subsidiaries in Pakistan which follow the requirements of IFRS 9: Financial Instruments, IAS 40: Investment Property and IFRS - 7: Financial Instruments: Disclosures, which are required to comply with local regulations enforced within the respective jurisdictions.

Material intra-group balances and transactions are eliminated.

Associates are those entities in which the Holding Company has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Holding Company has joint control established by contractual agreement. Associates and joint ventures are accounted for using the equity method.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2022.

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

There are certain standards, interpretations and amendments that are mandatory for the Holding Company's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Holding Company's operations and therefore not detailed in these condensed interim consolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2023:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current and application of materiality to disclosure of accounting policies - Amendments to IAS 1	January 01, 2024
Disclosure of Accounting Policies - Amendments to IAS 1	January 01, 2023
Lease liability in a sale and leaseback - Amendments to IFRS 16	January 01, 2024
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IFRS 9 - 'Financial Instruments'	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized
The management is in the process of assessing the impact of these standards and amendments on the consolidated financial statements of the Holding Company.	

3.3 IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular Letter no 07 of 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 for banks having asset base of less than Rs. 500 billion as at December 31, 2022.

SBP through same circular has emphasised on its earlier instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks. During the transition period, the Holding Company will perform an impact assessment of IFRS 9 on quarterly basis and submit parallel results to SBP.

The management of the Holding Company has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Holding Company at the time of finalising the impact for initial application of IFRS 9. In addition, the Holding Company will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Classification and measurement

The classification and measurement of financial assets will base on the business model

within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and profit (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Holding Company's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') for fair value through profit or loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and profit (SPPI).

Debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the assets is derecognized.

The classification of equity instruments is generally measured at FVTPL unless the Holding Company, at initial recognition, irrevocably designates as FVOCI in which case both unrealised and realised gains or losses are recognised in reserve and no amounts other than dividends received are recognised in the profit and loss account.

All other financial assets will mandatorily be held at FVTPL.

Impairment

The impairment requirements apply to financial assets measured at an amortised cost and FVOCI (other than equity instruments), lease receivables, and certain financing commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage' 1; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage' 2; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted and should incorporate all available information which is relevant to the assessment including information about past events, current condition and reasonable and supportable forecasts of economic condition at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Holding Company has performed an ECL assessment taking into account the key elements such as assessment of SICR, Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instruction, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until Implementation of IFRS 9 has stabilised, Stage 1 and

stage 2 provision would be made per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing prudential regulations' (PRs) requirements.

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Holding Company's disclosure about its financial instruments particularly in the year of adoption of IFRS 9.

Further, the SBP vide BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. While the new format has revised certain disclosure requirements, it includes disclosure requirements with respect to IFRS 9. The requirements will be applicable from January 01, 2024 in accordance with the BPRD Circular Letter no 07 of 2023.

Impact of adoption of IFRS 9

The Holding Company will adopt IFRS 9 in its entirety effective 1 January 2024 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period.

In order to mitigate the impact of expected credit loss (ECL) models on capital, the SBP has allowed a transitional arrangement on the impact on regulatory capital from the application of ECL accounting period over a period of 5 years.

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2022.

5 FINANCIAL RISK MANAGEMENT

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

(Un-audited) (Audited)
June 30, December 31,
2023 2022
----- Rupees in '000 -----

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

- Local currency	10,738,572	12,786,558
- Foreign currency	1,121,289	626,887
	<u>11,859,861</u>	<u>13,413,445</u>

With the State Bank of Pakistan in:

- Local currency current account	20,269,791	24,819,147
- Foreign currency deposit accounts:		
- Cash reserve account	863,691	683,821
- Special cash reserve account	1,043,294	826,020
- US dollar clearing account	84,116	7,466
	<u>1,991,101</u>	<u>1,517,307</u>

With National Bank of Pakistan in:

- Local currency current account	3,673,729	222,780
Prize Bonds	-	23
	<u>37,794,482</u>	<u>39,972,702</u>

7 BALANCES WITH OTHER BANKS

In Pakistan:

- In current accounts	14	927
- In deposit accounts	2,338	2,334
	<u>2,352</u>	<u>3,261</u>

Outside Pakistan:

- In current accounts	2,052,533	1,717,993
- In deposit accounts	193,917	326,903
	<u>2,246,450</u>	<u>2,044,896</u>
	<u>2,248,802</u>	<u>2,048,157</u>

8 DUE FROM FINANCIAL INSTITUTIONS - NET

Note	(Un-audited)		(Audited)		
	June 30, 2023		December 31, 2022		
	In Local Currency	Total	In Local Currency	Total	
----- Rupees in '000 -----					
Secured					
Bai Muajjal Receivable					
-from Other Financial Institutions	8.1	-	-	4,000,718	4,000,718
Unsecured					
Musharaka Placements	8.2	28,500,000	28,500,000	10,000,000	10,000,000
Bai Muajjal Receivable					
-from Banks	8.1	-	-	4,036,995	4,036,995
-from Other Financial Institutions	8.1	26,019,331	26,019,331	5,840,470	5,840,470
Other placements		19,440	19,440	21,060	21,060
		54,538,771	54,538,771	23,899,243	23,899,243
Provision held against					
Financial Institution Placements	8.3	(19,440)	(19,440)	(21,060)	(21,060)
		54,519,331	54,519,331	23,878,183	23,878,183

8.1 The average return on this product ranges between 15.64% to 23% (2022: 13.09% to 17.35%) per annum. The balances have maturities ranging between 14 days to 97 days (2022: 3 days to 278 days). The Secured Bai Muajjal receivable are secured against Federal Government securities received as collateral and having market value of Nil as at June 30, 2023 (2022: Rs. 3,821 million).

8.2 The expected profit rate on these agreements ranges between 20.75% to 22% (2022: 16% to 16.10%) per annum. The agreements have remaining maturities ranging between 4 days to 7 days (2022: 6 days).

8.3 Category of classification

	(Un-audited)		(Audited)	
	June 30, 2023		December 31, 2022	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	19,440	19,440	21,060	21,060

8.3.1 The Holding Company does not hold overseas classified placements.

9 INVESTMENTS - NET

	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
		-----Rupees in '000-----	
Investments - Islamic	9.1 & 9.3	204,668,850	179,598,664
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	-	577,675
		204,668,850	180,176,339

9.1 Islamic Investments by type

Note	(Un-audited)				(Audited)			
	June 30, 2023				December 31, 2022			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Available for sale securities								
Federal Government Shariah Compliant Securities	165,899,907	-	(145,035)	165,754,872	140,109,510	-	(289,819)	139,819,691
Shares / Mudaraba certificates	427,748	(79,243)	39,765	388,270	371,784	(77,571)	84,571	378,784
Non-Government Shariah Compliant Securities	35,546,350	(35,880)	1,844,653	37,355,123	36,176,548	(35,880)	2,189,908	38,330,576
Foreign Securities	6,820	-	-	6,820	6,820	-	-	6,820
	<u>201,880,825</u>	<u>(115,123)</u>	<u>1,739,383</u>	<u>203,505,085</u>	<u>176,664,662</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>178,535,871</u>
Associates	1,163,765	-	-	1,163,765	1,062,793	-	-	1,062,793
Total Islamic investments	<u>203,044,590</u>	<u>(115,123)</u>	<u>1,739,383</u>	<u>204,668,850</u>	<u>177,727,455</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>179,598,664</u>

9.2 Conventional Investments by type*
Available for sale securities

Shares	591,680	(591,680)	-	-	591,680	(591,680)	-	-
Non-Government Debt Securities	224,467	(224,467)	-	-	224,467	(224,467)	-	-
Foreign Securities	1,155,350	(1,155,350)	-	-	1,155,350	(577,675)	-	577,675
	<u>1,971,497</u>	<u>(1,971,497)</u>	<u>-</u>	<u>-</u>	<u>1,971,497</u>	<u>(1,393,822)</u>	<u>-</u>	<u>577,675</u>

Held to maturity securities

Non-Government Debt Securities	92,145	(92,145)	-	-	92,145	(92,145)	-	-
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Associates

	474,169	(474,169)	-	-	474,169	(474,169)	-	-
Total conventional investments	<u>2,537,811</u>	<u>(2,537,811)</u>	<u>-</u>	<u>-</u>	<u>2,537,811</u>	<u>(1,960,136)</u>	<u>-</u>	<u>577,675</u>

9.3 Islamic Investments by segments
Federal Government Shariah Compliant Securities

GoP Ijarah Sukuks	165,899,907	-	(145,035)	165,754,872	140,109,510	-	(289,819)	139,819,691
Bai Muajjal	-	-	-	-	-	-	-	-
	<u>165,899,907</u>	<u>-</u>	<u>(145,035)</u>	<u>165,754,872</u>	<u>140,109,510</u>	<u>-</u>	<u>(289,819)</u>	<u>139,819,691</u>

Shares / Mudaraba certificates

Listed companies	427,748	(79,243)	39,765	388,270	371,784	(77,571)	84,571	378,784
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Non-Government Shariah Compliant Securities
Listed

Pakistan Energy Sukuk-I	27,146,945	-	1,845,992	28,992,937	27,146,945	-	1,845,992	28,992,937
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Pakistan Energy Sukuk-II	3,390,483	-	(5,806)	3,384,677	3,391,464	-	(7,464)	3,384,000
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	<u>30,537,428</u>	<u>-</u>	<u>1,840,186</u>	<u>32,377,614</u>	<u>30,538,409</u>	<u>-</u>	<u>1,838,528</u>	<u>32,376,937</u>
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	5,008,922	(35,880)	4,467	4,977,509	5,638,139	(35,880)	351,380	5,953,639
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	6,820	-	-	6,820	6,820	-	-	6,820
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Foreign securities

Equity securities	6,820	-	-	6,820	6,820	-	-	6,820
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Associates

Shakarganj Food Products Limited	1,163,765	-	-	1,163,765	1,062,793	-	-	1,062,793
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	<u>203,044,590</u>	<u>(115,123)</u>	<u>1,739,383</u>	<u>204,668,850</u>	<u>177,727,455</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>179,598,664</u>
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* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

9.3.1 These represents Holding Company's investment in Pakistan Energy Sukuk-I issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR + 80bps.

9.3.2 These represents Holding Company's investment in Pakistan Energy Sukuk-II issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR - 10bps.

9.4 Conventional Investments by segments*

	(Un-audited)				(Audited)			
	June 30, 2023				December 31, 2022			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
Shares								
Unlisted Companies	591,680	(591,680)	-	-	591,680	(591,680)	-	-
	591,680	(591,680)	-	-	591,680	(591,680)	-	-
Non Government Debt Securities								
Listed	74,607	(74,607)	-	-	74,607	(74,607)	-	-
Unlisted	242,005	(242,005)	-	-	242,005	(242,005)	-	-
	316,612	(316,612)	-	-	316,612	(316,612)	-	-
Foreign securities								
Equity securities	1,155,350	(1,155,350)	-	-	1,155,350	(577,675)	-	577,675
Associates								
KASB Capital Limited	41,867	(41,867)	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
	474,169	(474,169)	-	-	474,169	(474,169)	-	-
	<u>2,537,811</u>	<u>(2,537,811)</u>	<u>-</u>	<u>-</u>	<u>2,537,811</u>	<u>(1,960,136)</u>	<u>-</u>	<u>577,675</u>

* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
-----Rupees in '000-----			
9.5	Investments given as collateral		
	Federal Government Securities	50,814,000	5,889,000
9.6	Provision for diminution in value of investments		
9.6.1	Opening balance	2,073,587	2,073,095
	Charge / (reversal)		
	Charge for the period / year	579,347	1,069
	Reversals for the period / year	-	(577)
		579,347	492
	Amounts written off	-	-
	Closing Balance	2,652,934	2,073,587
9.6.1.1	Breakup of provision for diminution in the value of investments is as follows:		
	Investments - Islamic	115,123	113,451
	Investments - Conventional	2,537,811	1,960,136
		2,652,934	2,073,587
9.6.2	Particulars of provision against debt securities		
		(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
	Category of classification	Non-performing investments	Specific Provision
		Non-performing investments	Specific Provision
		----- Rupees in '000 -----	
	Domestic		
	Loss	628,743	352,492
	Total	628,743	352,492
9.6.2.1	The Holding Company does not hold overseas classified debt securities.		
10	ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET		
	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
		-----Rupees in '000-----	
	Islamic financing and related assets - net	243,302,236	201,160,513
	Advances (relating to amalgamated entity) - net	161,749	167,929
		243,463,985	201,328,442

10.1 ISLAMIC FINANCING AND RELATED ASSETS

	Note	Performing		Non Performing		Total			
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)		
		June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022		
-----Rupees in '000-----									
In Pakistan									
-		Running Musharakah	10.9	91,382,702	70,086,223	1,324,955	1,324,955	92,707,657	71,411,178
-		Diminishing Musharakah financing and related assets - Others	10.3	41,086,882	41,068,657	3,264,358	3,121,040	44,351,240	44,189,697
-		Diminishing Musharakah - Housing		25,098,126	25,751,728	1,838,464	1,663,899	26,936,590	27,415,627
-		Diminishing Musharakah financing and related assets - Auto		19,826,450	23,470,877	535,784	380,557	20,362,234	23,851,434
-		Istisna financing and related assets	10.4 & 10.10	20,990,554	13,790,179	2,703,247	2,563,708	23,693,801	16,353,887
-		Murabahah financing and related assets	10.5 & 10.11	13,879,430	13,255,965	226,829	238,222	14,106,259	13,494,187
-		Musawamah financing and related assets / Tijarah	10.6 & 10.12	26,415,638	6,221,702	4,634,449	4,328,305	31,050,087	10,550,007
-		Investment Agency Wakalah		2,730,590	3,125,000	-	-	2,730,590	3,125,000
-		Murabahah against Bills		628,840	1,120,211	221,854	146,681	850,694	1,266,892
-		Financing against Bills		625,278	1,179,967	-	-	625,278	1,179,967
-		Ijarah financing under IFAS 2 and related assets	10.7	282,048	336,640	163,152	120,030	445,200	456,670
-		Salam	10.8	143,902	223,900	-	-	143,902	223,900
-		Past Due Acceptance		-	498,354	-	-	-	498,354
-		Musharakah financing		160,000	160,000	-	-	160,000	160,000
-		Qardh-e-Hasana		45,588	36,135	122,700	121,359	168,288	157,494
-		Net investment in Ijarah financing in Pakistan		92,176	104,062	-	-	92,176	104,062
-		Housing finance portfolio - others		22,767	23,535	-	-	22,767	23,535
		Islamic financing and related assets - gross		243,410,971	200,453,135	15,035,792	14,008,756	258,446,763	214,461,891
Less: Provision against non-performing Islamic financing and related assets									
-		Specific	10.15	-	-	(11,901,679)	(10,314,265)	(11,901,679)	(10,314,265)
-		General	10.15	(3,242,848)	(2,987,113)	-	-	(3,242,848)	(2,987,113)
				(3,242,848)	(2,987,113)	(11,901,679)	(10,314,265)	(15,144,527)	(13,301,378)
		Islamic financing and related assets - net of provision		240,168,123	197,466,022	3,134,113	3,694,491	243,302,236	201,160,513
10.2 ADVANCES									
-		Loans, cash credits, running finances, etc. - In Pakistan*		14,379	15,253	4,508,550	4,598,676	4,522,929	4,613,929
-		Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan		-	-	684,295	684,295	684,295	684,295
-		Net investment in finance lease - In Pakistan		-	-	566,408	580,807	566,408	580,807
		Advances - gross		14,379	15,253	5,759,253	5,863,778	5,773,632	5,879,031
Provision against advances									
-		Specific	10.15	-	-	(5,702,817)	(5,804,866)	(5,702,817)	(5,804,866)
-		General	10.15	(55)	(55)	-	-	(55)	(55)
				(55)	(55)	(5,702,817)	(5,804,866)	(5,702,872)	(5,804,921)
		Advances - net of provision		14,324	15,198	56,436	58,912	70,760	74,110
		Fair value adjustment	10.16	-	-	90,989	93,819	90,989	93,819
		Advances - net of provision and fair value adjustment		14,324	15,198	147,425	152,731	161,749	167,929

* This includes non-interest bearing performing financing facilities amounting to Rs. 14,379 million (2022: Rs. 15,253 million).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	41,207,371	38,633,625
Advance against Diminishing Musharakah financing	3,143,869	5,556,072
	<u>44,351,240</u>	<u>44,189,697</u>
10.4 Istisna financing and related assets		
Istisna financing	6,943,278	7,547,321
Advance against Istisna financing	16,750,523	1,613,446
Istisna inventories	-	7,193,120
	<u>23,693,801</u>	<u>16,353,887</u>
10.5 Murabahah financing and related assets		
Murabahah financing	6,596,347	8,278,378
Deferred murabahah income	2,579,827	563,847
Advances against Murabaha financing	620,221	4,651,962
Murabaha Inventories	4,309,864	-
	<u>14,106,259</u>	<u>13,494,187</u>
10.6 Musawamah financing and related assets / Tijarah		
Musawamah financing	27,778,058	8,317,899
Advance against Musawamah financing	270,948	2,232,108
Musawamah inventories	3,001,081	-
	<u>31,050,087</u>	<u>10,550,007</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	436,962	456,059
Advance against Ijarah financing	8,238	611
	<u>445,200</u>	<u>456,670</u>
10.8 Salam		
Salam financing	40,001	110,000
Advance against Salam	103,901	64,000
Salam inventories	-	49,900
	<u>143,902</u>	<u>223,900</u>
10.9 Running musharakah financing and related assets includes financing amounting to Rs. 2,423 million (2022: Rs. 2,423 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 425 million (2022: Rs. 865 million) and advance amounting to Rs. 1,304 million (2022: Rs. 1,087 million) under Islamic Export Refinance Scheme.		
10.11 Murabahah financing and related assets includes financing amounting to Rs. 0.061 million (2022: Rs. 0.033 million) under Islamic Export Refinance Scheme.		
10.12 Musawamah financing and related assets / Tijarah includes advance amounting to Rs. Nil (2022: Rs. 150 million) under Islamic Export Refinance Scheme.		
10.13 Particulars of Islamic financing and related assets and advances - gross	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
In local currency	262,516,289	218,622,648
In foreign currencies	1,704,106	1,718,274
	<u>264,220,395</u>	<u>220,340,922</u>

- 10.14 Islamic financing and related assets and advances include Rs. 20,795.045 million (2022: Rs.19,872.534 million) which have been placed under non-performing status as detailed below:

Category of classification

	(Un-audited)		(Audited)	
	June 30, 2023		December 31, 2022	
	Non-performing Islamic financing, related assets and advances	Specific Provision	Non-performing Islamic financing, related assets and advances	Specific Provision
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned	423,380	-	325,596	-
Substandard	1,170,764	207,385	548,330	48,085
Doubtful	1,200,154	433,558	4,236,194	2,411,182
Loss	18,000,747	16,963,553	14,762,414	13,659,864
Total	20,795,045	17,604,496	19,872,534	16,119,131

- 10.14.1 The Holding Company does not hold overseas classified non-performing Islamic financing, related assets and advances.

- 10.15 Particulars of provision against non-performing Islamic financing, related assets and advances:

	(Un-audited)			(Audited)		
	June 30, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653
Charge for the period / year	1,923,073	300,000	2,223,073	2,748,357	2,220,145	4,968,502
Reversals for the period / year	(437,708)	(44,265)	(481,973)	(1,157,169)	-	(1,157,169)
	1,485,365	255,735	1,741,100	1,591,188	2,220,145	3,811,333
Amount written off	-	-	-	(687)	-	(687)
Closing balance	17,604,496	3,242,903	20,847,399	16,119,131	2,987,168	19,106,299
10.15.1 Islamic	11,901,679	3,242,848	15,144,527	10,314,265	2,987,113	13,301,378
Conventional	5,702,817	55	5,702,872	5,804,866	55	5,804,921
	17,604,496	3,242,903	20,847,399	16,119,131	2,987,168	19,106,299

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
	----- Rupees in '000 -----	
10.15.2 Provision / reversal of provision net of fair value adjustment taken to the profit and loss account		
Gross reversals for the period / year		481,973
Charge for the period / year		(2,223,073)
		(1,741,100)
Fair value adjusted - net		(2,830)
Net charge taken to the profit and loss account		(1,743,930)

- 10.15.3 Particulars of provision against non-performing Islamic financing and related assets and advances:

	(Un-audited)			(Audited)		
	June 30, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
In local currency	17,604,496	3,242,903	20,847,399	16,119,131	2,987,168	19,106,299
	17,604,496	3,242,903	20,847,399	16,119,131	2,987,168	19,106,299

- 10.15.4 The Holding Company maintains general reserve (provision) amounting to Rs. 442.903 million (2022: Rs. 487.168 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing. In addition, the Holding Company carries general provision of Rs. 2,800 million (2022: Rs. 2,500 million) as a matter of prudence based on management estimate.

- 10.15.5 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Holding Company has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at June 30, 2023 amounts to Rs. 846.469 million (2022: Rs. 1,061.067 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 431.699 million (2022: Rs. 541.144 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

- 10.16 Provision in respect of acquired loans related to amalgamated entity have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by the Independent consultant.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
-----Rupees in '000-----			
10.17 SBP other refinance schemes			
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)		8,277,188	7,478,402
Islamic refinance scheme for payment of wages and salaries		62,527	438,035
Islamic Long-Term Financing Facility		963,047	952,692
RM EFS - Rupee Based Discounting (TFA)		2,056,679	223,136
Islamic refinance scheme for Renewable Energy		691,106	627,670
Islamic refinance scheme for combating COVID (IRFCC)		234,386	271,263
Islamic refinance facility for Modernization of SMEs		77,192	71,930
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)		54,688	59,710
Islamic Credit Guarantee Scheme For Women Entrepreneur		8,326	9,279
		<u>12,425,139</u>	<u>10,132,117</u>
11 FIXED ASSETS			
Capital work-in-progress	11.1	1,884,999	1,427,567
Property and equipment		9,554,758	9,865,473
Right of use assets		2,574,987	2,897,382
		<u>14,014,744</u>	<u>14,190,422</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors		694,276	236,844
Advance for acquiring properties: - Office premises		1,190,723	1,190,723
		<u>1,884,999</u>	<u>1,427,567</u>
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		644,029	133,147
Property and equipment			
Leasehold building		-	209,436
Furniture and fixture		247,743	120,325
Electrical office and computer equipment		418,897	166,505
Vehicles		14,323	15,264
		680,963	511,530
Right of use assets			
Leasehold building		144,818	159,641
Total		<u>1,469,810</u>	<u>804,318</u>
		(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
-----Rupees in '000-----			

		(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
	Note	-----Rupees in '000-----	
11.3 Disposal / Transfer of fixed assets			
The net book value of fixed assets disposed off / transferred during the period is as follows:			
Disposal :			
Leasehold building		-	59,620
Furniture and fixture	11.3.1	460	7,298
Electrical office and computer equipment		5	212
Vehicles		130	-
		595	67,130
Transferred to non-current assets held for sale :			
Leasehold Land		405,000	-
Leasehold Building		42,523	-
		447,523	-
Total		448,118	67,130

11.3.1 Furniture & Fixtures includes write-offs amounting to Rs. Nil (June 30, 2022: Rs. 5.83 million)

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
11.4 NON-CURRENT ASSETS HELD FOR SALE			
Leasehold Land		405,000	-
Leasehold Building		42,523	-
	11.4.1	447,523	-

11.4.1 In 2023, the Board of Directors accorded its approval and authorized the management of the Holding Company to sell the property comprised of Plot No. 14 & 14-C, situated at main Gulberg, facing Jail Road, Lahore, Pakistan to the identified buyer keeping in view growth of the Holding Company which made the property insufficient for regional staff. Key conditions for disposal:

- i) The property will be sold in its current condition subject to completion of certain legal formalities.
- ii) The sale is expected to be completed within one year from the date of classification.
- iii) The Holding Company expects the legal and procedural formalities for the sale to be completed by the end of the year.

Immediately before the classification of the property as held for sale, the Property was revalued by independent professional valuer by M/s. Sadruddin Associates as at April 30, 2023 and no significant change is observed in valuation of the property.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
12 INTANGIBLE ASSETS		
Computer software	388,950	272,481
Core deposits	20,286	21,982
Membership & Subscription	41,152	22,809
Goodwill	2,991,308	2,991,308
	3,441,696	3,308,580

	(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
	----- Rupees in '000 -----	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
- Directly purchased	194,808	131,597
12.2 Disposals of intangible assets		
Membership & Subscription	-	1,837
	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
13 DEFERRED TAX ASSETS		
Deductible Temporary Differences on:		
Accumulated tax losses	-	863,212
Provision for diminution in the value of investments	68,485	95,242
Provision against non-performing Islamic financing and related assets and advances	5,872,286	4,650,741
Jarah financing and related assets	40,745	53,009
Accelerated tax depreciation	205,986	146,333
	6,187,502	5,808,537
Taxable Temporary Differences on:		
Fair value adjustments relating to net assets acquired upon amalgamation	(386,606)	(351,206)
Surplus on revaluation of available for sale securities	(852,298)	(853,404)
Surplus on revaluation of fixed assets	(1,329,711)	(1,206,906)
Surplus on revaluation of non-banking assets	(33,481)	(28,712)
Others	(70,665)	(154,590)
	(2,672,761)	(2,594,818)
	3,514,741	3,213,719
14 OTHER ASSETS - NET		
Profit / return accrued in local currency	18,413,502	12,472,201
Profit / return accrued in foreign currency	29,221	26,199
Advances, deposits, advance rent and other prepayments	4,964,377	2,656,372
Non-banking assets acquired in satisfaction of claims	1,453,940	1,455,091
Takaful / insurance claim receivable	58,574	58,148
Receivable against takaful and registration charges - Diminishing Musharakah Auto Financing	447,030	319,093
Receivable against First WAPDA Sukuk	50,000	50,000
Trade debts	532	532
Acceptances	2,095,276	2,332,910
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts	339,227	7,968
Others	230,237	802,539
	28,081,916	20,181,053
Less: Provision held against other assets	(768,745)	(764,955)
Other Assets (net of provision)	27,313,171	19,416,098
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	68,328	66,772
Other assets - total	27,381,499	19,482,870
14.1 Market value of non-banking assets acquired in satisfaction of claims	1,357,003	1,357,003

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	----- Rupees in '000 -----	
14.2 Provision held against other assets		
Advances, deposits, advance rent & other prepayments	26,692	26,692
Non banking assets acquired in satisfaction of claims	305,762	305,762
Others	436,291	432,501
14.2.1	<u>768,745</u>	<u>764,955</u>
14.2.1 Movement in provision held against other assets		
Opening balance	764,955	1,261,370
Charge for the period / year	3,990	-
Reversals during the period / year	(200)	(496,415)
Closing balance	<u>768,745</u>	<u>764,955</u>
15 BILLS PAYABLE		
In Pakistan	3,215,197	3,530,929
Outside Pakistan	-	-
	<u>3,215,197</u>	<u>3,530,929</u>
16 DUE TO FINANCIAL INSTITUTIONS		
<i>Secured</i>		
Due to State Bank of Pakistan		
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	8,075,523	7,473,692
Acceptances for financial assistance	4,223,258	4,036,120
Acceptances under Islamic Export Refinance Scheme	3,952,003	4,175,000
Acceptances from SBP under Mudaraba	41,250,225	-
Islamic refinance scheme for payment of wages and salaries	-	469,634
Islamic Long-Term Financing Facility	963,046	922,930
Islamic refinance scheme for Renewable Energy	665,047	563,692
Islamic Export Finance Scheme - Rupee based discounting	3,028,050	139,863
Islamic refinance scheme for combating COVID (IRFCC)	59,718	76,879
Islamic Refinance Scheme for Modernization of SMEs	55,663	65,854
Islamic Credit Guarantee Scheme for Women Entrepreneur	10,388	9,499
Islamic refinance scheme for Facility of Storage of Agricultural Produce (IFFSAP)	50,116	56,967
	<u>62,333,037</u>	<u>17,990,130</u>
Refinance facility for Islamic Mortgage	3,710,437	3,062,126
Total secured	<u>66,043,474</u>	<u>21,052,256</u>
	<u>66,043,474</u>	<u>21,052,256</u>

17 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	June 30, 2023			December 31, 2022		
	-----Rupees in '000-----					
Customers						
Current deposits	163,766,920	7,118,951	170,885,871	153,254,447	4,891,424	158,145,871
Savings deposits	97,234,508	3,754,698	100,989,206	91,134,589	3,359,456	94,494,045
Term deposits	157,986,580	6,737,468	164,724,048	132,317,698	4,987,727	137,305,425
Margin deposits	12,060,173	125,319	12,185,492	10,979,366	90,052	11,069,418
	431,048,181	17,736,436	448,784,617	387,686,100	13,328,659	401,014,759
Financial Institutions						
Current deposits	730,233	7,166	737,399	1,419,692	9,985	1,429,677
Savings deposits	13,117,356	-	13,117,356	13,071,501	-	13,071,501
Term deposits	325,500	-	325,500	396,000	-	396,000
Margin deposits	146	-	146	-	-	-
	14,173,235	7,166	14,180,401	14,887,193	9,985	14,897,178
	445,221,416	17,743,602	462,965,018	402,573,293	13,338,644	415,911,937

18 SUBORDINATED SUKUK

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		-----Rupees in '000-----	
ADT-1 Sukuk Issue I	18.1	2,000,000	2,000,000
Advance subscription against ADT-1 Sukuk Issue II	18.2	850,000	850,000
		2,850,000	2,850,000

18.1 The Holding Company has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukus under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

18.1.1 Salient features of the ADT-1 Sukuk issue I are as follows:

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A-' (A minus).
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding Company inline with SBP's guidelines of pool management.
Call option	The Holding Company may, at its sole discretion, call the Sukus, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukus shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

- 18.2 The Holding Company is in the process of issuing fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Sukuks under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. The total size of ADT-1 Sukuk Issue II is Rs. 1,000 million.

As of 31 December 2022, the Pre-IPO (Initial Public Offer) phase of ADT-I Sukuk issue II was achieved through which subscription amounting to Rs. 850 million was received. Further, the Holding Company is in process of conducting the IPO of ADT-1 Sukuk issue II, subject to regulatory approvals, amounting to Rs. 150 million.

The State Bank of Pakistan also allowed the Holding Company to consider the advance subscription money of Rs. 850 million received against the issuance of ADT-1 Sukuk issue II (Pre-IPO) for Capital Adequacy Ratio subject to following conditions.

- The pre-IPO subscription money shall not be withdrawn without prior approval of SBP.
- The pre-IPO subscription money shall only be used for the issuance of ADT-I eligible Sukuks of BIPL and will not be refunded.
- The terms of SBP's In-principle approval and final approval will remain applicable on the pre-IPO subscription money received against the proposed Sukuks.

19 OTHER LIABILITIES	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
Profit / return payable in local currency	7,720,398	4,633,768
Profit / return payable in foreign currencies	103,698	152,308
Accrued expenses	1,387,340	1,359,473
Deferred Murabahah Income Financing and IERS	1,283,380	335,033
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	38,711	29,804
Defined Benefit Plan liabilities	397,165	302,347
Dividend Payable	260,669	-
Security deposits against Ijarah	430,580	441,269
Lease liability against right of use assets	3,178,312	3,559,675
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	2,095,276	2,332,910
Current taxation (provisions less payments)	3,520,696	1,884,713
Provision against other tax liabilities	244,078	95,475
Sundry creditors	2,914,946	1,008,462
Payable to brokers against purchase of shares - net	536	442
Charity payable	8,322	7,440
Retention money payable	39,559	27,158
Provision for Workers' Welfare Fund	524,337	358,419
Branch adjustment account	1,023,115	387,266
Others	695,098	456,734
	<u>25,956,868</u>	<u>17,463,348</u>

20	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
			-----Rupees in '000-----	
	Surplus on revaluation of:			
	Available for sale securities	9.1	1,739,383	1,984,660
	Fixed assets		2,704,630	2,796,812
	Non-banking assets acquired in satisfaction of claims		68,328	66,772
			<u>4,512,341</u>	<u>4,848,244</u>
	Deferred tax liability on surplus on revaluation of:	13		
	Available for sale securities		(852,298)	(853,404)
	Fixed assets		(1,329,711)	(1,206,906)
	Non-banking assets acquired in satisfaction of claims		(33,481)	(28,712)
			<u>(2,215,490)</u>	<u>(2,089,022)</u>
			<u>2,296,851</u>	<u>2,759,222</u>
21	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	21.1	3,859,118	3,527,283
	- Commitments	21.2	49,448,596	35,701,601
	- Other contingent liabilities	21.3	229,652	229,652
			<u>53,537,366</u>	<u>39,458,536</u>
21.1	Guarantees:			
	Performance guarantees		2,819,979	2,668,388
	Other guarantees		1,039,139	858,895
			<u>3,859,118</u>	<u>3,527,283</u>
21.2	Commitments:			
	Documentary credits and short-term trade-related transactions:			
	- letters of credit		41,008,480	28,386,915
	Commitments in respect of:			
	- Shariah compliant alternative of forward foreign exchange contracts	21.2.1	7,506,919	6,708,168
	Commitments for acquisition of:			
	- fixed assets		890,490	553,177
	- intangible assets		42,707	53,341
			<u>49,448,596</u>	<u>35,701,601</u>
21.2.1	Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions			
	Purchase		34,710,899	17,741,180
	Sale		(27,203,980)	(11,033,012)
			<u>7,506,919</u>	<u>6,708,168</u>
21.3	Other contingent liabilities			
	Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Holding Company has not acknowledged as debt	21.3.1	4,200	4,200
	Tax Contingencies	21.3.2	225,452	225,452
			<u>229,652</u>	<u>229,652</u>
21.3.1	There is no change in the status of contingencies related to pending legal cases, as set out in note 25.3.1 to the annual consolidated financial statements of the Holding Company for the year ended December 31, 2022.			
21.3.2	There is no change in the status of tax and other contingencies, as set out in note 25.3.2 to the annual consolidated financial statements of the Holding Company for the year ended December 31, 2022.			

		----- (Un-audited) -----		
22	PROFIT / RETURN EARNED	Note	June 30, 2023	June 30, 2022
		-----Rupees in '000-----		
	On:			
	Financing		19,842,627	10,016,294
	Investments		17,400,564	6,515,454
	Placements		1,829,205	1,764,257
	Others		92,206	74,564
			<u>39,164,602</u>	<u>18,370,569</u>
23	PROFIT / RETURN EXPENSED			
	On:			
	Deposits and other accounts		16,907,624	8,107,010
	Due to financial institutions		4,858,698	1,974,677
	Cost of foreign currency swaps against foreign currency deposits		180,941	57,627
	Amortisation of lease liability against right of use assets		249,408	174,589
	Subordinated Sukuk		314,533	138,440
			<u>22,511,204</u>	<u>10,452,343</u>
			<u>22,511,204</u>	<u>10,452,343</u>
24	FEE AND COMMISSION INCOME			
	Branch banking customer fees		28,906	28,444
	Commission on bancatakaful		42,086	59,107
	Card related fees		388,893	263,742
	Commission on arrangement with financial institutions		38,518	49,040
	Consumer finance related fees		12,253	37,561
	Commission on Guarantees		25,419	32,468
	Investment banking fees		21,709	55,790
	Commission on cash management		9,014	6,899
	Commission on remittances including home remittances		22,037	35,491
	Commission on trade		204,572	156,654
	Others		4,507	3,954
			<u>797,914</u>	<u>729,150</u>
			<u>797,914</u>	<u>729,150</u>
25	GAIN ON SECURITIES			
	Realized gain	25.1	115,005	18,725
25.1	Realized gain on:			
	Federal Government Shariah Compliant Securities		115,005	18,725
			<u>115,005</u>	<u>18,725</u>
26	OTHER INCOME - NET			
	Rent on property		766	729
	Gain on termination of financing		89,880	61,064
	Gain on sale of fixed assets		9,971	11,503
	Gain on sale of non-banking assets		-	208,967
	Recoveries against previously expensed items		6,773	73,854
	Others		-	1,886
			<u>107,390</u>	<u>358,003</u>
			<u>107,390</u>	<u>358,003</u>

27 OPERATING EXPENSES

----- (Un-audited) -----
June 30, June 30,
2023 2022
 -----Rupees in '000-----

Total compensation expense	3,386,053	2,553,138
Property expense		
Rent & taxes	70,451	30,898
Takaful cost	830	2,218
Utilities cost	345,869	237,583
Security (including guards)	293,004	200,025
Repair & maintenance (including janitorial charges)	147,074	107,072
Depreciation	251,362	240,722
Depreciation on right of use assets	467,213	423,459
	1,575,803	1,241,977
Information technology expenses		
Software maintenance	254,344	174,590
Hardware maintenance	138,276	78,360
Depreciation	157,034	129,716
Amortization	58,538	41,837
Network charges	134,144	111,971
	742,336	536,474
Other operating expenses		
Directors' fees and allowances	7,620	5,880
Fees and allowances to Shariah Board	12,964	10,986
Legal & professional charges	66,359	69,441
Travelling & conveyance	60,702	39,594
NIFT clearing charges	18,022	12,839
Depreciation	135,163	98,155
Depreciation on non-banking assets	1,151	2,126
Entertainment expense	51,571	50,415
Training & development	7,735	3,552
Postage & courier charges	44,442	24,786
Communication	107,391	33,826
Stationery & printing	167,631	128,456
Marketing, advertisement & publicity	169,800	136,353
Repairs and maintenance	109,768	63,964
Takaful, tracker and other charges on car Ijarah - net of income	152,735	-
Takaful / Insurance	173,473	168,593
Fee and subscription	193,365	103,306
Vehicle running and maintenance	230,197	124,129
Donations	-	56
Auditors' remuneration	13,770	11,464
Amortization	3,153	2,296
CDC and share registrar services	6,844	3,984
Brokerage and commission	13,191	12,179
Stamp duty, registration & verification charges	23,059	44,915
Others	19,366	29,981
	1,789,472	1,181,276
	<u>7,493,664</u>	<u>5,512,865</u>

		----- (Un-audited) -----	
	Note	June 30, 2023	June 30, 2022
		-----Rupees in '000-----	
28	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	4,761	7,701
29	PROVISIONS AND WRITE OFFS - NET		
	Reversal of provision against Due from financial institutions	(1,620)	(1,620)
	Charge / (reversal) of provision for diminution in value of Investments	579,347	1,045
	9.6.1		
	Provision against Islamic financing and related assets and advances - net	1,743,930	1,353,205
	10.15.2		
	Other provisions / (reversal) / write offs - net	3,790	3,332
	14.2.1		
		<u>2,325,447</u>	<u>1,355,962</u>
30	TAXATION		
	Current	3,548,171	732,674
	Prior years	123,235	-
	Deferred	(471,319)	528,640
		<u>3,200,087</u>	<u>1,261,314</u>
31	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit after tax for the period (Attributable to equity shareholders of the Holding Company)	<u>5,102,046</u>	<u>1,446,076</u>
		----- Number of shares -----	
	Weighted average number of ordinary shares	<u>1,108,703,299</u>	<u>1,108,703,299</u>
		----- Rupees -----	
	Basic and diluted EPS	<u>4.6018</u>	<u>1.3043</u>
31.1	There were no convertible / dilutive potential ordinary shares outstanding as at June 30, 2023 and June 30, 2022, therefore diluted earning per share has not been presented separately.		
32	FAIR VALUE MEASUREMENTS		

The fair value of quoted securities other than those classified as held to maturity or investments in associates and subsidiary, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost less impairment losses. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

32.1 Fair value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

(Un-audited)			
June 30, 2023			
Level 1	Level 2	Level 3	Total

----- Rupees in '000 -----

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	388,270	-	6,820	395,090
GoP Ijara Sukuk	-	165,754,872	-	165,754,872
Non-Government Shariah compliant securities	32,377,614	4,977,509	-	37,355,123

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	7,241,906	7,241,906
Non-banking assets acquired in satisfaction of claims	-	-	1,216,506	1,216,506

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	34,710,899	-	34,710,899
Shariah compliant alternative of forward sale of foreign exchange	-	27,203,980	-	27,203,980

(Audited)			
December 31, 2022			
Level 1	Level 2	Level 3	Total

----- Rupees in '000 -----

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	378,784	-	584,495	963,279
GoP Ijara Sukuk	-	139,819,691	-	139,819,691
Non-Government Shariah compliant Securities	32,376,937	5,953,639	-	38,330,576

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	7,396,770	7,396,770
Non-banking assets acquired in satisfaction of claims	-	-	1,216,101	1,216,101

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	17,741,180	-	17,741,180
Shariah compliant alternative of forward sale of foreign exchange	-	11,033,012	-	11,033,012

Valuation techniques used in determination of fair values within level 1

Item	Valuation approach and input used
Listed securities (Shares and Sukuks)	The valuation has been determined through closing rates on Pakistan Stock Exchange.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GoP Ijarah Sukuks	The fair value of GoP Ijarah Sukuk are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
Non-Government Shariah compliant Securities	Non-Government Shariah compliant Securities are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

Fixed assets - Land and building	Land and buildings are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.
Non-banking assets acquired in satisfaction of claims	Non-banking assets acquired in satisfaction of claims are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Banks' Association. The valuation is based on their assessment of market value of the properties.

32.2 The Holding Company's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 from last year.

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	(Un-audited) June 30, 2023				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	----- Rupees in '000 -----				
Profit & Loss					
Net profit / return	13,887,979	(12,033,281)	15,082,536	(283,836)	16,653,398
Inter segment revenue - net	(14,347,712)	29,758,802	(14,791,576)	(619,514)	-
Total other income	765,438	589,568	259,710	23,808	1,638,524
Total income	305,704	18,315,089	550,671	(879,542)	18,291,922
Segment direct expenses	82,616	4,086,860	312,448	3,182,418	7,664,342
Inter segment expense allocation	24,730	1,380,169	377,985	(1,782,883)	-
Total expenses	107,346	5,467,028	690,433	1,399,535	7,664,342
Provisions / (reversals)	577,727	(235,225)	2,004,902	(21,956)	2,325,447
Profit / (loss) before tax	(379,368)	13,083,285	(2,144,664)	(2,257,120)	8,302,133

(Un-audited) June 30, 2023					
Balance Sheet	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Assets					
Cash & Bank balances	2,348,936	37,694,347	-	-	40,043,284
Investments	204,668,850	-	-	-	204,668,850
Net inter segment placements	-	384,724,025	-	-	384,724,025
Due from financial institutions	54,519,331	-	-	-	54,519,331
Islamic financing and related assets - performing	-	39,210,019	191,621,575	9,493,828	240,325,422
- non-performing - net	-	2,003,343	1,135,220	-	3,138,563
Others	-	-	-	48,800,203	48,800,203
Total Assets	261,537,117	463,631,735	192,756,795	58,294,031	976,219,678
Liabilities					
Due to financial institutions	45,473,483	3,710,437	16,859,554	-	66,043,474
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	11,923,404	451,041,614	-	-	462,965,018
Net inter segment acceptances	203,439,487	-	174,140,064	7,144,475	384,724,025
Others	164,915	8,877,483	1,757,177	18,372,489	29,172,064
Total liabilities	261,001,288	463,629,534	192,756,795	28,366,964	945,754,582
Equity	-	-	-	-	-
Total Equity & liabilities	261,001,288	463,629,534	192,756,795	57,408,602	976,219,678
Contingencies & Commitments					
	7,506,919	-	44,867,598	1,162,849	53,537,366

(Un-audited) June 30, 2022					
Profit & Loss	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Net profit / return	5,877,315	(5,086,961)	7,375,263	(247,391)	7,918,226
Inter segment revenue - net	(6,558,250)	14,047,396	(7,679,363)	190,417	-
Total other income	681,529	547,874	264,348	225,892	1,719,643
Total Income	594	9,508,309	(39,952)	168,918	9,637,869
Segment direct expenses	39,882	3,303,365	289,385	1,941,885	5,574,517
Inter segment expense allocation	16,152	1,079,387	295,492	(1,391,031)	-
Total expenses	56,034	4,382,752	584,877	550,854	5,574,517
Provisions / (reversals)	(575)	80,192	1,273,960	2,385	1,355,962
Profit / (loss) before tax	(54,865)	5,045,365	(1,898,789)	(384,321)	2,707,390

(Audited) December 31, 2022					
Assets	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Cash & Bank balances	2,150,492	39,870,367	-	-	42,020,859
Investments	180,176,339	-	-	-	180,176,339
Net inter segment placements	-	326,385,391	-	9,995,730	336,381,121
Due from financial institutions	23,878,183	-	-	-	23,878,183
Islamic financing and related assets - performing	-	44,799,019	148,864,422	4,336,599	198,000,040
- non-performing - net	-	1,338,876	1,821,532	167,994	3,328,402
Others	6,821,631	1,671,185	6,297,594	25,405,181	40,195,591
Total Assets	213,026,645	414,064,838	156,983,548	39,905,504	823,980,535
Liabilities					
Due to financial institutions	4,036,120	3,062,126	13,954,010	-	21,052,256
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	12,701,830	403,210,107	-	-	415,911,937
Net inter segment acceptances	195,667,357	-	140,713,764	-	336,381,121
Others	184,280	7,792,605	2,528,274	10,489,118	20,994,277
Total liabilities	212,589,587	414,064,838	157,196,048	13,339,118	797,189,591
Equity	-	-	-	26,790,944	26,790,944
Total Equity & liabilities	212,589,587	414,064,838	157,196,048	40,130,062	823,980,535
Contingencies & Commitments					
	6,708,168	-	31,914,198	836,170	39,458,536

34 RELATED PARTY TRANSACTIONS

The Holding Company has related party transactions with its associates, employee benefit plans, its directors and key management personnel.

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

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

	(Un-audited)				(Audited)			
	June 30, 2023				December 31, 2022			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----								
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	3,233,725	-	-	-	-
Repaid during the year	-	-	-	(3,233,725)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	1,102,111	-	-	-	1,660,111	-
Investment made during the period / year	-	-	-	-	-	-	-	-
Investment redeemed / disposed-off during the period / year	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	(558,000)	-
Closing balance	-	-	1,102,111	-	-	-	1,102,111	-
Provision for diminution in value of investments	-	-	(474,169)	-	-	-	(474,169)	-
Islamic financing and related assets								
Opening balance	-	372,910	480,187	700,001	15,382	280,483	480,540	700,001
Addition during the period / year	-	71,925	410,769	2,349,343	-	204,049	813,116	4,655,399
Repaid during the period / year	-	(23,921)	(410,769)	(1,867,930)	(15,382)	(107,753)	(813,469)	(4,405,399)
Transfer in / (out) - net	-	(41,196)	-	(839,452)	-	(3,869)	-	(250,000)
Closing balance	-	379,718	480,187	341,962	-	372,910	480,187	700,001
Other assets								
Profit receivable on financings	-	642	11,907	13,341	-	280	5,579	18,842
Due to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Borrowings during the year	-	-	-	64,905,200	-	-	-	-
Settled during the year	-	-	-	(64,905,200)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Subordinated sukuk								
Opening balance	-	1,015	-	-	-	1,015	-	-
Issued / purchased during the period / year	-	-	-	-	-	-	-	-
Redemption / sold during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	1,015	-	-	-	1,015	-	-
Deposits and other accounts								
Opening balance	2,745	32,443	12,186	1,776,697	6,063	42,412	27,338	1,306,399
Received during the period / year	227,175	394,991	759,874	11,352,494	39,235	709,549	1,641,001	13,686,134
Withdrawn during the period / year	(229,373)	(371,362)	(768,332)	(11,201,879)	(42,553)	(716,423)	(1,656,153)	(13,218,501)
Transfer in / (out) - net	(136)	2,723	-	(60,208)	-	(3,095)	-	2,665
Closing balance	411	58,795	3,728	1,867,104	2,745	32,443	12,186	1,776,697
Other Liabilities								
Profit / return payable	1	471	1	51,160	1	490	-	31,609
Dividend Payable	77,324	-	-	172,744	-	-	-	-
Meeting fee / remuneration payable	-	-	-	-	240	-	-	-
Contingencies and Commitments								
Other contingencies	-	-	23,788	75,618	-	-	25,202	82,277

	(Un-audited)				(Un-audited)			
	June 30, 2023				June 30, 2022			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----								
Income								
Profit / return earned	-	7,691	29,924	98,369	674	5,515	10,718	26,830
Other income	-	8,886	-	-	-	6,265	-	-
Expense								
Profit / return expense	11	816	14	243,511	6	444	17	71,592
Other administrative expenses	1,527	1,063	-	25,995	-	1,629	-	20,651
Meeting fee / remuneration	7,620	287,751	-	-	5,880	205,450	-	-
Contribution to employees provident fund	-	-	-	103,351	-	-	-	82,746
Charge for employees gratuity fund	-	-	-	94,818	-	-	-	76,396

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) **(Audited)**
June 30, **December 31,**
2023 **2022**
 ----- Rupees in '000 -----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	11,007,991	11,007,991
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	24,018,351	19,971,442
Eligible Additional Tier 1 (ADT 1) Capital	2,850,000	2,850,000
Total Eligible Tier 1 Capital	26,868,351	22,821,442
Eligible Tier 2 Capital	8,395,033	7,265,706
Total Eligible Capital (Tier 1 + Tier 2)	35,263,384	30,087,148

Risk Weighted Assets (RWAs):

Credit Risk	152,056,511	135,264,964
Market Risk	2,233,837	2,036,650
Operational Risk	31,614,900	31,614,900
Total	185,905,248	168,916,514

Common Equity Tier 1 Capital Adequacy ratio	12.92%	11.82%
Tier 1 Capital Adequacy Ratio	14.45%	13.51%
Total Capital Adequacy Ratio	18.97%	17.81%

National minimum capital requirements prescribed by SBP

CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital Conservation Buffer (CCB) (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

- 35.1 The capital to risk weighted assets ratio is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for credit and market risk and Basic Indicator Approach for operational Risk.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	26,868,351	22,821,442
Total Exposures	595,348,074	547,791,150
Leverage Ratio	4.51%	4.17%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	182,643,791	158,731,694
Total Net Cash Outflow	64,711,370	50,014,976
Liquidity Coverage Ratio	282.24%	317.37%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	476,056,185	418,115,780
Total Required Stable Funding	181,020,055	160,353,265
Net Stable Funding Ratio	262.99%	260.75%

36 GENERAL

- 36.1 Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these consolidated financial statements, except for captions of the condensed interim consolidated Statement of Financial Position and condensed interim Consolidated Profit and Loss Account.
- 36.2 These condensed interim consolidated financial statements are presented in Pakistani Rupees, which is the Holding Company's functional and presentation currency.
- 36.3 The figures in the financial statements have been rounded off to the nearest thousand rupee.
- 36.4 Due to non-availability of interim financial results of Shakarganj Food Products Limited (associated company) for the quarter ended June 30, 2023, these condensed interim consolidated financial statements only include share of profit from associate for the quarter ended March 31, 2023.

37 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on August 22, 2023 by the Board of Directors of the Holding Company.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICE

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR



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