

هَذَا مِنْ فَضْلِ رَبِّي



CONTENTS

Corporate Information	2
Directors' Review	4
Unconsolidated Condensed Interim Statement of Financial Position	6
Unconsolidated Condensed Interim Profit and Loss Account	7
Unconsolidated Condensed Interim Statement of Comprehensive Income	8
Unconsolidated Condensed Interim Statement of Changes in Equity	9
Unconsolidated Condensed Interim Cash Flow Statement	10
Notes to the Unconsolidated Condensed Interim Financial Statements	11
Consolidated Financial Statements	47



CORPORATE INFORMATION

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



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



DIRECTORS' REVIEW

It is our pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited and AL Habib Asset Management Limited for the period ended September 30, 2023.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 1,912.1 billion as compared to Rs. 1,568.1 billion on December 31, 2022. In the same period, advances increased to Rs. 874.2 billion from Rs. 813.5 billion, while investments increased to Rs. 1,235 billion from Rs. 1,158.5 billion. The pre-tax profit of the Bank for the nine months period ended September 30, 2023 was Rs. 52.95 billion as compared to Rs. 28.86 billion during the corresponding period last year. The profit after tax for the period ended September 30, 2023 was Rs. 29.28 billion compared with Rs. 14.97 billion during 2022.

The Board of Directors, in its meeting held on October 25, 2023, has declared 2nd interim cash dividend of Rs. 4.50 per share i.e. 45%, in addition to 45% already paid, bringing the total cash dividend to 90% for the nine months period ended September 30, 2023.

By the Grace of Allah, the Bank now has a network of 1,107 offices, comprising 1,074 branches, 29 sub-branches, and 4 Representative Offices. Our branch network includes 193 Islamic Banking Branches and 2 Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2023.

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

The ratings of our unsecured, subordinated Term Finance Certificates (TFCs) are **AAA** (Triple A) for TFC-2018, TFC-2021 and TFC-2022, and **AA+** (Double A plus) for TFC-2017 (perpetual) and TFC-2022 (perpetual). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Further, the TFC-2022 & the TFC-2022 (perpetual) issued in 2022, were listed on Pakistan Stock Exchange (PSX) pursuant to Chapter 5C of PSX Rule Book.

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

Mansoor Ali Khan
Chief Executive

Abbas D. Habib
Chairman
Board of Directors

Karachi: October 25, 2023



ڈائریکٹرز کا جائزہ

ہمارے لئے یہ باعث مسرت ہے کہ ہم 30 ستمبر 2023 کو ختم ہونے والی مدت کے لئے بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مالی حسابات مع بینک الحیب لمیٹڈ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات بشمول بینک کی ذیلی کمپنیز الحیب کپٹیل مارکیٹس (پرائیویٹ) لمیٹڈ اور الحیب ایسٹ منجمنٹ لمیٹڈ پیش کریں۔

الحمد للہ، زیر جائزہ مدت میں بینک کی کارکردگی اطمینان بخش رہی۔ 30 ستمبر 2023 کو ختم ہونے والی مدت میں ڈپازٹس بڑھ کر 1,912.1 بلین روپے ہو گئے، جو کہ 31 دسمبر 2022 کو 1,568.1 بلین روپے تھے۔ اسی مدت کے دوران ایڈوانسز 813.5 بلین روپے سے بڑھ کر 874.2 بلین روپے ہو گئے اور سرمایہ کاری 1,158.5 بلین روپے سے بڑھ کر 1,235 بلین روپے ہو گئی۔ 30 ستمبر 2023 کو ختم ہونے والے نو ماہ کے لئے آپ کے بینک کا قیل از ٹیکس منافع 52.95 بلین روپے رہا، جبکہ گزشتہ سال اس مدت میں یہ 28.86 بلین روپے تھا۔ بینک کا بعد از ٹیکس منافع 30 ستمبر 2023 کو ختم ہونے والی مدت کے لئے 29.28 بلین روپے رہا جبکہ گزشتہ سال یہ 14.97 بلین روپے تھا۔

بورڈ آف ڈائریکٹرز نے 25 اکتوبر 2023 کو منعقد ہونے والے اجلاس میں دوسرا عبوری 45% نقد منافع منقسم یعنی 4.50 روپے فی شیئر کا اعلان کیا ہے، جو کہ پہلے سے ادا شدہ 45% کے علاوہ ہے۔ جس کے بعد 30 ستمبر 2023 کو ختم ہونے والی نو ماہ کی مدت تک کیلئے کل نقد منافع منقسمہ کی شرح 90 فیصد پر پہنچ گئی ہے۔

اللہ تعالیٰ کے فضل و کرم سے بینک کا نیٹ ورک اب 1,107 دفاتر پر مشتمل ہے، جس میں 1,074 برانچز، 29 ذیلی برانچز اور 4 نمائندہ دفاتر شامل ہیں۔ ہمارے برانچ نیٹ ورک میں اب 1193 اسلامی بینکاری برانچز اور 2 بیرون ملک برانچز شامل ہیں۔ برانچز میں اضافہ کی اپنی پالیسی پر کار بند رہتے ہوئے ہم سال 2023 میں بھی مزید برانچز کھولنے کا ارادہ رکھتے ہیں۔

الحمد للہ، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے طویل مدت کے لئے بینک کی ریٹنگ AAA (ٹرپل اے) اور مختصر مدت کے لئے A1+ (اے ون پلس) برقرار رکھی ہیں۔ یہ طویل مدتی کریڈٹ ریٹنگ AAA (ٹرپل اے) بینک کے بہترین کریڈٹ کے معیار، کم ترین کریڈٹ رسک کی توقع اور بروقت مالی ذمہ داریوں سے عہدہ براء ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔

ہمارے انسٹیٹیوٹ، سہارڈ بینڈ ٹرم فنانس سرٹیفکیٹس کی ریٹنگ AAA (ٹرپل اے) برائے TFC-2018، TFC-2021 اور TFC-2022 اور AA+ (ڈبل اے پلس) برائے TFC-2017 (پریچپول) اور TFC-2022 (پریچپول) ہیں۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔ مزید برآں ٹی ایف سی 2022 اور ٹی ایف سی 2022 (پریچپول) جو کہ 2022 میں ایٹو ہوئے پی ایس ایکس رول بک کے باب 5C کے مطابق پاکستان اسٹاک ایکسچینج لمیٹڈ پر لسٹڈ کئے گئے۔

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

عباس ڈی۔ حمید
چیئر مین
بورڈ آف ڈائریکٹرز

منصور علی خان
چیئر ایگزیکٹو

کراچی: ۲۵ اکتوبر ۲۰۲۳ء



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	(Un-audited) 30 September 2023	(Audited) 31 December 2022
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	6 148,175,777	94,163,585
Balances with other banks	7 5,153,810	15,067,261
Lendings to financial institutions	8 2,459,668	15,568,607
Investments	9 1,235,012,240	1,158,520,697
Advances	10 874,162,968	813,534,790
Fixed assets	11 78,979,154	62,075,079
Intangible assets	12 180,326	364,466
Deferred tax assets	13 5,913,185	9,680,840
Other assets	14 164,033,663	103,092,411
	2,514,070,791	2,272,067,736
LIABILITIES		
Bills payable	16 26,090,548	44,855,837
Borrowings	17 301,484,398	418,989,460
Deposits and other accounts	18 1,912,121,884	1,568,138,055
Liabilities against assets subject to finance lease	-	-
Subordinated debt	19 29,987,400	29,991,600
Deferred tax liabilities	-	-
Other liabilities	20 126,635,599	114,850,833
	2,396,319,829	2,176,825,785
NET ASSETS	117,750,962	95,241,951
REPRESENTED BY		
Share capital	11,114,254	11,114,254
Reserves	27,609,041	24,391,414
Surplus on revaluation of assets	21 6,498,685	897,685
Unappropriated profit	72,528,982	58,838,598
	117,750,962	95,241,951
CONTINGENCIES AND COMMITMENTS		
	22	

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

	Note	Nine months period ended		Three months period ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		(Rupees in '000)			
Mark-up / return / interest earned	24	261,345,439	132,810,402	100,994,171	56,147,961
Mark-up / return / interest expensed	25	(176,490,299)	(78,555,794)	(66,679,281)	(35,763,217)
Net mark-up / interest income		84,855,140	54,254,608	34,314,890	20,384,744
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	10,371,076	8,616,553	3,689,195	2,870,040
Dividend income		1,114,219	971,811	271,786	358,152
Foreign exchange income		5,294,189	5,689,426	1,480,659	2,580,683
Income / (loss) from derivatives		—	—	—	—
Gain / (loss) on securities-net	27	7,968	211,312	(15,802)	9,262
Other income	28	651,571	619,659	260,913	199,075
Total non mark-up / interest income		17,439,023	16,108,761	5,686,751	6,017,212
Total income		102,294,163	70,363,369	40,001,641	26,401,956
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	(49,275,266)	(38,444,250)	(17,432,741)	(13,936,527)
Workers welfare fund		(1,081,519)	(606,650)	(449,979)	(222,927)
Other charges	30	(37,776)	(4,578)	(37,607)	(3,781)
Total non mark-up / interest expenses		(50,394,561)	(39,055,478)	(17,920,327)	(14,163,235)
Profit before provisions		51,899,602	31,307,891	22,081,314	12,238,721
Reversals / (provisions) and write offs-net	31	1,051,282	(2,444,191)	(75,883)	(1,795,245)
Extra ordinary / unusual items		—	—	—	—
PROFIT BEFORE TAXATION		52,950,884	28,863,700	22,005,431	10,443,476
Taxation	32	(23,667,131)	(13,894,973)	(10,808,990)	(5,104,219)
PROFIT AFTER TAXATION		29,283,753	14,968,727	11,196,441	5,339,257
		(Rupees)			
Basic and diluted earnings per share	33	26.35	13.47	10.07	4.80

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

	Nine months period ended		Three months period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	(Rupees in '000)			
Profit after taxation for the period	29,283,753	14,968,727	11,196,441	5,339,257
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	289,251	2,160,496	8,246	986,787
Movement in deficit on revaluation of investments-net of tax	(686,306)	(6,973,745)	2,791,006	(2,827,064)
	(397,055)	(4,813,249)	2,799,252	(1,840,277)
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus on revaluation of operating fixed assets-net of tax	6,403,707	(656,504)	(103,273)	(113,702)
Total comprehensive income	35,290,405	9,498,974	13,892,420	3,385,278

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of		Unappropriated Profit	Total
				Special Reserve	General Reserve	Investments	Fixed / Non Banking Assets		
	(Rupees in '000)								
Balance as at 01 January 2022	11,114,254	17,511,051	2,478,915	126,500	540,000	(658,441)	7,104,700	51,798,069	90,015,048
Comprehensive income for the nine months period ended 30 September 2022:									
Profit after taxation	-	-	-	-	-	-	-	14,968,727	14,968,727
Other comprehensive income	-	-	2,160,496	-	-	(6,973,745)	(656,504)	-	(5,469,753)
Total comprehensive income for the period	-	-	2,160,496	-	-	(6,973,745)	(656,504)	14,968,727	9,498,974
Transfer to statutory reserve	-	1,496,873	-	-	-	-	-	(1,496,873)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(84,428)	84,428	-
Transaction with owners, recorded directly in equity									
Cash dividend (Rs. 7 per share) - December 2021	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)
Balance as at 30 September 2022-unaudited	11,114,254	19,007,924	4,639,411	126,500	540,000	(7,632,186)	6,363,768	57,574,373	91,734,044
Comprehensive income for the quarter ended 31 December 2022:									
Profit after taxation	-	-	-	-	-	-	-	1,601,502	1,601,502
Other comprehensive income	-	-	(82,571)	-	-	2,004,616	189,631	(205,271)	1,906,405
Total comprehensive income for the period	-	-	(82,571)	-	-	2,004,616	189,631	1,396,231	3,507,907
Transfer to statutory reserve	-	160,150	-	-	-	-	-	(160,150)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(28,144)	28,144	-
Balance as at 31 December 2022-audited	11,114,254	19,168,074	4,556,840	126,500	540,000	(5,627,570)	6,525,255	58,838,598	95,241,951
Comprehensive income for the nine months period ended 30 September 2023:									
Profit after taxation	-	-	-	-	-	-	-	29,283,753	29,283,753
Other comprehensive income	-	-	289,251	-	-	(686,306)	6,403,707	-	6,006,652
Total comprehensive income for the period	-	-	289,251	-	-	(686,306)	6,403,707	29,283,753	35,290,405
Transfer to statutory reserve	-	2,928,376	-	-	-	-	-	(2,928,376)	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(116,401)	116,401	-
Transactions with owners, recorded directly in equity									
Final cash dividend (Rs. 7 per share) - December 2022	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)
Interim cash dividend (Rs. 4.5 per share) - June 2023	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)
Balance as at 30 September 2023-unaudited	11,114,254	22,096,450	4,846,091	126,500	540,000	(6,313,876)	12,812,561	72,528,982	117,750,962

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

	30 September 2023	30 September 2022
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	52,950,884	28,863,700
Less: Dividend income	(1,114,219)	(971,811)
	51,836,665	27,891,889
Adjustments:		
Depreciation	3,225,316	2,610,290
Depreciation on right-of-use assets	1,716,716	1,581,393
Amortisation	204,390	211,434
(Reversals) / provisions and write-offs-net	(1,051,343)	2,444,191
Gain on sale of fixed assets-net	(293,006)	(334,554)
Charge for defined benefit plan	621,000	469,000
Gain on securities-net	(7,968)	(211,312)
Charge for compensated absences	182,463	181,833
Mark-up expense on lease liability against right-of-use assets	1,138,148	944,074
	5,735,716	7,896,349
Decrease / (increase) in operating assets	57,572,381	35,788,238
Lendings to financial institutions	13,108,939	(16,936,890)
Held-for-trading securities	95,638	(12,354)
Advances	(61,041,217)	(81,810,327)
Other assets	(60,924,755)	(37,058,011)
	(108,761,395)	(135,817,582)
(Decrease) / increase in operating liabilities		
Bills payable	(18,765,289)	(5,184,663)
Borrowings from financial institutions	(126,545,747)	54,550,228
Deposits	343,983,829	270,774,628
Other liabilities (excluding current taxation)	8,216,604	36,463,783
	206,889,397	356,603,976
	155,700,383	256,574,632
Income tax paid	(23,503,925)	(11,632,164)
Net cash flow generated from operating activities	132,196,458	244,942,468
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(79,931,999)	(256,001,156)
Net investments in held-to-maturity securities	2,382,688	7,963,149
Net investments in associates	-	3,208,598
Dividends received	1,092,984	955,423
Investments in operating fixed assets	(6,204,264)	(7,281,111)
Proceeds from sale of fixed assets	290,284	354,230
Exchange differences on translation of net investment in foreign branches	289,251	2,160,496
Net cash used in investing activities	(82,081,056)	(248,640,371)
CASH FLOW FROM FINANCING ACTIVITIES		
(Payments) / receipts of subordinated debt-net	(4,200)	6,997,200
Dividend paid	(12,548,765)	(7,692,595)
Payment against lease liabilities	(2,504,381)	(1,973,476)
Net cash used in financing activities	(15,057,346)	(2,668,871)
Increase / (decrease) in cash and cash equivalents	35,058,056	(6,366,774)
Cash and cash equivalents at beginning of the period	108,736,601	124,979,088
Cash and cash equivalents at end of the period	143,794,657	118,612,314

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017) having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,074 branches (31 December 2022: 1,050 branches), 29 sub - branches (31 December 2022: 29 sub - branches), 04 representative offices (31 December 2022: 04 representative offices) and 09 booths (31 December 2022: 09 booths). The branch network of the Bank includes 02 overseas branches (31 December 2022: 02 overseas branches) and 193 Islamic Banking branches (31 December 2022: 178 Islamic Banking branches).

2. BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.
- 2.2 Key financial information of the Islamic Banking branches is disclosed in note 39 to these unconsolidated condensed interim financial statements.
- 2.3 These are separate financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

2.4 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- IFAS issued by ICAP, as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by SBP and the Securities and Exchange Commission of Pakistan (SECP).



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

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

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

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

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

3. ACCOUNTING POLICIES

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



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

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

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

IFRS 9 has been applicable in several overseas jurisdictions from 01 January 2018. Accordingly, the requirements of this standard are incorporated in the Bank's unconsolidated condensed interim financial statements for the jurisdictions where IFRS 9 has been adopted.

As per SBP's BPRD Circular No. 7 dated April 13, 2023, the effective date of IFRS 9 for banks in Pakistan has been extended from 01 January 2023 to 01 January 2024, and accordingly the Standard will be applied in the Bank's financial statements for accounting periods beginning on or after 1 January 2024. As disclosed in note 2.8.1 to the unconsolidated annual financial statements of the Bank for the year ended 31 December 2022, the Bank had carried out an impact assessment based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Bank will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT

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



	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	33,360,671	26,172,039
Foreign currencies	4,010,675	1,703,466
	37,371,346	27,875,505
In transit:		
Local currency	342,971	291,878
Foreign currencies	338,323	–
	681,294	291,878
With State Bank of Pakistan in:		
Local currency current accounts	76,283,037	53,502,052
Local currency current accounts-Islamic Banking	10,190,219	6,348,266
Foreign currency deposit accounts		
Cash reserve account	5,409,482	4,641,833
Cash reserve / special cash reserve account		
- Islamic Banking	936,876	612,722
Special cash reserve account	10,818,964	–
Local collection account	708,888	552,306
	104,347,466	65,657,179
With National Bank of Pakistan in:		
Local currency current accounts	5,469,629	189,343
Prize bonds	306,042	149,680
	148,175,777	94,163,585
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	186,727	91,742
In deposit accounts	10,239	598,867
	196,966	690,609
Outside Pakistan:		
In current accounts	4,574,712	2,692,451
In deposit accounts	382,215	11,684,220
	4,956,927	14,376,671
	5,153,893	15,067,280
Less: impairment against IFRS 9 in overseas branches	(83)	(19)
	5,153,810	15,067,261
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	990,700	–
Pakistan Investment Bonds	1,468,968	15,568,607
Market Treasury Bills	2,459,668	15,568,607



9. INVESTMENTS

Note	30 September 2023 (Un-audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying Value
9.1 Investments by type:								
Held-for-trading securities								
Shares	-	-	-	-	99,950	-	419	100,369
Available-for-sale securities								
Federal Government Securities	1,027,572,364	(5,078,976)	(14,841,648)	1,007,651,740	945,653,158	(4,841,980)	(10,777,066)	930,034,112
Shares	4,471,338	(1,951,793)	622,922	3,142,467	4,579,881	(1,889,990)	419,533	3,109,424
Non Government Debt Securities	30,328,417	(99,920)	(87,256)	30,141,241	30,742,543	-	(87,440)	30,655,103
Foreign Securities	9,058,444	(4,211,740)	762,900	5,609,604	7,476,045	(3,314,354)	(43,536)	4,118,155
Units of Mutual Funds	3,076,021	(351,370)	1,162,935	3,887,586	3,226,022	(365,225)	615,580	3,476,377
	1,074,506,584	(11,693,799)	(12,380,147)	1,050,432,638	991,677,649	(10,411,549)	(9,872,929)	971,393,171
Held-to-maturity securities								
Federal Government Securities	179,825,584	(1,587,834)	-	178,237,750	182,266,360	(1,739,320)	-	180,527,040
Foreign Securities	1,870,950	(1,027,001)	-	843,949	1,812,862	(810,648)	-	1,002,214
Other	4,481	(4,481)	-	-	4,481	(4,481)	-	-
	181,701,015	(2,619,316)	-	179,081,699	184,083,703	(2,554,449)	-	181,529,254
Associates	4,614,653	-	-	4,614,653	4,614,653	-	-	4,614,653
Subsidiaries	883,250	-	-	883,250	883,250	-	-	883,250
Total Investments	1,261,705,502	(14,313,115)	(12,380,147)	1,235,012,240	1,181,359,205	(12,965,998)	(9,872,510)	1,158,520,697



	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
9.1.1 Investments given as collateral		
Market Treasury Bills	12,408,875	71,831,084
Pakistan Investment Bonds	91,021,752	154,644,300
	<u>103,430,627</u>	<u>226,475,384</u>

9.2 Provision for diminution in the value of investments		
Opening balance	12,965,998	3,502,199
Exchange adjustments against IFRS 9 in overseas branches	2,884,656	512,063
(Reversal) / charge:		
Charge for the period / year	222,198	148,660
(Reversal) / charge of impairment as per IFRS 9 in overseas branches for the period / year	(1,685,407)	8,843,517
Reversal on disposal during the period / year	(74,330)	(40,441)
	<u>(1,537,539)</u>	8,951,736
Closing balance	<u>14,313,115</u>	<u>12,965,998</u>

9.2.1 Particulars of provision against debt securities

Category of classification	30 September 2023 (Un-audited)		31 December 2022 (Audited)	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	<u>99,920</u>	<u>99,920</u>	<u>-</u>	<u>-</u>

9.3 The market value of securities classified as held to maturity at 30 September 2023 amounted to Rs. 166,545 million (31 December 2022: Rs. 170,599 million).

9.4 Provision against investments includes Expected Credit Losses (ECL) / impairment under the IFRS 9 amounting to Rs. 11,905.551 million (31 December 2022: Rs. 10,706.302 million) on overseas branches.

The Bank has estimated ECL / impairment provisions based on the IFRS 9 requirements in respect of overseas jurisdictions. Under the IFRS 9 model, credit impairment provisions, inter alia, takes into account the credit ratings of the relevant bonds provided by the International rating agencies and the observed Probability of Default information relevant for such credit rating with appropriate adjustments applied by the Bank considering the market conditions.



10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 30 September 2023	(Audited) 31 December 2022	(Un-audited) 30 September 2023	(Audited) 31 December 2022	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	711,427,550	673,560,243	15,418,162	13,102,322	726,845,712	686,662,565
Islamic financing and related assets	107,140,383	100,915,017	771,370	744,942	107,911,753	101,659,959
Bills discounted and purchased	59,109,153	42,148,012	455,271	874,021	59,564,424	43,022,033
Advances - gross	877,677,086	816,623,272	16,644,803	14,721,285	894,321,889	831,344,557
Provision against advances						
- Specific	-	-	14,074,404	11,606,594	14,074,404	11,606,594
- General as per regulations	291,890	410,890	-	-	291,890	410,890
- General	5,750,000	5,750,000	-	-	5,750,000	5,750,000
- As per IFRS 9 in overseas branches	42,627	42,283	-	-	42,627	42,283
	6,084,517	6,203,173	14,074,404	11,606,594	20,158,921	17,809,767
Advances - net of provision	871,592,569	810,420,099	2,570,399	3,114,691	874,162,968	813,534,790

10.1 Particulars of advances (Gross)

	(Un-audited) 30 September 2023	(Audited) 31 December 2022
In local currency	782,254,014	732,956,629
In foreign currencies	112,067,875	98,387,928
	894,321,889	831,344,557



10.2 Advances include Rs. 16,644.803 million (31 December 2022: Rs. 14,721.285 million) which have been placed under non-performing status as detailed below:

Category of classification	30 September 2023 (Un-audited)		31 December 2022 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	398,921	8,307	65,333	917
Substandard	617,825	144,144	887,349	211,101
Doubtful	1,278,561	579,862	926,869	463,175
Loss	5,271,641	5,207,691	4,618,496	4,552,653
	<u>7,566,948</u>	<u>5,940,004</u>	<u>6,498,047</u>	<u>5,227,846</u>
Overseas				
Overdue by:				
Upto 90 days	289,033	72,258	5,650,414	3,805,924
181 to 365 days	5,590,591	4,863,911	43,612	43,612
> 365 days	3,198,231	3,198,231	2,529,212	2,529,212
	<u>9,077,855</u>	<u>8,134,400</u>	<u>8,223,238</u>	<u>6,378,748</u>
Total	<u>16,644,803</u>	<u>14,074,404</u>	<u>14,721,285</u>	<u>11,606,594</u>

10.3 Particulars of provision against advances

	30 September 2023 (Un-audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	11,606,594	6,203,173	17,809,767	6,494,129	6,596,182	13,090,311
Exchange adjustments	1,926,716	11,449	1,938,165	663,797	99,778	763,575
Charge / (reversal) for the period / year						
- Specific provision	1,731,827	-	1,731,827	7,771,780	-	7,771,780
- General provision as per regulations	-	(119,000)	(119,000)	-	41,500	41,500
- As per IFRS 9 in overseas branches	-	(11,105)	(11,105)	-	(534,287)	(534,287)
Reversals	(1,188,683)	-	(1,188,683)	(3,275,830)	-	(3,275,830)
	<u>543,144</u>	<u>(130,105)</u>	<u>413,039</u>	<u>4,495,950</u>	<u>(492,787)</u>	<u>4,003,163</u>
Amounts written off	(2,050)	-	(2,050)	(47,282)	-	(47,282)
Closing balance	<u>14,074,404</u>	<u>6,084,517</u>	<u>20,158,921</u>	<u>11,606,594</u>	<u>6,203,173</u>	<u>17,809,767</u>

10.3.1 In line with its prudent policies, the Bank also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 30 September 2023 amounts to Rs. 5,750 million (31 December 2022: Rs. 5,750 million).

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



	Note	(Un-audited) 30 September 2023 (Rupees in '000)	(Audited) 31 December 2022
11. FIXED ASSETS			
Capital work-in-progress	11.1	5,090,032	3,175,654
Property and equipment		73,889,122	58,899,425
		<u>78,979,154</u>	<u>62,075,079</u>
11.1 Capital work-in-progress			
Civil works		1,720,228	1,173,278
Advance payment for purchase of equipments		624,958	228,417
Advance payment towards suppliers, contractors and property		2,712,421	1,752,554
Consultants' fee and other charges		32,425	21,405
		<u>5,090,032</u>	<u>3,175,654</u>
11.2 Additions to fixed assets			
The following additions have been made to operating fixed assets during the period:			
		(Un-audited) Nine months period ended	
		30 September 2023	30 September 2022
		(Rupees in '000)	
Capital work-in-progress		4,725,049	3,719,895
Property and equipment			
Leasehold land		2,866	276,767
Building on leasehold land		275,563	647,226
Furniture and fixture		301,847	414,521
Electrical, office and computer equipment		1,836,346	2,569,013
Vehicles		1,266,764	656,260
Improvements to leasehold building		586,250	372,627
Right-of-use assets		1,557,228	2,594,978
		<u>5,826,864</u>	<u>7,531,392</u>
Total		<u>10,551,913</u>	<u>11,251,287</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		1,210	3,327
Electrical, office and computer equipment		4,136	3,949
Vehicles		15,493	9,475
Improvements to leasehold building		7,605	17,148
Right-of-use assets		118,482	88,750
		<u>146,926</u>	<u>122,649</u>



- 11.4** In accordance with the Bank's accounting policy, the Bank's leasehold land and buildings on leasehold land were revalued at 01 June 2023. The revaluation was carried out by an independent valuer, M/s. Harvester Services (Pvt) Limited on the basis of present physical condition and location of leasehold land and buildings on leasehold land. Fair values were ascertained by the independent valuer through various enquiries conducted by them at site from real estate agents and brokers. The revaluation resulted in an increase amounting to Rs. 14,216.516 million in the net surplus. The total surplus arising against revaluation of leasehold land and buildings on leasehold land as at 30 September 2023 amounts to Rs 22,199.896 million. The carrying value of revalued leasehold land and buildings on leasehold land was Rs. 48,490.090 million as at 30 September 2023. Had the leasehold land and buildings on leasehold land not been revalued, the total carrying amounts of revalued properties as at 30 September 2023 would have been as follows:

	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
Leasehold land	<u>13,066,480</u>	<u>8,730,369</u>
Buildings on leasehold land	<u>13,262,238</u>	<u>6,399,816</u>
12. INTANGIBLE ASSETS		
Computer software	<u>180,326</u>	<u>364,466</u>
	(Un-audited) Nine months period ended	
	30 September 2023	30 September 2022
	(Rupees in '000)	
12.1 Additions to intangible assets		
Computer software-directly purchased	<u>20,250</u>	<u>394,526</u>
	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
13. DEFERRED TAX ASSETS		
Deductible Temporary Differences on		
Provision against diminution in the value of investments	7,011,244	5,573,505
Provision against loans and advances, off-balance sheet, etc.	2,401,441	2,131,285
Workers' welfare fund	2,421,531	1,659,964
Deficit on revaluation of available for sale investments	6,066,271	4,245,359
	<u>17,900,487</u>	<u>13,610,113</u>
Taxable Temporary Differences on		
Accelerated tax depreciation	(1,994,913)	(1,713,566)
Surplus on revaluation of fixed assets / non-banking assets	(9,992,389)	(2,215,527)
Surplus on revaluation of held for trading securities	-	(180)
	<u>(11,987,302)</u>	<u>(3,929,273)</u>
	<u>5,913,185</u>	<u>9,680,840</u>



		(Un-audited) 30 September 2023	(Audited) 31 December 2022
	Note	(Rupees in '000)	
14. OTHER ASSETS			
Income / mark-up accrued in local currency-net of provision		97,120,137	41,885,628
Income / mark-up accrued in foreign currencies-net of provision		1,542,543	1,221,831
Advances, deposits, advance rent and other prepayments		2,504,042	1,552,508
Non-banking assets acquired in satisfaction of claims		3,657,853	3,651,344
Mark to market gain on forward foreign exchange contracts		4,381,351	2,685,804
Acceptances		42,279,674	47,907,675
Stationery and stamps on hand		1,252,561	710,733
Clearing and settlement account		8,538,703	1,980,400
Others		2,640,821	1,368,981
		<u>163,917,685</u>	<u>102,964,904</u>
Less: Provision held against other assets	14.1	<u>(7,707)</u>	<u>(8,101)</u>
Other Assets (net of provision)		<u>163,909,978</u>	<u>102,956,803</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>123,685</u>	<u>135,608</u>
Other Assets-total		<u>164,033,663</u>	<u>103,092,411</u>
14.1 Provision held against other assets			
Receivable against consumer loans	14.1.1	<u>7,707</u>	<u>8,101</u>
14.1.1 Movement in provision held against other assets			
Opening balance		8,101	7,497
Charge for the period / year		2,933	2,620
Reversals for the period / year		(3,042)	(1,672)
		(109)	948
Amount written off		(285)	(344)
Closing balance		<u>7,707</u>	<u>8,101</u>
15. CONTINGENT ASSETS			
There were no contingent assets of the Bank as at 30 September 2023 (31 December 2022: Nil).			
		(Un-audited) 30 September 2023	(Audited) 31 December 2022
		(Rupees in '000)	
16. BILLS PAYABLE			
In Pakistan		<u>26,090,548</u>	<u>44,855,837</u>



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

17. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan

Under export refinance scheme	92,580,362	88,423,421
Under renewable energy	17,603,055	17,089,222
Under long term financing for imported and locally manufactured plant and machinery	32,084,086	35,641,679
Under modernisation of small and medium enterprises	843,665	771,687
Under women entrepreneurship	28,150	29,253
Under financing facility for storage of agricultural produce	899,618	1,009,305
Under refinance scheme for payment of wages and salaries	–	544,994
Under refinance scheme for working capital financing of small enterprises and low-end medium enterprises	30,000	–
Under temporary economic refinance facility	37,693,449	39,132,557
Under refinance facility for combating COVID-19	151,170	188,889

Repurchase agreement borrowings	181,913,555	182,831,007
	105,535,913	230,164,208

Total secured **287,449,468** 412,995,215

Unsecured

Call borrowings	4,500,000	5,500,000
Overdrawn nostro accounts	9,534,930	494,245

Total unsecured **14,034,930** 5,994,245

301,484,398 418,989,460

18. DEPOSITS AND OTHER ACCOUNTS

	30 September 2023 (Un-audited)			31 December 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	604,412,949	58,534,159	662,947,108	515,194,125	53,700,013	568,894,138
Savings deposits	607,658,173	52,312,513	659,970,686	402,129,430	51,436,347	453,565,777
Term deposits	210,775,650	59,591,637	270,367,287	225,036,480	48,657,036	273,693,516
Current deposits-remunerative	213,338,300	7,409,625	220,747,925	162,972,729	6,476,707	169,449,436
Others	30,717,152	20,732,388	51,449,540	36,607,996	12,203,992	48,811,988
	1,666,902,224	198,580,322	1,865,482,546	1,341,940,760	172,474,095	1,514,414,855
Financial institutions						
Current deposits	4,549,791	996,248	5,546,039	5,701,409	576,226	6,277,635
Savings deposits	7,572,916	28	7,572,944	21,876,618	22	21,876,640
Term deposits	782,118	458,943	1,241,061	727,223	293,228	1,020,451
Current deposits-remunerative	31,233,528	1,040,731	32,274,259	23,822,116	686,547	24,508,663
Others	5,035	–	5,035	39,811	–	39,811
	44,143,388	2,495,950	46,639,338	52,167,177	1,556,023	53,723,200
	1,711,045,612	201,076,272	1,912,121,884	1,394,107,937	174,030,118	1,568,138,055



		(Un-audited) 30 September 2023	(Audited) 31 December 2022
	Note	(Rupees in '000)	
19. SUBORDINATED DEBT - Unsecured			
Term Finance Certificates (TFCs) - VI	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII	19.2	3,992,800	3,993,600
Term Finance Certificates (TFCs) - VIII	19.3	4,996,000	4,998,000
Term Finance Certificates (TFCs) - IX	19.4	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X	19.5	6,998,600	7,000,000
		<u>29,987,400</u>	<u>29,991,600</u>

19.1 Term Finance Certificates - VI

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



19.2 Term Finance Certificates - VII

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

19.3 Term Finance Certificates - VIII

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



19.4 Term Finance Certificates - IX

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

19.5 Term Finance Certificates - X

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



	(Un-audited) 30 September 2023	(Audited) 31 December 2022
Note	2023	2022
	(Rupees in '000)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	12,007,376	7,727,692
Mark-up / return / interest payable in foreign currencies	711,648	380,651
Unearned commission income	769,718	692,150
Accrued expenses	5,260,682	3,284,380
Acceptances	42,279,674	47,907,675
Unclaimed / dividend payable	865,360	632,731
Mark to market loss on forward foreign exchange contracts	6,287,451	1,106,213
Branch adjustment account	3,496,552	1,343,949
Payable to defined benefit plan	1,997,804	1,376,805
Charity payable	60,830	23,820
Provision against off-balance sheet items	20.1 108,727	110,059
Security deposits against leases / ijarah	9,347,664	8,899,624
Provision for compensated absences	1,500,688	1,311,882
Other security deposits	1,239,149	878,993
Workers' welfare fund	4,941,901	3,860,382
Payable to SBP / NBP	4,657,902	4,581,075
Insurance payable	597,591	683,385
Lease liability against right-of-use assets	14,285,018	14,213,811
Current taxation (payment less provisions)	4,764,881	2,301,542
Clearing and settlement account	4,862,629	10,257,497
Others	6,592,354	3,276,517
	<u>126,635,599</u>	<u>114,850,833</u>
20.1 Provision against off-balance sheet obligations		
Opening balance	110,059	173,319
Exchange adjustment against IFRS 9 in overseas branches	1,291	21,866
Charge for the period / year	26	27,330
Reversal as per IFRS 9 in overseas branches for the period / year	(2,599)	(109,073)
Reversal for the period / year	(50)	(3,383)
	<u>(2,623)</u>	<u>(85,126)</u>
Closing balance	<u>108,727</u>	<u>110,059</u>
21. SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	9.1 (12,380,147)	(9,872,929)
- Fixed assets	22,751,613	8,675,522
- Non-banking assets acquired in satisfaction of claims	123,685	135,608
	<u>10,495,151</u>	<u>(1,061,799)</u>
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	(6,066,271)	(4,245,359)
- Fixed assets	10,005,018	2,226,730
- Non-banking assets acquired in satisfaction of claims	57,719	59,145
	<u>3,996,466</u>	<u>(1,959,484)</u>
	<u>6,498,685</u>	<u>897,685</u>



	(Un-audited) 30 September Note 2023	(Audited) 31 December 2022
	(Rupees in '000)	
22. CONTINGENCIES AND COMMITMENTS		
Guarantees	22.1 177,157,027	164,254,110
Commitments	22.2 626,437,474	347,436,086
Other contingent liabilities	22.3 2,945,318	1,887,763
	806,539,819	513,577,959
22.1 Guarantees:		
Financial guarantees	29,431,979	24,753,930
Performance guarantees	147,725,048	139,500,180
	177,157,027	164,254,110
22.2 Commitments:		
Documentary credits and short term trade-related transactions - letters of credit	341,081,640	225,453,786
Commitments in respect of:		
- forward foreign exchange contracts	22.2.1 279,585,985	114,512,491
- forward lendings	22.2.2 4,051,390	6,328,518
Commitments for acquisition of:		
- Operating fixed assets	1,718,459	1,141,291
	626,437,474	347,436,086
22.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	167,984,936	78,111,679
Sale	111,601,049	36,400,812
	279,585,985	114,512,491
The maturities of above contracts are spread over the periods upto one year.		
22.2.2 Commitments in respect of forward lendings	4,051,390	6,328,518
These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
22.3 Claims against the Bank not acknowledged as debts	2,945,318	1,887,763
22.4 Other contingent liabilities		

There is no material change in Bank's tax contingencies as disclosed in note 22.4 to the annual financial statements for the year ended 31 December 2022 except for Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2020 and 2021 (Accounting Year 2019 and 2020) by disallowing certain expenses resulting in an impact of Rs. 2,608.296 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned orders.

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



23.2 Maturity Analysis

	30 September 2023 (Un-audited)				
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	322	100,508,397	(1,437,207)	1,921,983	484,776
1 to 3 months	629	97,834,909	(3,191,404)	1,808,160	(1,383,244)
3 to 6 months	486	72,233,026	(1,459,833)	571,988	(887,845)
6 months to 1 year	85	9,009,653	(199,007)	79,220	(119,787)
	1,522	279,585,985	(6,287,451)	4,381,351	(1,906,100)

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

(Un-audited)	
Nine months period ended	
30 September 2023	30 September 2022
(Rupees in '000)	

24. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	98,862,667	54,718,900
On investments	159,115,872	76,090,476
On deposits with financial institutions	831,093	44,954
On securities purchased under resale agreements	2,445,481	1,956,072
On call money lendings	90,326	–
	261,345,439	132,810,402



		(Un-audited)	
		Nine months period ended	
		30 September	30 September
		2023	2022
		(Rupees in '000)	
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		131,317,360	59,941,410
Borrowings from SBP		7,880,603	3,979,246
Subordinated debt		4,612,507	2,148,964
Cost of foreign currency swaps		4,815,959	1,457,776
Repurchase agreement borrowings		26,236,853	9,480,729
Mark-up expense on lease liability against right-of-use assets		1,138,148	944,074
Others		488,869	603,595
		<u>176,490,299</u>	<u>78,555,794</u>
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		1,467,982	1,024,045
Investment banking fees		76,798	101,965
Consumer finance related fees		35,060	41,818
Card related fees (debit and credit cards)		3,172,397	1,944,903
Credit related fees		294,329	298,301
Commission on trade		4,151,077	4,296,855
Commission on guarantees		642,184	555,074
Commission on cash management		192,043	188,205
Commission on home remittances		311,849	126,901
Others		27,357	38,486
		<u>10,371,076</u>	<u>8,616,553</u>
27. GAIN / (LOSS) ON SECURITIES-NET			
Realised	27.1	7,968	214,141
Unrealised-held for trading		-	(2,829)
		<u>7,968</u>	<u>211,312</u>
27.1 Realised gain / (loss) on:			
Federal Government Securities		188	971
Shares		23,589	159,914
Units of Mutual Funds		(15,809)	53,256
		<u>7,968</u>	<u>214,141</u>
28. OTHER INCOME			
Rent on property		9,322	8,636
Gain on sale of fixed assets-net		293,006	334,554
Recovery of expenses from customers		329,226	260,233
Lockers rent		17,983	15,431
Others		2,034	805
		<u>651,571</u>	<u>619,659</u>



	(Un-audited)	
	Nine months period ended	
	30 September 2023	30 September 2022
	(Rupees in '000)	
29. OPERATING EXPENSES		
Total compensation expenses	20,043,967	17,127,178
Property expenses		
Rent and taxes	158,586	242,430
Insurance	18,502	13,410
Utilities cost	2,424,392	1,869,096
Security (including guards)	1,393,841	1,046,759
Repair and maintenance (including janitorial charges)	520,784	333,288
Depreciation	2,740,291	2,451,632
	7,256,396	5,956,615
Information technology expenses		
Software maintenance	2,019,236	1,284,009
Hardware maintenance	781,574	451,076
Depreciation	669,731	483,275
Amortisation	204,390	211,434
Network charges	543,704	416,140
	4,218,635	2,845,934
Other operating expenses		
Directors' fees and allowances	33,890	32,390
Fees and allowances to Shariah Board	18,322	14,026
Insurance	685,885	559,113
Legal and professional charges	265,301	284,228
Outsourced services costs	2,294,127	1,811,305
Travelling and conveyance	328,050	286,477
NIFT and other clearing charges	159,938	142,087
Depreciation	1,532,010	1,256,776
Repair and maintenance	1,663,877	1,435,899
Training and development	81,409	47,746
Postage and courier charges	281,224	296,057
Communication	1,474,318	434,274
Stationery and printing	1,349,518	861,255
Marketing, advertisement and publicity	870,180	533,778
Donations	366,310	303,050
Auditors remuneration	13,030	9,588
Commission and brokerage	1,028,883	464,852
Entertainment and staff refreshment	460,431	342,573
Vehicle running expenses	3,255,966	1,992,636
Subscriptions and publications	262,874	205,625
CNIC verification charges	172,833	141,870
Security charges	547,218	465,003
Others	610,674	593,915
	17,756,268	12,514,523
	49,275,266	38,444,250



(Un-audited)
Nine months period ended
30 September 30 September
Note 2023 2022
(Rupees in '000)

30. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	<u>37,776</u>	<u>4,578</u>
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31. (REVERSALS) / PROVISIONS AND WRITE OFFS - NET

(Reversal) / provision for diminution in value of investments - net	9.2	(1,537,539)	1,808,871
Provision against loans and advances - net	10.3	413,039	608,594
(Reversal) / provision against other assets - net	14.1.1	(109)	563
(Reversal) / provision against off-balance sheet items - net	20.1	(2,623)	26,163
Provision against balance with other banks		61	-
Loss on revaluation of fixed assets		75,889	-
		<u>(1,051,282)</u>	<u>2,444,191</u>

32. TAXATION

Current	25,967,264	15,146,772
Deferred	(2,300,133)	(1,251,799)
	<u>23,667,131</u>	<u>13,894,973</u>

32.1 During the period, rate of super tax was enhanced to 10% for tax years 2024 and onwards. Accordingly, the impact of this change including recognition of deferred tax asset at increased rate has been incorporated in these unconsolidated condensed interim financial statements.

(Un-audited)
Nine months period ended
30 September 30 September
2023 2022
(Rupees in '000)

33. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period	<u>29,283,753</u>	<u>14,968,727</u>
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(Number)

Weighted average number of ordinary shares	<u>1,111,425,416</u>	<u>1,111,425,416</u>
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(Rupees)

Basic and diluted earnings per share	<u>26.35</u>	<u>13.47</u>
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34. FAIR VALUE MEASUREMENTS

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

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

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

34.1 Fair value of financial assets

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

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

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

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

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



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

	30 September 2023 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government Securities	-	1,007,651,740	-	1,007,651,740
Shares	2,955,965	-	-	2,955,965
Non-Government Debt Securities	25,444,991	4,696,250	-	30,141,241
Foreign Securities	-	5,609,604	-	5,609,604
Units of Mutual Funds	-	3,887,586	-	3,887,586
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	169,498,374	-	169,498,374
Foreign Securities	-	1,046,749	-	1,046,749
Associates				
Units of Mutual Funds	-	4,695,878	-	4,695,878
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	162,280,318	-	162,280,318
Forward sale of foreign exchange contracts	-	115,399,567	-	115,399,567
	31 December 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government Securities	-	930,034,112	-	930,034,112
Shares	3,023,291	-	-	3,023,291
Non-Government Debt Securities	25,515,203	5,139,900	-	30,655,103
Foreign Securities	-	4,118,155	-	4,118,155
Units of Mutual Funds	-	3,476,377	-	3,476,377
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	169,562,245	-	169,562,245
Foreign Securities	-	1,037,110	-	1,037,110
Associates				
Units of Mutual Funds	-	4,655,089	-	4,655,089
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	80,387,622	-	80,387,622
Forward sale of foreign exchange contracts	-	35,704,460	-	35,704,460



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

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

35. TRUST ACTIVITIES

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

36. SEGMENT INFORMATION

Segment details with respect to Business Activities

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

	Nine months period ended 30 September 2023 (Un-audited)		
	Commercial banking	Retail banking (Rupees in '000)	Total
Profit and loss account			
Mark-up / return / profit	226,216,889	35,128,550	261,345,439
Inter segment revenue-net	-	46,149,796	46,149,796
Non mark-up / return / interest income	4,120,764	13,318,259	17,439,023
Total income	230,337,653	94,596,605	324,934,258
Segment direct expenses	(142,860,680)	(84,024,180)	(226,884,860)
Inter segment expense allocation	(46,149,796)	-	(46,149,796)
Total expenses	(189,010,476)	(84,024,180)	(273,034,656)
Reversals / (provisions)	1,054,785	(3,503)	1,051,282
Profit before tax	42,381,962	10,568,922	52,950,884
	As at 30 September 2023 (Un-audited)		
Statement of financial position			
Cash and bank balances	146,031,663	7,297,924	153,329,587
Investments	1,235,012,240	-	1,235,012,240
Net inter segment lending	-	1,230,160,509	1,230,160,509
Lendings to financial institutions	2,459,668	-	2,459,668
Advances - performing	830,015,049	41,577,520	871,592,569
- non-performing	2,540,977	29,422	2,570,399
Others	236,782,441	12,323,887	249,106,328
Total assets	2,452,842,038	1,291,389,262	3,744,231,300
Borrowings	301,484,398	-	301,484,398
Subordinated debt	29,987,400	-	29,987,400
Deposits and other accounts	720,261,545	1,191,860,339	1,912,121,884
Net inter segment borrowing	1,230,160,509	-	1,230,160,509
Others	57,529,167	95,196,980	152,726,147
Total liabilities	2,339,423,019	1,287,057,319	3,626,480,338
Equity	113,419,019	4,331,943	117,750,962
Total equity and liabilities	2,452,842,038	1,291,389,262	3,744,231,300
Contingencies and commitments	518,071,773	166,894	518,238,667



Nine months period ended 30 September 2022 (Un-audited)

	Commercial banking	Retail banking	Total
	(Rupees in '000)		
Profit and loss account			
Mark-up / return / profit	115,811,696	16,998,706	132,810,402
Inter segment revenue-net	–	20,603,729	20,603,729
Non mark-up / return / interest income	8,528,401	7,580,360	16,108,761
Total income	124,340,097	45,182,795	169,522,892
Segment direct expenses	(78,487,202)	(39,124,070)	(117,611,272)
Inter segment expense allocation	(20,603,729)	–	(20,603,729)
Total expenses	(99,090,931)	(39,124,070)	(138,215,001)
Provisions	(2,381,070)	(63,121)	(2,444,191)
Profit before tax	22,868,096	5,995,604	28,863,700

As at 31 December 2022 (Audited)

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

37. RELATED PARTY TRANSACTIONS

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

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



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

	30 September 2023 (Un-audited)					31 December 2022 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	883,250	4,614,652	386,597	-	-	883,250	7,764,656	305,998
Investment made during the period / year	-	-	-	-	-	-	-	-	8,200,000	50,000
Investment adjusted / redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	(11,350,004)	-
Surplus on revaluation during the period / year	-	-	-	-	11,863	-	-	-	-	30,599
Closing balance	-	-	883,250	4,614,652	398,460	-	-	883,250	4,614,652	386,597
Advances										
Opening balance	1,310	320,774	265,950	-	1,023,207	1,620	195,482	463,425	-	2,417,285
Addition during the period / year	10,049	190,136	19,620,384	-	20,879,916	90,890	328,735	20,685,721	-	40,985,490
Repaid during the period / year	(11,150)	(154,076)	(19,728,181)	-	(20,822,824)	(91,200)	(203,443)	(20,883,196)	-	(42,379,568)
Closing balance	209	356,834	158,153	-	1,080,299	1,310	320,774	265,950	-	1,023,207
Operating fixed assets										
Right of use	-	-	-	-	6,133	-	-	-	-	9,199
Other Assets										
Interest / mark-up accrued	-	1,775	36,294	-	5,746	-	177	14,837	-	25,879
L/C acceptances	-	-	-	-	337,649	-	-	-	-	323,894
Dividend receivable	-	-	-	9,685	-	-	-	-	6,345	-
Subordinated debt										
Opening balance	-	-	-	-	44,000	-	-	-	-	44,000
Received during the period / year	-	-	-	-	50,000	-	-	-	-	-
Closing balance	-	-	-	-	94,000	-	-	-	-	44,000
Deposits and other accounts										
Opening balance	569,762	691,575	132,421	1,770,411	5,223,723	769,918	774,436	90,084	59,383	6,936,252
Received during the period / year	4,294,709	5,114,245	8,555,444	437,421,546	120,025,109	4,487,172	5,939,373	11,589,748	582,767,296	174,705,011
Withdrawn during the period / year	(3,893,980)	(4,868,052)	(8,588,528)	(432,469,082)	(117,238,747)	(4,687,328)	(6,022,234)	(11,547,411)	(581,056,268)	(176,417,540)
Closing balance	970,491	937,768	99,337	6,722,875	8,010,085	569,762	691,575	132,421	1,770,411	5,223,723
Other liabilities										
Interest / mark-up payable	3,492	9,833	22	-	15,051	73	1,598	-	-	24,737
Payable to staff retirement fund	-	-	-	-	1,997,804	-	-	-	-	974,312
Unrealized loss on forward exchange contract	-	-	-	-	9,951	-	-	-	-	-
Other liabilities	-	83	777	-	-	-	113	836	-	-
Contingencies and commitments										
	-	-	-	-	2,493,018	-	-	-	-	1,004,215
Other Transactions - Investor Portfolio Securities										
Opening balance	-	-	120,000	-	16,314,700	-	-	75,000	-	4,791,800
Increased during the period / year	-	-	-	-	15,317,500	-	-	45,000	-	25,764,700
Decreased during the period / year	-	-	(75,000)	-	(14,329,500)	-	-	-	-	(14,241,800)
Closing balance	-	-	45,000	-	17,302,700	-	-	120,000	-	16,314,700



37.1 Related Party Transactions

	30 September 2023 (Un-audited)					30 September 2022 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	-	15,399	36,294	-	117,933	2	10,781	47,521	-	113,453
Fee and commission income	115	614	14	117	13,563	86	320	15	55	5,946
Dividend income	-	-	-	599,749	82,614	-	-	-	492,370	53,996
Net gain on sale / redemption of securities and units of mutual funds	-	-	-	-	-	-	-	-	53,256	332
Rental income	-	-	9,322	-	-	-	-	8,636	-	-
Other income	-	-	587	-	436	-	-	587	-	432
Expense										
Mark-up / return / interest expensed	73,214	76,631	21,956	668,466	978,146	42,626	61,479	13,630	249,781	531,165
Operating expenses	-	-	-	-	3,771	-	-	-	-	30,675
Brokerage expenses	-	-	4,229	-	-	-	-	4,585	-	-
Salaries and allowances	-	799,039	-	-	-	-	645,451	-	-	-
Bonus	-	116,250	-	-	-	-	143,174	-	-	-
Contribution to defined contribution plan	-	36,237	-	-	-	-	26,507	-	-	-
Contribution to defined benefit plan	-	154,864	-	-	-	-	110,355	-	-	-
Staff provident fund	-	-	-	-	778,055	-	-	-	-	648,368
Staff gratuity fund	-	-	-	-	621,000	-	-	-	-	469,000
Directors' fees	32,390	-	-	-	-	30,890	-	-	-	-
Donation	-	-	-	-	21,000	-	-	-	-	21,000
Insurance premium paid	-	-	-	-	274,358	-	-	-	-	134,360
Insurance claims settled	-	-	-	-	24,414	-	-	-	-	37,259

Chief Executive, Executive Director and Key Management Personnel are entitled to Bank's maintained cars with fuel in accordance with the terms of their employment and are entitled to medical and life insurance benefits in accordance with the policy of the Bank. In addition, the Chief Executive and Executive Director are also provided with drivers, security arrangements and payment of travel bills, utility bills, medical bills, club and entertainment bills, in accordance with their terms of employment.

Chairman of the Board is entitled to administration facilities / expenses pertaining to the office, staff and security arrangements.



38. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	11,114,254	11,114,254
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	106,075,827	88,523,529
Eligible Additional Tier 1 (ADT 1) Capital	13,334,827	13,331,030
Total Eligible Tier 1 Capital	119,410,654	101,854,559
Eligible Tier 2 Capital	35,525,788	30,082,013
Total Eligible Capital (Tier 1 + Tier 2)	154,936,442	131,936,572
Risk Weighted Assets (RWAs):		
Credit Risk	805,021,532	735,957,692
Market Risk	28,026,882	11,889,046
Operational Risk	147,320,337	147,320,337
Total	980,368,751	895,167,075
Common Equity Tier 1 Capital Adequacy ratio	10.820%	9.889%
Tier 1 Capital Adequacy Ratio	12.180%	11.378%
Total Capital Adequacy Ratio	15.804%	14.739%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	119,410,654	101,854,559
Total Exposures	3,018,532,971	2,742,827,763
Leverage Ratio	3.956%	3.713%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,040,240,735	741,159,604
Total Net Cash Outflow	354,421,901	309,591,436
Liquidity Coverage Ratio	293.504%	239.399%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,990,230,957	1,651,635,617
Total Required Stable Funding	1,085,071,374	922,254,251
Net Stable Funding Ratio	183.419%	179.087%



39. ISLAMIC BANKING BUSINESS

The Bank is operating 193 (31 December 2022: 178) Islamic banking branches and 150 (31 December 2022: 150) Islamic banking windows at the end of the period / year.

	Note	(Un-audited) 30 September 2023	(Audited) 31 December 2022
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		15,656,514	10,129,656
Balances with other banks		7,863	7,087
Due from financial institutions		–	–
Investments	39.1	173,175,561	139,707,651
Islamic financing and related assets - net	39.2	107,099,857	101,266,517
Fixed assets		1,115,451	960,714
Intangible assets		–	–
Due from Head Office		–	–
Other assets		20,462,178	9,004,260
Total Assets		317,517,424	261,075,885
LIABILITIES			
Bills payable		830,364	429,262
Due to financial institutions		36,443,707	38,932,611
Deposits and other accounts	39.3	237,551,870	177,775,602
Due to Head Office		952,990	7,016,160
Subordinated debt		–	–
Other liabilities		8,562,393	15,579,661
		284,341,324	239,733,296
NET ASSETS		33,176,100	21,342,589
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		–	–
Deficit on revaluation of assets		(552,165)	(463,276)
Unappropriated profit	39.4	26,128,265	14,205,865
		33,176,100	21,342,589
CONTINGENCIES AND COMMITMENTS	39.5		



The profit and loss account of the Bank's Islamic banking branches for the period ended 30 September 2023 is as follows:

	Note	(Un-audited) Nine months period ended	
		30 September 2023	30 September 2022
(Rupees in '000)			
Profit / return earned	39.6	32,156,317	16,895,598
Profit / return expensed	39.7	(16,397,932)	(9,260,414)
Net Profit / return		15,758,385	7,635,184
Other income			
Fee and commission income		890,538	609,995
Dividend income		52,190	58,244
Foreign exchange income		147,715	106,565
Income / (loss) from derivatives		-	-
Gain on securities		-	-
Other income		63,411	46,020
Total other income		1,153,854	820,824
Total income		16,912,239	8,456,008
Other expenses			
Operating expenses		(4,570,852)	(3,271,222)
Other charges		(5)	(111)
Total other expenses		(4,570,857)	(3,271,333)
Profit before provisions		12,341,382	5,184,675
Provisions and write offs-net		(418,982)	(73,145)
Profit for the period		11,922,400	5,111,530

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

39.1 Investments by segments:

Federal Government Securities								
- Ijarah Sukuks	138,819,046	-	(577,646)	138,241,400	106,895,687	-	(478,887)	106,416,800
- Neelum Jhelum Hydropower Co Ltd. Sukuk	1,732,500	-	-	1,732,500	2,021,250	-	-	2,021,250
- Islamic Naya Pakistan Certificates	7,001,445	-	-	7,001,445	4,852,292	-	-	4,852,292
	147,552,991	-	(577,646)	146,975,345	113,769,229	-	(478,887)	113,290,342
Shares								
- Listed Companies	30,529	(19,782)	100	10,847	30,529	(19,253)	56	11,332
Non Government Debt Securities								
- Listed	22,224,082	-	(2,082)	22,222,000	21,952,266	-	(2,266)	21,950,000
- Unlisted	3,441,750	-	-	3,441,750	3,940,000	-	-	3,940,000
	25,665,832	-	(2,082)	25,663,750	25,892,266	-	(2,266)	25,890,000
Units of Mutual Funds	351,022	(52,866)	27,463	325,619	351,022	(52,866)	17,821	315,977
Associates								
- AL-Habib Islamic Cash Fund	100,000	-	-	100,000	100,000	-	-	100,000
- AL-Habib Islamic Savings Fund	100,000	-	-	100,000	100,000	-	-	100,000
	200,000	-	-	200,000	200,000	-	-	200,000
Total Investments	173,800,374	(72,648)	(552,165)	173,175,561	140,243,046	(72,119)	(463,276)	139,707,651



	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
39.2 Islamic financing and related assets		
Ijarah	2,953,040	2,452,842
Murabaha	15,169,790	10,598,735
Diminishing Musharaka	17,386,415	15,741,969
Istisna	8,686,763	5,766,719
Musawamah	3,143,388	3,532,923
Running Musharaka	1,884,150	2,073,941
Staff Financing	1,810,539	1,438,084
Financing against Bills - Musawamah	5,198,006	3,916,970
Export Finance Scheme (EFS) - Discounting	5,941,539	5,110,945
Islamic Long Term Financing Facility (ILTFF)	5,358,101	3,835,813
Islamic Refinance for Renewable Energy (IFRE)	2,193,140	2,157,740
Islamic Refinance for Wages and Salaries (IRWS)	-	41,082
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	6,935,733	5,498,680
Islamic Refinance Facility for Modernization of SMEs (IRFSME)	43,710	49,186
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	136,959	142,438
Islamic Export Refinance - Istisna (IERF)	744,000	2,303,561
Islamic Export Refinance - Musawamah	-	303,750
Islamic Export Refinance - Running Musharaka	5,866,641	6,075,426
Musawamah Inventory	3,721,218	3,947,033
Advance against Istisna	10,016,934	9,761,928
Advance against Istisna - IERF	6,588,119	7,922,393
Advance against Musawamah - IERF	50,000	-
Advance against Ijarah	332,423	444,846
Advance against Diminishing Musharaka	1,868,333	3,102,235
Advance against ILTFF	104,192	2,100,278
Advance against IFRE	711,298	451,733
Advance against ITERF	1,054,382	2,888,709
Advance against IRFSME	12,940	-
Gross Islamic financing and related assets	107,911,753	101,659,959
Less: provision against Islamic financings		
- Specific	761,839	343,385
- General	50,057	50,057
	811,896	393,442
Islamic financing and related assets-net of provision	107,099,857	101,266,517



	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
39.3 Deposits and Other Accounts		
Customers		
Current deposits	93,117,251	64,921,780
Savings deposits	111,302,886	64,480,636
Term deposits	25,847,578	27,105,947
	<u>230,267,715</u>	<u>156,508,363</u>
Financial institutions		
Current deposits	7,243,425	16,506
Savings deposits	40,730	21,250,733
	<u>7,284,155</u>	<u>21,267,239</u>
	<u>237,551,870</u>	<u>177,775,602</u>
39.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	14,205,865	6,607,722
Add: Islamic Banking profit for the period / year	11,922,400	7,598,143
Closing Balance	<u>26,128,265</u>	<u>14,205,865</u>
39.5 Contingencies and Commitments		
Guarantees	13,147,558	10,385,298
Commitments	40,168,735	24,096,223
	<u>53,316,293</u>	<u>34,481,521</u>
	(Un-audited)	
	<u>Nine months period ended</u>	
	30 September 2023	30 September 2022
	(Rupees in '000)	
39.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	10,473,586	6,004,981
Investments	21,591,542	10,867,010
Placements	91,189	23,607
	<u>32,156,317</u>	<u>16,895,598</u>
39.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	13,682,005	5,299,146
Due to Financial Institutions	1,854,311	1,814,319
Due to Head Office	861,616	2,146,949
	<u>16,397,932</u>	<u>9,260,414</u>



39.8 Profit and Loss Distribution and Pool Management

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

General Pool PKR (Mudaraba)

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

Special Pool(s) PKR (Mudaraba)

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

General Pool FCY (Mudaraba)

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

Special Pool(s) FCY (Mudaraba)

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

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

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

Equity Pool

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

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

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

Parameters associated with risk and rewards:

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

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



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

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

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

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

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

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

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

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

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

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

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



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

	30 September 2023 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	18,558,404	6,848,543	36.90%	2,952,128	43.11%
FCY Pool	212,673	157,093	73.87%	15,687	9.99%
	30 September 2022 (Un-audited)				
LCY Pool	10,010,436	2,775,040	27.72%	1,236,665	44.56%
FCY Pool	107,897	101,055	93.66%	6,530	6.46%

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

	(Un-audited) Nine months period ended	
	30 September 2023	30 September 2022
	(Percentage)	
Profit rate earned	16.81%	10.15%
Profit rate distributed	9.55%	5.38%

40. GENERAL

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

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

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

40.4 The Board of Directors, in its meeting held on 25 October 2023, announced an interim cash dividend of Rs 4.50 per share (30 September 2022: NIL). This is in addition to the interim cash dividend already paid at Rs. 4.50 per share.

41. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 25 October 2023.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	(Un-audited) 30 September 2023	(Audited) 31 December 2022
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	6 148,175,915	94,163,589
Balances with other banks	7 5,171,879	15,105,449
Lendings to financial institutions	8 2,459,668	15,568,607
Investments	9 1,235,488,585	1,158,799,988
Advances	10 874,003,346	813,267,817
Fixed assets	11 78,992,124	62,087,777
Intangible assets	12 269,361	452,845
Deferred tax assets	13 5,920,645	9,702,816
Other assets	14 164,542,609	103,533,391
	2,515,024,132	2,272,682,279
LIABILITIES		
Bills payable	16 26,090,548	44,855,837
Borrowings	17 301,484,398	418,989,460
Deposits and other accounts	18 1,912,028,407	1,568,009,274
Liabilities against assets subject to finance lease	-	-
Subordinated debt	19 29,987,400	29,991,600
Deferred tax liabilities	-	-
Other liabilities	20 126,870,588	115,087,502
	2,396,461,341	2,176,933,673
NET ASSETS	118,562,791	95,748,606
REPRESENTED BY		
Share capital	11,114,254	11,114,254
Reserves	27,609,041	24,391,414
Surplus on revaluation of assets	21 6,502,460	899,575
Unappropriated profit	73,229,294	59,229,669
Equity attributable to the shareholders of the Holding company	118,455,049	95,634,912
Non-controlling interest	22 107,742	113,694
Total equity	118,562,791	95,748,606
CONTINGENCIES AND COMMITMENTS	23	

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

Note	Nine months period ended		Three months period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	(Rupees in '000)			
Mark-up / return / interest earned	25	261,344,466	132,803,766	56,142,916
Mark-up / return / interest expensed	26	(176,483,719)	(78,548,754)	(35,759,516)
Net mark-up / interest income		84,860,747	54,255,012	20,383,400
NON MARK-UP / INTEREST INCOME				
Fee and commission income	27	10,833,437	8,798,015	2,945,105
Dividend income		526,020	484,217	224,313
Foreign exchange income		5,294,189	5,689,426	2,580,683
Income / (loss) from derivatives		—	—	—
Gain / (loss) on securities-net	28	9,483	174,838	7,728
Share of profit from associates		781,994	582,765	219,106
Other income	29	652,886	629,976	202,361
Total non mark-up / interest income		18,098,009	16,359,237	6,179,296
Total income		102,958,756	70,614,249	26,562,696
NON MARK-UP / INTEREST EXPENSES				
Operating expenses	30	(49,455,039)	(38,596,200)	(13,988,261)
Workers welfare fund		(1,090,720)	(609,391)	(224,226)
Other charges	31	(37,776)	(4,578)	(3,781)
Total non mark-up / interest expenses		(50,583,535)	(39,210,169)	(14,216,268)
Profit before provisions		52,375,221	31,404,080	12,346,428
Reversals / (provisions) and write offs-net	32	1,047,555	(2,453,479)	(1,798,972)
Extra ordinary / unusual items		—	—	—
PROFIT BEFORE TAXATION		53,422,776	28,950,601	10,547,456
Taxation	33	(23,835,616)	(13,929,657)	(5,118,114)
PROFIT AFTER TAXATION		29,587,160	15,020,944	5,429,342
Attributable to:				
Shareholders of the Holding Company		29,592,994	15,024,646	5,430,236
Non-controlling interest		(5,834)	(3,702)	(894)
		29,587,160	15,020,944	5,429,342
(Rupees)				
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	34	26.63	13.52	4.89

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

	Nine months period ended		Three months period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	(Rupees in '000)			
Profit after taxation for the period	29,587,160	15,020,944	11,378,079	5,429,342
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Effect of translation of net investment in foreign branches	289,251	2,160,496	8,246	986,787
Movement in deficit on revaluation of investments-net of tax	(684,539)	(6,981,465)	2,796,758	(2,827,867)
	(395,288)	(4,820,969)	2,805,004	(1,841,080)
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus on revaluation of operating fixed assets-net of tax	6,403,707	(656,504)	(103,273)	(113,702)
Total comprehensive income	35,595,579	9,543,471	14,079,810	3,474,560
Attributable to:				
Shareholders of the Holding Company	35,601,531	9,552,843	14,078,465	3,476,964
Non-controlling interest	(5,952)	(9,372)	1,345	(2,404)
	35,595,579	9,543,471	14,079,810	3,474,560

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

	Attributable to shareholders of the Holding Company										
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of		Unappropriated Profit	Sub total	Non-controlling Interest	Total
				Special Reserve	General Reserve	Investments	Fixed / Non Banking Assets				
Balance as at 01 January 2022	11,114,254	17,511,051	2,478,915	126,500	540,000	(650,717)	7,104,700	52,071,442	90,296,145	123,140	90,419,285
Comprehensive income for the nine months period ended 30 September 2022:											
Profit after taxation	-	-	-	-	-	-	-	15,024,646	15,024,646	(3,702)	15,020,944
Other comprehensive income	-	-	2,160,496	-	-	(6,975,795)	(656,504)	-	(5,471,803)	(5,670)	(5,477,473)
Total comprehensive income for the period	-	-	2,160,496	-	-	(6,975,795)	(656,504)	15,024,646	9,552,843	(9,372)	9,543,471
Transfer to statutory reserve	-	1,496,873	-	-	-	-	-	(1,496,873)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(84,428)	84,428	-	-	-
Transaction with owners, recorded directly in equity											
Cash dividend (Rs. 7 per share) - December 2021	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)	-	(7,779,978)
Balance as at 30 September 2022-unaudited	11,114,254	19,007,924	4,639,411	126,500	540,000	(7,626,512)	6,363,768	57,903,665	92,069,010	113,768	92,182,778
Comprehensive income for the quarter ended 31 December 2022:											
Profit after taxation	-	-	-	-	-	-	-	1,663,281	1,663,281	2,079	1,665,360
Other comprehensive income	-	-	(82,571)	-	-	2,000,832	189,631	(205,271)	1,902,621	(2,153)	1,900,468
Total comprehensive income for the period	-	-	(82,571)	-	-	2,000,832	189,631	1,458,010	3,565,902	(74)	3,565,828
Transfer to statutory reserve	-	160,150	-	-	-	-	-	(160,150)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(28,144)	28,144	-	-	-
Balance as at 31 December 2022-audited	11,114,254	19,168,074	4,556,840	126,500	540,000	(5,625,680)	6,525,255	59,229,669	95,634,912	113,694	95,748,606
Comprehensive income for the nine months period ended 30 September 2023:											
Profit after taxation	-	-	-	-	-	-	-	29,592,994	29,592,994	(5,834)	29,587,160
Other comprehensive income	-	-	289,251	-	-	(684,421)	6,403,707	-	6,008,537	(118)	6,008,419
Total comprehensive income for the period	-	-	289,251	-	-	(684,421)	6,403,707	29,592,994	35,601,531	(5,952)	35,595,579
Transfer to statutory reserve	-	2,928,376	-	-	-	-	-	(2,928,376)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit-net of tax	-	-	-	-	-	-	(116,401)	116,401	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend (Rs. 7 per share) - December 2022	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)	-	(7,779,978)
Interim cash dividend (Rs. 4.5 per share) - June 2023	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)	-	(5,001,416)
Balance as at 30 September 2023-unaudited	11,114,254	22,096,450	4,846,091	126,500	540,000	(6,310,101)	12,812,561	73,229,294	118,455,049	107,742	118,562,791

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

	MANSOOR ALI KHAN <i>Chief Executive</i>		ASHAR HUSAIN <i>Chief Financial Officer</i>	
MOHAMMAD RAFIQUDDIN MEHKARI <i>Director</i>		FARHANA MOWJEE KHAN <i>Director</i>		ABBAS D. HABIB <i>Chairman</i>



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

	30 September 2023	30 September 2022
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	53,422,776	28,950,601
Less: Dividend income	(526,020)	(484,217)
	52,896,756	28,466,384
Adjustments:		
Depreciation	3,229,612	2,612,686
Depreciation on right-of-use assets	1,716,716	1,581,393
Amortisation	206,379	212,399
(Reversals) / provisions and write-offs-net	(1,047,616)	2,453,479
Gain on sale of fixed assets-net	(293,021)	(337,940)
Charge for defined benefit plan	621,000	469,000
Gain on securities-net	(9,483)	(174,838)
Share of profit from associates	(781,994)	(582,765)
Charge for compensated absences	182,463	181,833
Mark-up expense on lease liability against right-of-use assets	1,138,148	944,074
	4,962,204	7,359,321
	57,858,960	35,825,705
Decrease / (increase) in operating assets		
Lendings to financial institutions	13,108,939	(16,936,890)
Held-for-trading securities	95,741	16,889
Advances	(61,148,568)	(81,594,309)
Other assets	(60,990,458)	(37,078,454)
	(108,934,346)	(135,592,764)
(Decrease) / increase in operating liabilities		
Bills payable	(18,765,289)	(5,184,663)
Borrowings from financial institutions	(126,545,747)	54,550,228
Deposits	344,019,133	270,654,986
Other liabilities (excluding current taxation)	8,182,197	36,536,805
	206,890,294	356,557,356
	155,814,908	256,790,297
Income tax paid	(23,629,402)	(11,660,747)
Net cash flow generated from operating activities	132,185,506	245,129,550
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(79,829,069)	(256,113,427)
Net investments in held-to-maturity securities	2,382,688	7,963,149
Net investments in associates	485,697	3,672,433
Dividends received	502,525	467,559
Investments in operating fixed assets	(6,211,567)	(7,288,207)
Proceeds from sale of fixed assets	290,386	358,344
Exchange differences on translation of net investment in foreign branches	289,251	2,160,496
Net cash used in investing activities	(82,090,089)	(248,779,653)
CASH FLOW FROM FINANCING ACTIVITIES		
(Payments) / receipts of subordinated debt-net	(4,200)	6,997,200
Dividend paid	(12,548,765)	(7,692,595)
Payment against lease liabilities	(2,504,381)	(1,973,476)
Net cash used in financing activities	(15,057,346)	(2,668,871)
Increase / (decrease) in cash and cash equivalents	35,038,071	(6,318,974)
Cash and cash equivalents at beginning of the period	108,774,793	125,042,703
Cash and cash equivalents at end of the period	143,812,864	118,723,729

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

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding Company

- Bank AL Habib Limited

Subsidiaries

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

- 1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017) having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,074 branches (31 December 2022: 1,050 branches), 29 sub - branches (31 December 2022: 29 sub - branches), 04 representative offices (31 December 2022: 04 representative offices) and 09 booths (31 December 2022: 09 booths). The branch network of the Bank includes 02 overseas branches (31 December 2022: 02 overseas branches) and 193 Islamic Banking branches (31 December 2022: 178 Islamic Banking branches).
- 1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.
- 1.4 The Bank has invested in 100% shares of AL Habib Asset Management Limited. The Company was incorporated in Pakistan on 30 September 2005 as an unquoted public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company has been issued a license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services as a Non-Banking Finance Company. The principal business of the Company is to provide Investment Advisory Services and Asset Management Services.

The Company is managing following funds:

- AL Habib Cash Fund
- AL Habib Money Market Fund
- AL Habib Income Fund
- AL Habib Asset Allocation Fund
- AL Habib Stock Fund
- AL Habib Islamic Cash Fund
- AL Habib Islamic Income Fund
- AL Habib Islamic Stock Fund
- AL Habib Islamic Savings Fund
- AL Habib Pension Fund
- AL Habib Islamic Pension Fund
- AL Habib Islamic Munafa Fund
- AL Habib Fixed Return Fund



2. BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.
- 2.2 Key financial information of the Islamic Banking branches is disclosed in note 40 to these consolidated condensed interim financial statements.

2.3 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- IFAS issued by ICAP, as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by SBP and the Securities and Exchange Commission of Pakistan (SECP).

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

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



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

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

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

3. ACCOUNTING POLICIES

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

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

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



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

IFRS 9 has been applicable in several overseas jurisdictions from 01 January 2018. Accordingly, the requirements of this standard are incorporated in the Group's consolidated condensed interim financial statements for the jurisdictions where IFRS 9 has been adopted.

As per SBP's BPRD Circular No. 7 dated 13 April 2023, the effective date of IFRS 9 for banks in Pakistan has been extended from 01 January 2023 to 01 January 2024, and accordingly the Standard will be applied in the Bank's financial statements for accounting periods beginning on or after 1 January 2024. As disclosed in note 2.7.1 to the annual consolidated financial statements of the Group for the year ended 31 December 2022, the Group had carried out an impact assessment based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Group will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT

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



	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	33,360,809	26,172,043
Foreign currencies	4,010,675	1,703,466
	37,371,484	27,875,509
In transit:		
Local currency	342,971	291,878
Foreign currencies	338,323	-
	681,294	291,878
With State Bank of Pakistan in:		
Local currency current accounts	76,283,037	53,502,052
Local currency current accounts-Islamic Banking	10,190,219	6,348,266
Foreign currency deposit accounts		
Cash reserve account	5,409,482	4,641,833
Cash reserve / special cash reserve accounts		
- Islamic Banking	936,876	612,722
Special cash reserve account	10,818,964	-
Local collection account	708,888	552,306
	104,347,466	65,657,179
With National Bank of Pakistan in:		
Local currency current accounts	5,469,629	189,343
Prize bonds	306,042	149,680
	148,175,915	94,163,589
7. BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	187,295	92,616
In deposit accounts	27,740	636,181
	215,035	728,797
Outside Pakistan:		
In current accounts	4,574,712	2,692,451
In deposit accounts	382,215	11,684,220
	4,956,927	14,376,671
	5,171,962	15,105,468
Less: impairment against IFRS 9 in overseas branches	(83)	(19)
	5,171,879	15,105,449
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)		
Pakistan Investment Bonds	990,700	-
Market Treasury Bills	1,468,968	15,568,607
	2,459,668	15,568,607



9. INVESTMENTS

Note	30 September 2023 (Un-audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value (Rupees in '000)	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying Value
9.1 Investments by type:								
Held-for-trading securities								
Shares	-	-	-	-	99,950	-	419	100,369
Available-for-sale securities								
Federal Government Securities	1,027,662,974	(5,078,976)	(14,857,112)	1,007,726,886	945,814,070	(4,841,980)	(10,784,639)	930,187,451
Shares	4,566,510	(1,983,505)	628,192	3,211,197	4,675,318	(1,917,975)	410,910	3,168,253
Non Government Debt Securities	30,328,417	(99,920)	(87,256)	30,141,241	30,742,543	-	(87,440)	30,655,103
Foreign Securities	9,058,444	(4,211,740)	762,900	5,609,604	7,476,045	(3,314,354)	(43,536)	4,118,155
Units of Mutual Funds	3,076,286	(351,370)	1,162,935	3,887,851	3,257,238	(365,225)	615,580	3,507,593
	1,074,692,631	(11,725,511)	(12,390,341)	1,050,576,779	991,965,214	(10,439,534)	(9,889,125)	971,636,555
Held-to-maturity securities								
Federal Government Securities	179,825,584	(1,587,834)	-	178,237,750	182,266,360	(1,739,320)	-	180,527,040
Foreign Securities	1,870,950	(1,027,001)	-	843,949	1,812,862	(810,648)	-	1,002,214
Other	4,481	(4,481)	-	-	4,481	(4,481)	-	-
	181,701,015	(2,619,316)	-	179,081,699	184,083,703	(2,554,449)	-	181,529,254
Associates	5,830,107	-	-	5,830,107	5,533,810	-	-	5,533,810
Total Investments	<u>1,262,223,753</u>	<u>(14,344,827)</u>	<u>(12,390,341)</u>	<u>1,235,488,585</u>	<u>1,181,682,677</u>	<u>(12,993,983)</u>	<u>(9,888,706)</u>	<u>1,158,799,988</u>



	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
9.1.1 Investments given as collateral		
Market Treasury Bills	12,408,875	71,831,084
Pakistan Investment Bonds	91,021,752	154,644,300
	<u>103,430,627</u>	<u>226,475,384</u>

9.2 Provision for diminution in the value of investments		
Opening balance	12,993,983	3,520,375
Exchange adjustments against IFRS 9 in overseas branches	2,884,656	512,063
(Reversal) / charge:		
Charge for the period / year	225,925	158,469
(Reversal) / charge of impairment as per IFRS 9 in overseas branches for the period / year	(1,685,407)	8,843,517
Reversal on disposal during the period / year	(74,330)	(40,441)
	<u>(1,533,812)</u>	8,961,545
Closing balance	<u>14,344,827</u>	<u>12,993,983</u>

Category of classification	30 September 2023 (Un-audited)		31 December 2022 (Audited)	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	(Rupees in '000)			
Domestic				
Loss	<u>99,920</u>	<u>99,920</u>	<u>-</u>	<u>-</u>

9.3 The market value of securities classified as held-to-maturity at 30 September 2023 amounted to Rs. 166,545 million (31 December 2022: Rs. 170,599 million).

9.4 Provision against investments includes Expected Credit Losses (ECL) / impairment under the IFRS 9 amounting to Rs. 11,905.551 million (31 December 2022: Rs. 10,706.302 million) on overseas branches.

The Bank has estimated ECL / impairment provisions based on the IFRS 9 requirements in respect of overseas jurisdictions. Under the IFRS 9 model, credit impairment provisions, inter alia, takes into account the credit ratings of the relevant bonds provided by the International rating agencies and the observed Probability of Default information relevant for such credit rating with appropriate adjustments applied by the Bank considering the market conditions.



10. ADVANCES

	Performing		Non Performing		Total	
	(Unaudited) 30 September 2023	(Audited) 31 December 2022	(Unaudited) 30 September 2023	(Audited) 31 December 2022	(Unaudited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	711,267,928	673,293,270	15,418,162	13,102,322	726,686,090	686,395,592
Islamic financing and related assets	107,140,383	100,915,017	771,370	744,942	107,911,753	101,659,959
Bills discounted and purchased	59,109,153	42,148,012	455,271	874,021	59,564,424	43,022,033
Advances - gross	<u>877,517,464</u>	<u>816,356,299</u>	<u>16,644,803</u>	<u>14,721,285</u>	<u>894,162,267</u>	<u>831,077,584</u>
Provision against advances						
- Specific	-	-	14,074,404	11,606,594	14,074,404	11,606,594
- General as per regulations	291,890	410,890	-	-	291,890	410,890
- General	5,750,000	5,750,000	-	-	5,750,000	5,750,000
- As per IFRS 9 in overseas branches	42,627	42,283	-	-	42,627	42,283
	<u>6,084,517</u>	<u>6,203,173</u>	<u>14,074,404</u>	<u>11,606,594</u>	<u>20,158,921</u>	<u>17,809,767</u>
Advances - net of provision	<u>871,432,947</u>	<u>810,153,126</u>	<u>2,570,399</u>	<u>3,114,691</u>	<u>874,003,346</u>	<u>813,267,817</u>

10.1 Particulars of advances (Gross)

	(Un-audited) 30 September 2023	(Audited) 31 December 2022
In local currency	782,094,392	732,689,656
In foreign currencies	112,067,875	98,387,928
	<u>894,162,267</u>	<u>831,077,584</u>



10.2 Advances include Rs. 16,644.803 million (31 December 2022: Rs. 14,721.285 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 September 2023 (Un-audited)		31 December 2022 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	398,921	8,307	65,333	917
Substandard	617,825	144,144	887,349	211,101
Doubtful	1,278,561	579,862	926,869	463,175
Loss	5,271,641	5,207,691	4,618,496	4,552,653
	<u>7,566,948</u>	<u>5,940,004</u>	<u>6,498,047</u>	<u>5,227,846</u>
Overseas				
Overdue by:				
Upto 90 days	289,033	72,258	5,650,414	3,805,924
181 to 365 days	5,590,591	4,863,911	43,612	43,612
> 365 days	3,198,231	3,198,231	2,529,212	2,529,212
	<u>9,077,855</u>	<u>8,134,400</u>	<u>8,223,238</u>	<u>6,378,748</u>
Total	<u>16,644,803</u>	<u>14,074,404</u>	<u>14,721,285</u>	<u>11,606,594</u>

10.3 Particulars of provision against advances

	30 September 2023 (Un-audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	11,606,594	6,203,173	17,809,767	6,494,129	6,596,182	13,090,311
Exchange adjustments	1,926,716	11,449	1,938,165	663,797	99,778	763,575
Charge / (reversal) for the period / year						
- Specific provision	1,731,827	-	1,731,827	7,771,780	-	7,771,780
- General provision as per regulations	-	(119,000)	(119,000)	-	41,500	41,500
- As per IFRS 9 in overseas branches	-	(11,105)	(11,105)	-	(534,287)	(534,287)
Reversals	(1,188,683)	-	(1,188,683)	(3,275,830)	-	(3,275,830)
	<u>543,144</u>	<u>(130,105)</u>	<u>413,039</u>	<u>4,495,950</u>	<u>(492,787)</u>	<u>4,003,163</u>
Amounts written off	(2,050)	-	(2,050)	(47,282)	-	(47,282)
Closing balance	<u>14,074,404</u>	<u>6,084,517</u>	<u>20,158,921</u>	<u>11,606,594</u>	<u>6,203,173</u>	<u>17,809,767</u>

10.3.1 In line with its prudent policies, the Bank also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and as of 30 September 2023 amounts to Rs. 5,750 million (31 December 2022: Rs. 5,750 million).

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



	Note	(Unaudited) 30 September 2023 (Rupees in '000)	(Audited) 31 December 2022
11. FIXED ASSETS			
Capital work-in-progress	11.1	5,090,032	3,175,654
Property and equipment		73,902,092	58,912,123
		<u>78,992,124</u>	<u>62,087,777</u>
11.1 Capital work-in-progress			
Civil works		1,720,228	1,173,278
Advance payment for purchase of equipments		624,958	228,417
Advance payment towards suppliers, contractors and property		2,712,421	1,752,554
Consultants' fee and other charges		32,425	21,405
		<u>5,090,032</u>	<u>3,175,654</u>
11.2 Additions to fixed assets			
The following additions have been made to operating fixed assets during the period:			
		(Un-audited) Nine months period ended	
		30 September 2023	30 September 2022
		(Rupees in '000)	
Capital work-in-progress		4,725,049	3,719,895
Property and equipment			
Leasehold land		2,866	276,767
Building on leasehold land		275,563	647,226
Furniture and fixture		301,847	414,580
Electrical, office and computer equipment		1,840,895	2,575,891
Vehicles		1,266,873	656,420
Improvements to leasehold building		586,250	372,627
Right-of-use assets		1,557,228	2,594,978
		<u>5,831,522</u>	<u>7,538,489</u>
Total		<u>10,556,571</u>	<u>11,258,384</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		1,210	3,327
Electrical, office and computer equipment		4,224	3,990
Vehicles		15,493	10,163
Improvements to leasehold building		7,605	17,148
Right-of-use assets		118,482	88,750
Total		<u>147,014</u>	<u>123,378</u>



11.4 In accordance with the Bank's accounting policy, the Bank's leasehold land and buildings on leasehold land were revalued at 01 June 2023. The revaluation was carried out by an independent valuer, M/s. Harvester Services (Pvt) Limited on the basis of present physical condition and location of leasehold land and buildings on leasehold land. Fair values were ascertained by the independent valuer through various enquiries conducted by them at site from real estate agents and brokers. The revaluation resulted in an increase amounting to Rs. 14,216.516 million in the net surplus. The total surplus arising against revaluation of leasehold land and buildings on leasehold land as at 30 September 2023 amounts to Rs 22,199.896 million. The carrying value of revalued leasehold land and buildings on leasehold land was Rs. 48,490.090 million as at 30 September 2023. Had the leasehold land and buildings on leasehold land not been revalued, the total carrying amounts of revalued properties as at 30 September 2023 would have been as follows:

	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
Leasehold land	<u>13,066,480</u>	<u>8,730,369</u>
Buildings on leasehold land	<u>13,262,238</u>	<u>6,399,816</u>
12. INTANGIBLE ASSETS		
Computer software	186,191	369,675
TRE certificates	2,500	2,500
Management rights	80,670	80,670
	<u>269,361</u>	<u>452,845</u>
	(Un-audited)	
	Nine months period ended	
	30 September 2023	30 September 2022
	(Rupees in '000)	
12.1 Additions to intangible assets		
Computer software-directly purchased	<u>22,895</u>	<u>394,526</u>



	(Un-audited) 30 September 2023	(Audited) 31 December 2022
Note	(Rupees in '000)	
13. DEFERRED TAX ASSETS		
Deductible Temporary Differences on		
Provision against diminution in the value of investments	7,011,244	5,573,505
Provision against loans and advances, off-balance sheet etc.	2,401,441	2,131,285
Workers' welfare fund	2,421,531	1,659,964
Deficit on revaluation of available for sale investments	6,066,271	4,249,847
Others	19,209	20,318
	17,919,696	13,634,919
Taxable Temporary Differences on		
Accelerated tax depreciation	(1,994,253)	(1,713,841)
Surplus on revaluation of fixed assets / non-banking assets	(9,992,389)	(2,215,527)
Others	(12,409)	(2,735)
	(11,999,051)	(3,932,103)
	5,920,645	9,702,816
14. OTHER ASSETS		
Income / mark-up accrued in local currency-net of provision	97,111,182	41,874,661
Income / mark-up accrued in foreign currencies-net of provision	1,542,543	1,221,831
Advances, deposits, advance rent and other prepayments	2,524,469	1,567,932
Non-banking assets acquired in satisfaction of claims	3,657,853	3,651,344
Mark to market gain on forward foreign exchange contracts	4,381,351	2,685,804
Acceptances	42,279,674	47,907,675
Stationery and stamps on hand	1,252,561	710,733
Clearing and settlement account	8,538,703	1,980,400
Others	3,138,295	1,805,504
	164,426,631	103,405,884
Less: Provision held against other assets	14.1 (7,707)	(8,101)
Other Assets (net of provision)	164,418,924	103,397,783
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	123,685	135,608
Other Assets-total	164,542,609	103,533,391
14.1 Provision held against other assets		
Receivable against consumer loans	14.1.1 7,707	8,101



	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
14.1.1 Movement in provision held against other assets		
Opening balance	8,101	7,497
Charge for the period / year	2,933	2,620
Reversals for the period / year	(3,042)	(1,672)
	(109)	948
Amount written off	(285)	(344)
Closing balance	7,707	8,101
15. CONTINGENT ASSETS		
There were no contingent assets of the Group as at 30 September 2023 (31 December 2022: Nil).		
	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
16. BILLS PAYABLE		
In Pakistan	26,090,548	44,855,837
17. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan		
Under export refinance scheme	92,580,362	88,423,421
Under renewable energy	17,603,055	17,089,222
Under long term financing for imported and locally manufactured plant and machinery	32,084,086	35,641,679
Under modernisation of small and medium enterprises	843,665	771,687
Under women entrepreneurship	28,150	29,253
Under financing facility for storage of agricultural produce	899,618	1,009,305
Under refinance scheme for payment of wages and salaries	-	544,994
Under refinance scheme for working capital financing of small enterprises and low-end medium enterprises	30,000	-
Under temporary economic refinance facility	37,693,449	39,132,557
Under refinance facility for combating COVID-19	151,170	188,889
	181,913,555	182,831,007
Repurchase agreement borrowings	105,535,913	230,164,208
Total secured	287,449,468	412,995,215
Unsecured		
Call borrowings	4,500,000	5,500,000
Overdrawn nostro accounts	9,534,930	494,245
Total unsecured	14,034,930	5,994,245
	301,484,398	418,989,460



18. DEPOSITS AND OTHER ACCOUNTS

	30 September 2023 (Un-audited)			31 December 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	604,412,949	58,534,159	662,947,108	515,194,125	53,700,013	568,894,138
Savings deposits	607,658,173	52,312,513	659,970,686	402,129,430	51,436,347	453,565,777
Term deposits	210,775,650	59,591,637	270,367,287	225,036,480	48,657,036	273,693,516
Current deposits-remunerative	213,338,300	7,409,625	220,747,925	162,972,729	6,476,707	169,449,436
Others	30,717,152	20,732,388	51,449,540	36,607,996	12,203,992	48,811,988
	1,666,902,224	198,580,322	1,865,482,546	1,341,940,760	172,474,095	1,514,414,855
Financial institutions						
Current deposits	4,549,791	996,248	5,546,039	5,701,409	576,226	6,277,635
Savings deposits	7,488,796	28	7,488,824	21,757,779	22	21,757,801
Term deposits	782,118	458,943	1,241,061	727,223	293,228	1,020,451
Current deposits-remunerative	31,224,172	1,040,731	32,264,903	23,812,174	686,547	24,498,721
Others	5,034	-	5,034	39,811	-	39,811
	44,049,911	2,495,950	46,545,861	52,038,396	1,556,023	53,594,419
	1,710,952,135	201,076,272	1,912,028,407	1,393,979,156	174,030,118	1,568,009,274

	Note	(Un-audited)	(Audited)
		30 September 2023	31 December 2022
(Rupees in '000)			
19. SUBORDINATED DEBT - Unsecured			
Term Finance Certificates (TFCs) - VI	19.1	7,000,000	7,000,000
Term Finance Certificates (TFCs) - VII	19.2	3,992,800	3,993,600
Term Finance Certificates (TFCs) - VIII	19.3	4,996,000	4,998,000
Term Finance Certificates (TFCs) - IX	19.4	7,000,000	7,000,000
Term Finance Certificates (TFCs) - X	19.5	6,998,600	7,000,000
		29,987,400	29,991,600



19.1 Term Finance Certificates - VI

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

19.2 Term Finance Certificates - VII

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



19.3 Term Finance Certificates - VIII

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

19.4 Term Finance Certificates - IX

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



19.5 Term Finance Certificates - X

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

	(Un-audited) 30 September Note 2023	(Audited) 31 December 2022
	(Rupees in '000)	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	12,007,376	7,727,842
Mark-up / return / interest payable in foreign currencies	711,648	380,651
Unearned commission income	769,718	692,150
Accrued expenses	5,265,079	3,290,260
Acceptances	42,279,674	47,907,675
Unclaimed / dividend payable	865,360	632,731
Mark to market loss on forward foreign exchange contracts	6,287,451	1,106,213
Branch adjustment account	3,496,552	1,343,949
Payable to defined benefit plan	1,997,804	1,376,805
Charity payable	60,830	23,820
Provision against off-balance sheet items	20.1 108,727	110,059
Security deposits against leases / ijarah	9,347,664	8,899,624
Provision for compensated absences	1,502,698	1,311,882
Other security deposits	1,239,149	878,993
Workers' welfare fund	4,953,570	3,870,375
Payable to SBP / NBP	4,657,902	4,581,075
Insurance payable	597,591	683,385
Lease liability against right-of-use assets	14,285,018	14,213,811
Payable against sale of marketable securities on behalf of customers	104,738	214,175
Current taxation (payments less provisions)	4,787,514	2,290,392
Clearing and settlement account	4,862,629	10,257,497
Others	6,681,896	3,294,138
	<u>126,870,588</u>	<u>115,087,502</u>



	(Un-audited) 30 September 2023 Note	(Audited) 31 December 2022
(Rupees in '000)		
20.1 Provision against off-balance sheet obligations		
Opening balance	110,059	173,319
Exchange adjustment against IFRS 9 in overseas branches	1,291	21,866
Charge for the period / year	26	27,330
Reversal as per IFRS 9 in overseas branches for the period / year	(2,599)	(109,073)
Reversal for the period / year	(50)	(3,383)
	<u>(2,623)</u>	<u>(85,126)</u>
Closing balance	<u>108,727</u>	<u>110,059</u>
21. SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of:		
- Investments	21.1 (12,376,372)	(9,876,074)
- Fixed assets	22,751,613	8,675,522
- Non-banking assets acquired in satisfaction of claims	123,685	135,608
	<u>10,498,926</u>	<u>(1,064,944)</u>
Deferred tax on surplus / (deficit) on revaluation of:		
- Investments	(6,066,271)	(4,250,394)
- Fixed assets	10,005,018	2,226,730
- Non-banking assets acquired in satisfaction of claims	57,719	59,145
	<u>3,996,466</u>	<u>(1,964,519)</u>
	<u>6,502,460</u>	<u>899,575</u>
21.1 Investments		
Available-for-sale securities	(12,390,341)	(9,889,125)
Non-controlling interest	13,969	13,051
	<u>(12,376,372)</u>	<u>(9,876,074)</u>
Less: related deferred tax	(6,066,271)	(4,250,394)
	<u>(6,310,101)</u>	<u>(5,625,680)</u>
22. NON-CONTROLLING INTEREST		
Opening balance	113,694	123,140
Loss attributable to non-controlling interest	(5,834)	(1,623)
Loss on equity attributable to non-controlling interest	(118)	(7,823)
Closing balance	<u>107,742</u>	<u>113,694</u>
23. CONTINGENCIES AND COMMITMENTS		
Guarantees	23.1 177,157,027	164,254,110
Commitments	23.2 626,437,474	347,436,086
Other contingent liabilities	23.3 2,945,318	1,887,763
	<u>806,539,819</u>	<u>513,577,959</u>
23.1 Guarantees:		
Financial guarantees	29,431,979	24,753,930
Performance guarantees	147,725,048	139,500,180
	<u>177,157,027</u>	<u>164,254,110</u>



	(Un-audited) 30 September	(Audited) 31 December
Note	2023	2022
	(Rupees in '000)	
23.2 Commitments:		
Documentary credits and short term trade-related transactions		
- letters of credit	341,081,640	225,453,786
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 279,585,985	114,512,491
- forward lendings	23.2.2 4,051,390	6,328,518
Commitments for acquisition of:		
- Operating fixed assets	1,718,459	1,141,291
	<u>626,437,474</u>	<u>347,436,086</u>
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	167,984,936	78,111,679
Sale	111,601,049	36,400,812
	<u>279,585,985</u>	<u>114,512,491</u>
The maturities of above contracts are spread over the periods upto one year.		
23.2.2 Commitments in respect of forward lendings	<u>4,051,390</u>	<u>6,328,518</u>
These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
	(Un-audited) 30 September	(Audited) 31 December
	2023	2022
	(Rupees in '000)	
23.3 Claims against the Bank not acknowledged as debts	<u>2,945,318</u>	<u>1,887,763</u>

23.4 Other contingent liabilities

There is no material change in Group's tax contingencies as disclosed in note 23.4 to the annual consolidated financial statements for the year ended 31 December 2022 except for Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2020 and 2021 (Accounting Year 2019 and 2020) by disallowing certain expenses resulting in an impact of Rs. 2,608.296 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned orders.

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



24. DERIVATIVE INSTRUMENTS

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

24.1 Product Analysis

Counter Parties	30 September 2023 (Un-audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
	(Rupees in '000)					
Banks						
Hedging	55,736,264	1,053,696	88,772,372	195,907	144,508,636	1,249,603
Other Entities						
Hedging	135,077,349	(3,155,703)	–	–	135,077,349	(3,155,703)
Total						
Hedging	<u>190,813,613</u>	<u>(2,102,007)</u>	<u>88,772,372</u>	<u>195,907</u>	<u>279,585,985</u>	<u>(1,906,100)</u>
	31 December 2022 (Audited)					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
	(Rupees in '000)					
Banks						
Hedging	6,657,489	(79,494)	57,727,922	472,630	64,385,411	393,136
Other Entities						
Hedging	50,127,080	1,186,455	–	–	50,127,080	1,186,455
Total						
Hedging	<u>56,784,569</u>	<u>1,106,961</u>	<u>57,727,922</u>	<u>472,630</u>	<u>114,512,491</u>	<u>1,579,591</u>



24.2 Maturity Analysis

	30 September 2023 (Un-audited)				
	Number of contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	322	100,508,397	(1,437,207)	1,921,983	484,776
1 to 3 months	629	97,834,909	(3,191,404)	1,808,160	(1,383,244)
3 to 6 months	486	72,233,026	(1,459,833)	571,988	(887,845)
6 months to 1 year	85	9,009,653	(199,007)	79,220	(119,787)
	1,522	279,585,985	(6,287,451)	4,381,351	(1,906,100)

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

(Un-audited)	
Nine months period ended	
30 September 2023	30 September 2022
	(Rupees in '000)

25. MARK-UP / RETURN / INTEREST EARNED

On loans and advances	98,844,720	54,695,570
On investments	159,129,633	76,101,901
On deposits with financial institutions	834,306	50,223
On securities purchased under resale agreements	2,445,481	1,956,072
On call money lendings	90,326	–
	261,344,466	132,803,766



		(Un-audited)	
		<u>Nine months period ended</u>	
		30 September	30 September
		2023	2022
		(Rupees in '000)	
26. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		131,310,780	59,934,310
Borrowings from SBP		7,880,603	3,979,246
Subordinated debt		4,612,507	2,148,964
Cost of foreign currency swaps		4,815,959	1,457,776
Repurchase agreement borrowings		26,236,853	9,480,729
Mark-up expense on lease liability against right-of-use assets		1,138,148	944,074
Other borrowings		488,869	603,655
		<u>176,483,719</u>	<u>78,548,754</u>
27. FEE AND COMMISSION INCOME			
Branch banking customer fees		1,467,982	1,024,045
Investment banking fees		76,798	101,965
Consumer finance related fees		35,060	41,818
Card related fees (debit and credit cards)		3,172,397	1,944,903
Credit related fees		294,329	298,301
Commission on trade		4,151,077	4,296,855
Commission on guarantees		642,184	555,074
Commission on cash management		192,043	188,205
Commission on home remittances		311,849	126,901
Others		489,718	219,948
		<u>10,833,437</u>	<u>8,798,015</u>
28. GAIN / (LOSS) ON SECURITIES-NET			
Realised	28.1	9,483	178,602
Unrealised-held for trading		-	(3,764)
		<u>9,483</u>	<u>174,838</u>
28.1 Realised gain / (loss) on:			
Federal Government Securities		188	971
Shares		25,104	177,631
Units of Mutual Fund		(15,809)	-
		<u>9,483</u>	<u>178,602</u>
29. OTHER INCOME			
Gain on sale of fixed assets-net		293,021	337,940
Recovery of expenses from customers		329,226	260,233
Lockers rent		17,983	15,431
Income on margin financing		6,316	7,184
Others		6,340	9,188
		<u>652,886</u>	<u>629,976</u>



	(Un-audited)	
	Nine months period ended	
	30 September 2023	30 September 2022
	(Rupees in '000)	
30. OPERATING EXPENSES		
Total compensation expenses	20,221,079	17,263,575
Property expenses		
Rent and taxes	160,044	243,259
Insurance	18,502	13,548
Utilities cost	2,427,551	1,871,707
Security (including guards)	1,394,790	1,047,560
Repair and maintenance (including janitorial charges)	520,784	333,288
Depreciation	2,740,835	2,452,176
	7,262,506	5,961,538
Information technology expenses		
Software maintenance	2,019,236	1,284,009
Hardware maintenance	783,272	454,095
Depreciation	672,634	484,438
Amortisation	206,379	212,399
Network charges	543,704	417,460
	4,225,225	2,852,401
Other operating expenses		
Directors' fees and allowances	34,611	32,965
Fees and allowances to Shariah Board	18,322	14,026
Insurance	688,232	561,523
Legal and professional charges	269,089	291,227
Outsourced services costs	2,294,127	1,811,305
Travelling and conveyance	329,553	287,070
NIFT and other clearing charges	166,350	148,637
Depreciation	1,532,859	1,257,465
Repair and maintenance	1,665,227	1,436,648
Training and development	82,499	47,746
Postage and courier charges	281,371	296,057
Communication	1,478,638	436,308
Stationery and printing	1,350,467	861,898
Marketing, advertisement and publicity	874,858	536,930
Donations	366,459	303,050
Auditors remuneration	14,080	10,370
Commission and brokerage	1,028,572	464,505
Entertainment and staff refreshment	461,163	343,264
Vehicle running expenses	3,272,379	2,006,913
Subscriptions and publications	271,225	209,598
CNIC verification charges	172,833	141,870
Security charges	547,218	465,003
Others	546,097	554,308
	17,746,229	12,518,686
	49,455,039	38,596,200



		(Un-audited)	
		Nine months period ended	
		30 September	30 September
		2023	2022
Note		(Rupees in '000)	
31.	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	<u>37,776</u>	<u>4,578</u>
32.	(REVERSALS) / PROVISIONS AND WRITE OFFS - NET		
	(Reversal) / provision for diminution in value of investments - net 9.2	(1,533,812)	1,818,159
	Provision against loans and advances - net 10.3	413,039	608,594
	(Reversal) / provision against other assets - net 14.1.1	(109)	563
	(Reversal) / provision against off-balance sheet items - net 20.1	(2,623)	26,163
	Provision against balance with other banks	61	-
	Loss on revaluation of fixed assets	75,889	-
		<u>(1,047,555)</u>	<u>2,453,479</u>
33.	TAXATION		
	Current	26,126,524	15,172,151
	Deferred	(2,290,908)	(1,242,494)
		<u>23,835,616</u>	<u>13,929,657</u>
33.1	During the period, rate of super tax was enhanced to 10% for tax years 2024 and onwards. Accordingly, the impact of this change including recognition of deferred tax asset at increased rate has been incorporated in these consolidated condensed interim financial statements.		
		(Un-audited)	
		Nine months period ended	
		30 September	30 September
		2023	2022
Note		(Rupees in '000)	
34.	BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY		
	Profit for the period-attributable to equity holders of the Holding Company	<u>29,592,994</u>	<u>15,024,646</u>
		(Number)	
	Weighted average number of ordinary shares	<u>1,111,425,416</u>	<u>1,111,425,416</u>
		(Rupees)	
	Basic and diluted earnings per share	<u>26.63</u>	<u>13.52</u>



35. FAIR VALUE MEASUREMENTS

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

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

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

35.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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



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

30 September 2023 (Un-audited)				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government Securities	-	1,007,726,886	-	1,007,726,886
Shares	3,024,695	-	-	3,024,695
Non-Government Debt Securities	25,444,991	4,696,250	-	30,141,241
Foreign Securities	-	5,609,604	-	5,609,604
Units of Mutual Funds	-	3,887,851	-	3,887,851
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	169,498,374	-	169,498,374
Foreign Securities	-	1,046,749	-	1,046,749
Associates				
Units of Mutual Funds	-	5,830,107	-	5,830,107
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	162,280,318	-	162,280,318
Forward sale of foreign exchange contracts	-	115,399,567	-	115,399,567
31 December 2022 (Audited)				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets-measured at fair value				
Investments				
Federal Government Securities	-	930,187,451	-	930,187,451
Shares	3,081,855	-	-	3,081,855
Non-Government Debt Securities	25,515,203	5,139,900	-	30,655,103
Foreign Securities	-	4,118,155	-	4,118,155
Units of Mutual Funds	-	3,507,593	-	3,507,593
Financial assets-disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	169,562,245	-	169,562,245
Foreign Securities	-	1,037,110	-	1,037,110
Associates				
Units of Mutual Funds	-	5,533,810	-	5,533,810
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange contracts	-	80,387,622	-	80,387,622
Forward sale of foreign exchange contracts	-	35,704,460	-	35,704,460



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

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

36. TRUST ACTIVITIES

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

37. SEGMENT INFORMATION

Segment details with respect to Business Activities

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

	Nine months period ended 30 September 2023 (Un-audited)				
	Commercial banking	Retail banking	Retail brokerage	Asset management	Total
	(Rupees in '000)				
Profit and loss account					
Mark-up / return / profit	226,174,015	35,128,550	39,378	2,523	261,344,466
Inter segment revenue-net	-	46,149,796	-	-	46,149,796
Non mark-up / return / interest income	4,151,301	13,318,259	76,515	551,934	18,098,009
Total income	230,325,316	94,596,605	115,893	554,457	325,592,271
Segment direct expenses	(142,807,554)	(84,024,180)	(132,096)	(103,424)	(227,067,254)
Inter segment expense allocation	(46,149,796)	-	-	-	(46,149,796)
Total expenses	(188,957,350)	(84,024,180)	(132,096)	(103,424)	(273,217,050)
Reversal / (provisions)	1,051,058	(3,503)	-	-	1,047,555
Profit / (loss) before tax	42,419,024	10,568,922	(16,203)	451,033	53,422,776

	As at 30 September 2023 (Un-audited)				
	Commercial banking	Retail banking	Retail brokerage	Asset management	Total
Statement of financial position					
Cash and bank balances	145,938,186	7,297,924	102,265	9,419	153,347,794
Investments	1,234,201,995	-	152,096	1,134,494	1,235,488,585
Net inter segment lending	942,258	1,230,160,509	-	-	1,231,102,767
Lendings to financial institutions	2,459,668	-	-	-	2,459,668
Advances - performing	829,855,418	41,577,520	9	-	871,432,947
- non-performing	2,540,977	29,422	-	-	2,570,399
Others	236,851,086	12,323,887	375,304	174,462	249,724,739
Total assets	2,452,789,588	1,291,389,262	629,674	1,318,375	3,746,126,899
Borrowings	301,324,767	-	159,631	-	301,484,398
Subordinated debt	29,987,400	-	-	-	29,987,400
Deposits and other accounts	720,168,068	1,191,860,339	-	-	1,912,028,407
Net inter segment borrowing	1,230,160,509	-	192,258	750,000	1,231,102,767
Others	57,517,311	95,196,980	146,816	100,029	152,961,136
Total liabilities	2,339,158,055	1,287,057,319	498,705	850,029	3,627,564,108
Equity	113,631,533	4,331,943	130,969	468,346	118,562,791
Total equity and liabilities	2,452,789,588	1,291,389,262	629,674	1,318,375	3,746,126,899
Contingencies and commitments	518,071,773	166,894	-	-	518,238,667



Nine months period ended 30 September 2022 (Un-audited)

	Commercial banking	Retail banking	Retail brokerage	Asset management	Total
(Rupees in '000)					
Profit and loss account					
Mark-up / return / profit	115,757,076	16,998,706	47,380	604	132,803,766
Inter segment revenue-net	35,119	20,603,729	–	–	20,638,848
Non mark-up / return / interest income	8,487,555	7,580,360	82,357	208,965	16,359,237
Total income	124,279,750	45,182,795	129,737	209,569	169,801,851
Segment direct expenses	(78,420,879)	(39,124,070)	(139,723)	(74,251)	(117,758,923)
Inter segment expense allocation	(20,603,729)	–	(6,986)	(28,133)	(20,638,848)
Total expenses	(99,024,608)	(39,124,070)	(146,709)	(102,384)	(138,397,771)
Provisions	(2,381,070)	(63,121)	(9,288)	–	(2,453,479)
Profit / (loss) before tax	22,874,072	5,995,604	(26,260)	107,185	28,950,601

As at 31 December 2022 (Audited)

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

38. RELATED PARTY TRANSACTIONS

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

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



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

	30 September 2023 (Un-audited)				31 December 2022 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	5,533,810	386,597	-	-	8,563,438	305,998
Investment made during the period / year	-	-	3,368,097	-	-	-	9,077,662	50,000
Investment adjusted / redeemed / disposed off during the period / year	-	-	(3,072,800)	-	-	-	(12,107,290)	-
Surplus on revaluation during the period / year	-	-	-	11,863	-	-	-	30,599
Closing balance	-	-	5,830,107	398,460	-	-	5,533,810	386,597
Advances								
Opening balance	1,310	320,774	-	1,023,207	1,620	195,482	-	2,417,285
Addition during the period / year	10,049	190,136	-	20,879,916	90,890	328,735	-	40,985,490
Repaid during the period / year	(11,150)	(154,076)	-	(20,822,824)	(91,200)	(203,443)	-	(42,379,568)
Closing balance	209	356,834	-	1,080,299	1,310	320,774	-	1,023,207
Operating fixed assets								
Right of use	-	-	-	6,133	-	-	-	9,199
Other assets								
Interest / mark-up accrued	-	1,775	-	5,746	-	177	-	25,879
L/C acceptances	-	-	-	337,649	-	-	-	323,894
Dividend receivable	-	-	9,685	-	-	-	6,345	-
Remuneration receivable from funds	-	-	145,841	-	-	-	56,248	-
Other receivable	-	-	749	9	-	-	236	64
Subordinated debt								
Opening balance	-	-	-	44,000	-	-	-	44,000
Received during the period / year	-	-	-	50,000	-	-	-	-
Closing balance	-	-	-	94,000	-	-	-	44,000
Deposits and other accounts								
Opening balance	569,762	691,575	1,770,411	5,223,723	769,918	774,436	59,383	6,936,252
Received during the period / year	4,294,709	5,114,245	437,421,546	120,025,109	4,487,172	5,939,373	582,767,296	174,705,011
Withdrawn during the period / year	(3,893,980)	(4,868,052)	(432,469,082)	(117,238,747)	(4,687,328)	(6,022,234)	(581,056,268)	(176,417,540)
Closing balance	970,491	937,768	6,722,875	8,010,085	569,762	691,575	1,770,411	5,223,723
Other liabilities								
Interest / mark-up payable	3,492	9,833	-	15,051	73	1,598	-	24,737
Payable to staff retirement fund	-	-	-	1,998,772	-	-	-	974,312
Unrealized loss on forward exchange contract	-	-	-	9,951	-	-	-	-
Other liabilities	-	83	-	-	-	113	-	71,960
Contingencies and commitments								
	-	-	-	2,493,018	-	-	-	1,004,215
Other Transactions-Investor Portfolio Securities								
Opening balance	-	-	-	16,314,700	-	-	-	4,791,800
Increased during the period / year	-	-	-	15,317,500	-	-	-	25,764,700
Decreased during the period / year	-	-	-	(14,329,500)	-	-	-	(14,241,800)
Closing balance	-	-	-	17,302,700	-	-	-	16,314,700



38.1 Related Party Transactions

	30 September 2023 (Un-audited)				30 September 2022 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	–	15,399	–	117,933	2	10,781	–	113,453
Fee and commission income	115	614	444,216	13,563	86	320	142,589	5,946
Dividend income	–	–	–	82,614	–	–	–	53,996
Net gain on sale / redemption of securities and units of mutual funds	–	–	–	–	–	–	–	332
Share of profit from associates	–	–	781,994	–	–	–	582,765	–
Other income	–	–	–	436	–	–	–	432
Expense								
Mark-up / return / interest expensed	73,214	76,631	668,466	978,146	42,626	61,479	249,781	531,165
Operating expenses	–	–	–	3,771	–	–	–	30,675
Salaries and allowances	–	836,012	–	–	–	677,238	–	–
Bonus	–	119,832	–	–	–	148,464	–	–
Contribution to defined contribution plan	–	38,302	–	–	–	28,373	–	–
Contribution to defined benefit plan	–	154,864	–	–	–	110,355	–	–
Staff provident fund	–	–	–	785,032	–	–	–	654,328
Staff gratuity fund	–	–	–	621,000	–	–	–	469,000
Directors' fees	32,615	–	–	–	30,890	–	–	–
Donation	–	–	–	21,000	–	–	–	21,000
Insurance premium paid	–	–	–	274,804	–	–	–	134,360
Insurance claims settled	–	–	–	24,414	–	–	–	37,259

Chief Executive, Executive Director and Key Management Personnel are entitled to Group's maintained cars with fuel in accordance with the terms of their employment and are entitled to medical and life insurance benefits in accordance with the policy of the Group. In addition, the Chief Executive and Executive Director are also provided with drivers, security arrangements and payment of travel bills, utility bills, medical bills, club and entertainment bills, in accordance with their terms of employment.

Chairman of the Board is entitled to administration facilities / expenses pertaining to the office, staff and security arrangements.



39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	11,114,254	11,114,254
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	106,687,103	88,846,766
Eligible Additional Tier 1 (ADT 1) Capital	13,260,542	13,284,854
Total Eligible Tier 1 Capital	119,947,645	102,131,620
Eligible Tier 2 Capital	35,529,563	30,118,520
Total Eligible Capital (Tier 1 + Tier 2)	155,477,208	132,250,140
Risk Weighted Assets (RWAs):		
Credit Risk	803,224,562	734,076,775
Market Risk	28,660,630	12,072,245
Operational Risk	148,012,019	148,012,019
Total	979,897,211	894,161,039
Common Equity Tier 1 Capital Adequacy ratio	10.888%	9.936%
Tier 1 Capital Adequacy Ratio	12.241%	11.422%
Total Capital Adequacy Ratio	15.867%	14.790%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	119,947,645	102,131,620
Total Exposures	3,018,843,603	2,743,357,594
Leverage Ratio	3.973%	3.723%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,040,337,972	741,344,389
Total Net Cash Outflow	354,273,076	309,814,044
Liquidity Coverage Ratio	293.654%	239.287%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,990,931,269	1,651,921,923
Total Required Stable Funding	1,085,377,982	922,325,376
Net Stable Funding Ratio	183.432%	179.104%



40. ISLAMIC BANKING BUSINESS

The Bank is operating 193 (31 December 2022: 178) Islamic banking branches and 150 (31 December 2022: 150) Islamic banking windows at the end of the period / year.

	Note	(Un-audited) 30 September 2023	(Audited) 31 December 2022
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		15,656,514	10,129,656
Balances with other banks		7,863	7,087
Due from financial institutions		–	–
Investments	40.1	173,175,561	139,707,651
Islamic financing and related assets - net	40.2	107,099,857	101,266,517
Fixed assets		1,115,451	960,714
Intangible assets		–	–
Due from Head Office		–	–
Other assets		20,462,178	9,004,260
Total Assets		317,517,424	261,075,885
LIABILITIES			
Bills payable		830,364	429,262
Due to financial institutions		36,443,707	38,932,611
Deposits and other accounts	40.3	237,551,870	177,775,602
Due to Head Office		952,990	7,016,160
Subordinated debt		–	–
Other liabilities		8,562,393	15,579,661
		284,341,324	239,733,296
NET ASSETS		33,176,100	21,342,589
REPRESENTED BY			
Islamic Banking Fund		7,600,000	7,600,000
Reserves		–	–
Deficit on revaluation of assets		(552,165)	(463,276)
Unappropriated profit	40.4	26,128,265	14,205,865
		33,176,100	21,342,589
CONTINGENCIES AND COMMITMENTS	40.5		



The profit and loss account of the Bank's Islamic banking branches for the period ended 30 September 2023 is as follows:

	Note	(Un-audited) Nine months period ended	
		30 September 2023	30 September 2022
(Rupees in '000)			
Profit / return earned	40.6	32,156,317	16,895,598
Profit / return expensed	40.7	(16,397,932)	(9,260,414)
Net Profit / return		15,758,385	7,635,184
Other income			
Fee and commission income		890,538	609,995
Dividend income		52,190	58,244
Foreign exchange income		147,715	106,565
Income / (loss) from derivatives		-	-
Gain on securities		-	-
Other income		63,411	46,020
Total other income		1,153,854	820,824
Total income		16,912,239	8,456,008
Other expenses			
Operating expenses		(4,570,852)	(3,271,222)
Other charges		(5)	(111)
Total other expenses		(4,570,857)	(3,271,333)
Profit before provisions		12,341,382	5,184,675
Provisions and write offs-net		(418,982)	(73,145)
Profit for the period		11,922,400	5,111,530

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

40.1 Investments by segments:

Federal Government Securities

- Ijarah Sukuks
- Neelum Jhelum Hydropower Co Ltd. Sukuk
- Islamic Naya Pakistan Certificates

138,819,046	-	(577,646)	138,241,400	106,895,687	-	(478,887)	106,416,800
1,732,500	-	-	1,732,500	2,021,250	-	-	2,021,250
7,001,445	-	-	7,001,445	4,852,292	-	-	4,852,292
147,552,991	-	(577,646)	146,975,345	113,769,229	-	(478,887)	113,290,342

Shares

- Listed Companies

30,529	(19,782)	100	10,847	30,529	(19,253)	56	11,332
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Non Government Debt Securities

- Listed
- Unlisted

22,224,082	-	(2,082)	22,222,000	21,952,266	-	(2,266)	21,950,000
3,441,750	-	-	3,441,750	3,940,000	-	-	3,940,000
25,665,832	-	(2,082)	25,663,750	25,892,266	-	(2,266)	25,890,000

Units of Mutual Funds

351,022	(52,866)	27,463	325,619	351,022	(52,866)	17,821	315,977
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Associates

- AL-Habib Islamic Cash Fund
- AL-Habib Islamic Savings Fund

100,000	-	-	100,000	100,000	-	-	100,000
100,000	-	-	100,000	100,000	-	-	100,000
200,000	-	-	200,000	200,000	-	-	200,000

Total Investments

173,800,374	(72,648)	(552,165)	173,175,561	140,243,046	(72,119)	(463,276)	139,707,651
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	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
40.2 Islamic financing and related assets		
Ijarah	2,953,040	2,452,842
Murabaha	15,169,790	10,598,735
Diminishing Musharaka	17,386,415	15,741,969
Istisna	8,686,763	5,766,719
Musawamah	3,143,388	3,532,923
Running Musharaka	1,884,150	2,073,941
Staff Financing	1,810,539	1,438,084
Financing against Bills - Musawamah	5,198,006	3,916,970
Export Finance Scheme (EFS) - Discounting	5,941,539	5,110,945
Islamic Long Term Financing Facility (ILTFF)	5,358,101	3,835,813
Islamic Refinance for Renewable Energy (IFRE)	2,193,140	2,157,740
Islamic Refinance for Wages and Salaries (IRWS)	-	41,082
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)	6,935,733	5,498,680
Islamic Refinance Facility for Modernization of SMEs (IRFSME)	43,710	49,186
Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)	136,959	142,438
Islamic Export Refinance - Istisna (IERF)	744,000	2,303,561
Islamic Export Refinance - Musawamah	-	303,750
Islamic Export Refinance - Running Musharaka	5,866,641	6,075,426
Musawamah Inventory	3,721,218	3,947,033
Advance against Istisna	10,016,934	9,761,928
Advance against Istisna - IERF	6,588,119	7,922,393
Advance against Musawamah - IERF	50,000	-
Advance against Ijarah	332,423	444,846
Advance against Diminishing Musharaka	1,868,333	3,102,235
Advance against ILTFF	104,192	2,100,278
Advance against IFRE	711,298	451,733
Advance against ITERF	1,054,382	2,888,709
Advance against IRFSME	12,940	-
Gross Islamic financing and related assets	107,911,753	101,659,959
Less: provision against Islamic financings		
- Specific	761,839	343,385
- General	50,057	50,057
	811,896	393,442
Islamic financing and related assets-net of provision	107,099,857	101,266,517



	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	(Rupees in '000)	
40.3 Deposits and Other Accounts		
Customers		
Current deposits	93,117,251	64,921,780
Savings deposits	111,302,886	64,480,636
Term deposits	25,847,578	27,105,947
	<u>230,267,715</u>	<u>156,508,363</u>
Financial institutions		
Current deposits	7,243,425	16,506
Savings deposits	40,730	21,250,733
	<u>7,284,155</u>	<u>21,267,239</u>
	<u>237,551,870</u>	<u>177,775,602</u>
40.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	14,205,865	6,607,722
Add: Islamic Banking profit for the period / year	11,922,400	7,598,143
Closing Balance	<u>26,128,265</u>	<u>14,205,865</u>
40.5 Contingencies and Commitments		
Guarantees	13,147,558	10,385,298
Commitments	40,168,735	24,096,223
	<u>53,316,293</u>	<u>34,481,521</u>
	(Un-audited)	
	<u>Nine months period ended</u>	
	30 September 2023	30 September 2022
	(Rupees in '000)	
40.6 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	10,473,586	6,004,981
Investments	21,591,542	10,867,010
Placements	91,189	23,607
	<u>32,156,317</u>	<u>16,895,598</u>
40.7 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	13,682,005	5,299,146
Due to Financial Institutions	1,854,311	1,814,319
Due to Head Office	861,616	2,146,949
	<u>16,397,932</u>	<u>9,260,414</u>



40.8 Profit and Loss Distribution and Pool Management

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

General Pool PKR (Mudaraba)

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

Special Pool(s) PKR (Mudaraba)

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

General Pool FCY (Mudaraba)

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

Special Pool(s) FCY (Mudaraba)

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

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

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

Equity Pool

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

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

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

Parameters associated with risk and rewards:

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

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



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

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

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

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

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

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

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

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

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

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

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



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

	30 September 2023 (Un-audited)				
	Distributable Income (Rupees in '000)	Mudarib Share	Mudarib Share (Percentage)	HIBA Amount (Rupees in '000)	HIBA (Percentage)
LCY Pool	18,558,404	6,848,543	36.90%	2,952,128	43.11%
FCY Pool	212,673	157,093	73.87%	15,687	9.99%
	30 September 2022 (Un-audited)				
LCY Pool	10,010,436	2,775,040	27.72%	1,236,665	44.56%
FCY Pool	107,897	101,055	93.66%	6,530	6.46%

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

	(Un-audited) Nine months period ended	
	30 September 2023	30 September 2022
	(Percentage)	
Profit rate earned	16.81%	10.15%
Profit rate distributed	9.55%	5.38%

41. GENERAL

- 41.1** Captions in respect of which there are no amounts, have not been reproduced in these consolidated condensed interim financial statements, except for captions of the statement of financial position and profit and loss account.
- 41.2** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 41.3** Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation.
- 41.4** The Board of Directors, in its meeting held on 25 October 2023, announced an interim cash dividend of Rs 4.50 per share (30 September 2022: NIL). This is in addition to the interim cash dividend already paid at Rs. 4.50 per share.

42. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on 25 October 2023.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

FARHANA MOWJEE KHAN
Director

ABBAS D. HABIB
Chairman