








REPORT FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2023

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Corporate Information

Board Of Directors	Mr. Waqar Ahmed Malik - Chairman Mr. Sarfaraz Ahmed Rehman Mr. Arif Ur Rehman Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Mr. Kamran Yousuf Mirza Ms. Zoya Mohsin Nathani Ms. Samina Rizwan Raja Muhammad Abbas Mr. Atif R. Bokhari - President & Chief Executive
Board Audit Committee	Mr. Kamran Yousuf Mirza - Chairman Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Raja Muhammad Abbas
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors	M/s RIAA, Barker Gillette Advocates & Corporate Counselors
Company Secretary	Syed Ali Safdar Naqvi
Registered Office	AWT Plaza, The Mall, P. O. Box No. 1084 Rawalpindi - 46000, Pakistan Tel: (92 51) 8092624, UAN: (92 51) 111 000 787 Fax: (92 51) 2857448 Email: ir@askaribank.com.pk
Registrar & Share Transfer Office	CDC Share Registrar Services Limited (CDCSRSL) Mezzanine Floor, South Tower, LSE Plaza 19-Khayaban-e-Aiwan-e-Iqbal, Lahore Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275) Tel: (92 42) 36362061-66 Fax: (92 42) 36300072 Email: info@cdcsrsl.com Website: www.cdcsrsl.com
Entity Ratings	Long Term: AA+ Short Term: A1+ By PACRA
Website	www.askaribank.com
Social Media	 askaribankpakistan  Askari_Bank  askaribankpk  askaribanklimited  AskariBankOfficial

DIRECTORS' REVIEW

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial statements for the third quarter and nine months ended September 30, 2023.

Economy:

Pakistan's economy weathered a very difficult fiscal year in recent times and a series of economic shocks; historic high inflation, a highly contractionary monetary policy, depleting reserves, surging commodity prices and import rationing. Turning to current fiscal year, the economy has started showing signs of recovery post approval of 'Stand-By Arrangement' with the IMF in July 2023 that helped avert a balance of payments crisis and unlock external funding prospects. The upturn in global economy coupled with marginal easing of import restrictions is mitigating supply side disruptions and supporting export-oriented industries. The better input situation is also paving the way for LSM growth prospects. The major recovery in cotton crop is encouraging for the agriculture sector and for the export outlook.

CPI inflation recorded at 31.4 percent year-on-year in September is showing a 2.0 percent increase over the previous month. Major drivers contributing to this rise are food and energy prices. Overall, the average CPI inflation for the current nine months at 31.7 percent compares with 18.0 percent for the corresponding period last year. The inflation will likely maintain a downward trajectory owing to easing of supply constraints from better agriculture output, rupee appreciation and commodity prices, amid high base effect. The Monetary Policy Committee of the SBP maintained Policy Rate at 22 percent during the meeting held in September.

On the external front, recent data reflects improvement in trade deficit that declined by 12.6 percent in the month of August 2023. Remittances also recorded an increase of 3.2 percent in August. The administrative measures to discipline foreign exchange market have yielded results and will further support remittances, trade and the current account balance. SBP has also implemented measures to stabilize PKR including structural reforms aimed at regulating exchange companies and curbing the dollar's ascent. Pakistan's main export markets are showing rising trends that improves export growth prospects. However, as imports increase gradually to stimulate economic activity, it is expected that the current account will remain within a sustainable limit.

Looking ahead, Pakistan's GDP growth is expected to remain below potential in short to medium term as recent indicators remain fragile due to persistent core inflation, elevated interest rates and lingering geopolitical uncertainties. The economic managers have implemented certain prior actions in pursuit of the IMF-SBA and have a tough agenda on hand to comply with program conditionalities including much needed energy reforms, improved governance in SOEs and widening of tax base. Improvement in investments and exports, careful economic management - including exchange rate flexibility, fiscal restraint remains key

imperatives for macroeconomic stability, it is expected that the economic revival plans and prudent actions – policies including Special Investment Facilitation Council (SIFC) and Information Technology policy, will attract new investments to create a multiplier effect for a higher and inclusive economic growth in coming periods.

Financial Performance:

The financial results of the Bank for the quarter and nine months ended September 30, 2023 reflect continued growth momentum in line with the Bank’s strategy, summarized as under:

	(Rupees in million)	
	Nine months ended September 30,	
	2023	2022
Net mark-up and non fund income	50,418	38,128
Administrative and other expenses	(21,355)	(16,896)
Operating profit	29,063	21,232
Provisions and write offs - net	(690)	(181)
Profit before taxation	28,373	21,051
Taxation	(13,809)	(10,302)
Profit after taxation	14,564	10,749
		Restated
Basic earning per share - Rupees	10.05	7.42

Profit before taxation for the current nine months at Rs.28.4 billion is showing a growth of 35 percent year-on-year while profit after taxation grew by 35 percent. The earnings per share at Rs.10.05 for the current period compares with Rs.7.42 (restated) for last year.

Askari Bank’s revenues increased by 32 percent over the same period last year. Key contribution was from mark-up income which grew by 39 percent and stood at Rs.40.5 billion. The increase in mark-up income was mainly driven by a combination of earning assets growth and favourable repricing of asset book. Aggregate non-markup income increased by 10 percent year-on-year; fee and commission income increased by 37 percent contributed by increase in trade, guarantee and credit related fees while foreign exchange income declined by 18 percent due to lesser market volatility. Operating expenses for the current nine months increased by 27 percent over the corresponding period mainly due to the effect of inflation and Rupee devaluation, and also due to additional costs of 37 new branches added to the nation-wide network during the last twelve months. The Bank continues to manage costs prudently while investing in technologies and infrastructure to support revenue streams. The operating expense to income ratio improved to 41 percent for the current nine months from 43 percent for the same period last year.

The Bank’s deposits closed at Rs.1.28 trillion at September 30, 2023, with a year-on-year growth of 12 percent. Current and saving accounts recorded a growth of 14 percent, contributing 82 percent of the total deposit at period end. Gross advances registered a decline

of 10 percent from Rs. 615 billion at year end 2022 to Rs 556 billion at September 30, 2023 as the Bank strategized its sectoral exposures in view of rising borrowing costs to unprecedented levels. The economic stress on certain borrowers warranted classifications that resulted in a 5 percent increase in non-performing advances during the period in review. The increase in NPLs also caused slight erosion of coverage ratio from 99.9 to 96.6 percent at September 30, 2023.

The Bank's entity rating was reaffirmed at 'AA+' (Double A Plus) for the long-term by Pakistan Credit Rating Agency Limited (PACRA), with outlook assigned as 'Stable'. The Bank's strong brand and affiliation with Fauji Foundation are recognized as the key rating drivers, supported by Bank's experienced management team, prudent risk management policies, and deep-rooted relationship with clients. The short-term rating was maintained at 'A1+' (A One Plus).

Askari Bank is strategically positioned for sustainable growth and remains committed towards building long-term shareholder value, despite macroeconomic challenges. The Bank is focused on expanding its footprint, providing unparalleled services to the customers and to grow market share in retail segment, particularly low-cost and saving deposits. Emphasis will remain on supporting trade volumes with primary focus on middle market segment while pursuing digital transformation and process improvements. To this end, the Bank will continue to invest in talent and technology enabling its teams to do more to help our customers achieve their ambitions and in-turn drive Askari Bank to grow in the future.

Acknowledgment:

On behalf of the Board, we would like to place on record our gratitude to our valued customers and shareholders for their continued patronage to the Askari brand; our profound thanks to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory authorities for their guidance and assistance. We would also like to place on record our appreciation for the efforts of the Sharia Board for strengthening sharia compliance and governance framework for Askari Ikhlas Islamic Banking. Lastly, we express our deepest appreciation and gratitude to our staff for the hard work and dedication.

-sd-

Atif R. Bokhari
President & Chief Executive

-sd-

Waqar Ahmed Malik
Chairman, Board of Directors

Karachi:
October 27, 2023

ارب روپے ہو گئے۔ چونکہ بینک نے قرضوں کی بڑھتی ہوئی لاگت کے باعث اپنے شعبہ جاتی قرضوں کی حکمت عملی تیار کی۔ کچھ قرض دہندگان پر معاشی دباؤ کے باعث درجہ بندی کی ضرورت تھی جس کے نتیجے میں موجودہ دورانیہ میں غیر فعال قرضہ جات میں 5 فیصد اضافہ ہوا۔ این پی ایل میں اضافے کی وجہ سے 30 ستمبر 2023 کو کوریج کے تناسب میں معمولی کمی واقع ہوئی جو کہ 99.9 سے کم ہو کر 96.6 فیصد ہو گئی۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پی اے سی آر اے) کی جانب سے بینک کی ادارے کی درجہ بندی کو طویل مدت کے لیے "AA+" (ڈبل اے پلس) پر بحال کیا گیا۔ جو کہ مستحکم کارکردگی کی عکاسی کرتا ہے۔ بینک کے مضبوط برانڈ اور فوجی فاؤنڈیشن کے ساتھ وابستگی کو کلیدی ریٹنگ کے طور پر تسلیم کیا جاتا ہے، جو مارکیٹ تک رسائی، صارفین کے اعتماد، پائیدار فنڈنگ کے ذرائع اور مارک اپ اور نان مارک اپ پر مبنی آمدنی کے ذرائع پیدا کرنے کے مواقع کے لحاظ سے بہتر کارکردگی کی حمایت کرتے ہیں۔ قلیل مدتی درجہ بندی کو "A1+" (اے ون پلس) پر برقرار رکھا گیا تھا۔

عسکری بینک پائیدار ترقی کے لئے اسٹریٹجک پوزیشن میں ہے اور زیادہ بڑے چیلنجز کے باوجود شیر ہولڈرز کی طویل مدتی ویلیو کی تعمیر کے لئے پرعزم ہے۔ بینک اپنے نیٹ ورک کو وسعت دینے، صارفین کو بے مثال خدمات فراہم کرنے اور ریٹیل سیگمنٹ، خاص طور پر کم لاگت اور سیونگنڈ پازس میں مارکیٹ شیئر بڑھانے پر توجہ مرکوز کیے ہوئے ہے۔ ڈیجیٹل تبدیلی اور طرز عمل میں بہتری کو آگے بڑھاتے ہوئے ڈل مارکیٹ کے شعبے پر بنیادی توجہ کے ساتھ تجارتی حجم کی بہتری پر زور دیا جائے گا۔ اس مقصد کے لیے بینک ٹیلنٹ اور ٹیکنالوجی میں سرمایہ کاری جاری رکھے گا تاکہ اس کی ٹیمیں اپنے صارفین کو ان کے عزائم کے حصول میں مدد دیں اور اس کے نتیجے میں عسکری بینک مستقبل میں بھی مزید ترقی کرے۔

اعترافات:

بورڈ کی جانب سے ہم عسکری برانڈ کی مسلسل سرپرستی پر اپنے معزز صارفین اور شیئر ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی جانب سے رہنمائی اور معاونت پر ان کا تہہ دل سے شکریہ ادا کرتے ہیں۔ ہم عسکری اخلاص اسلامی بینکاری کے لئے شریعہ کی تعمیل اور گورننس فریم ورک کو مضبوط بنانے کے لئے شریعہ بورڈ کی کوششوں کو بھی سراہتے ہیں۔ آخر میں، ہم سخت محنت اور لگن کے لئے اپنے عملے کی حوصلہ افزائی کا اظہار کرتے ہیں اور انکی دی جانے والی خدمات کے لئے مشکور ہیں۔

دستخط
وقار احمد ملک
چیئر مین، بورڈ آف ڈائریکٹرز

دستخط
عاطف ریاض بخاری
صدر و چیف ایگزیکٹو

کراچی

27 اکتوبر 2023

مالیاتی کارکردگی:

30 ستمبر 2023 کو ختم ہونے والی سہ ماہی اور نو ماہی کے لئے مالیاتی نتائج مسلسل ترقی کی رفتار کی عکاسی کرتے ہیں جو کہ بینک کی حکمت عملی کے مطابق ہے جس کا خلاصہ درج ذیل ہے

روپے بلین میں	30 ستمبر 2022	30 ستمبر 2023	
	38,128	50,418	خالص مارک اپ اور نان فنڈ آمدن
	(16,896)	(21,355)	انتظامی اور دیگر اخراجات
	21,232	29,063	آپریٹنگ منافع
	(181)	(690)	خالص پروویژن اور رائٹ آف-نیٹ
	21,051	28,373	قبل از ٹیکس منافع
	(10,302)	(13,809)	ٹیکس
	10,749	14,564	بعد از ٹیکس منافع
ری سٹیٹ	7.42	10.05	بنیادی آمدنی فی حصص روپے

رواں نو ماہی کے دوران قبل از ٹیکس منافع 28.4 بلین روپے ہے جس میں گزشتہ برس کی نسبت 35 فیصد اضافہ ہوا جبکہ بعد از ٹیکس منافع بھی 35 فیصد رہا۔ موجودہ مدت کے لئے فی حصص آمدنی 10.05 روپے ہے جبکہ پچھلے سال کے لئے 7.42 (ری سٹیٹ) روپے تھی۔

عسکری بینک کی آمدنی میں گزشتہ سال کے اسی عرصے کے مقابلے میں 32 فیصد اضافہ ہوا۔ جس میں اہم حصہ مارک اپ آمدنی کا تھا جو 39 فیصد بڑھ کر 40.5 بلین روپے رہا۔ مارک اپ آمدن میں اضافہ بنیادی طور پر ذرائع آمدن کے اثاثوں میں اضافے اور اثاثوں کی کتاب کی موزوں ری پرائسنگ کے امتزاج کی وجہ سے ہوا۔ مجموعی نان مارک اپ آمدنی میں گزشتہ سال کی نسبت 10 فیصد اضافہ ہوا۔ تجارت، گارنٹی اور کریڈٹ سے متعلق فیسوں میں اضافے کی وجہ سے فیس اور کمیشن کی آمدنی میں 37 فیصد اضافہ ہوا جبکہ مارکیٹ میں کم اتار چڑھاؤ کی وجہ سے فارن ایکسچینج آمدن میں 18 فیصد کمی واقع ہوئی۔ موجودہ نو ماہ کے انتظامی اخراجات میں گزشتہ برس کی نسبت اسی عرصے کے مقابلے میں 27 فیصد اضافہ ہوا جس کی بنیادی وجہ افراط زر میں اضافہ اور روپے کی قدر میں کمی ہے، اور گزشتہ بارہ ماہ کے دوران ملک بھر کے نیٹ ورک میں شامل 37 نئی برانچوں کے اضافی اخراجات کی وجہ سے بھی یہ فرق دیکھنے میں آیا۔ بینک اخراجات کو قابو میں رکھتے ہوئے آمدنی کے ذرائع کو بڑھانے اور انفراسٹرکچر میں سرمایہ کاری جاری رکھے ہوئے ہے۔ انتظامی اخراجات اور آمدنی کا تناسب پچھلے سال کی اسی مدت کے 43 فیصد سے بہتر ہو کر موجودہ نو ماہی کے لئے 41 فیصد ہو گیا۔

بینک ڈپازٹس 30 ستمبر 2023 کو 1.28 ٹریلین روپے ہیں۔ جس میں پچھلے سال کی نسبت 12 فیصد اضافہ نظر آیا۔ کرنٹ اور سیونگ اکاؤنٹس میں 14 فیصد اضافہ ہوا، جو کہ اسی مدت کے اختتام پر کل ڈپازٹس کا 82 فیصد ہے۔ مجموعی ایڈوانسز 2022 کے اختتام پر 615 بلین روپے تھے جبکہ 30 ستمبر 2023 تک 10 فیصد کمی کے ساتھ 556

ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والی تیسری سہ ماہی اور نو ماہی کے لئے درج ذیل غیر آڈٹ شدہ عبوری غیر مدغم شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

معیشت:

پاکستان کی معیشت کے لئے رواں مالی سال انتہائی مشکل رہا۔ جس میں معاشی اتار چڑھاؤ، بلند ترین افراط زر، اس کے ساتھ ساتھ تخفیفی مانیٹری پالیسی، کم ہوتے ذخائر، اجناس کی قیمتوں میں اضافہ اور درآمدات پر کنٹرول جیسے مسائل کا سامنا بھی رہا۔ رواں مالی سال کے دوران جولائی 2023 میں آئی ایم ایف کے ساتھ 'اسٹینڈ بائی انتظامات' کی منظوری کے بعد معیشت میں بحالی کے امکانات نظر آ رہے ہیں۔ جس سے ادائیگیوں کے توازن کے بحران کو روکنے اور بیرونی فنڈنگ کے امکانات بڑھانے میں مدد ملی ہے۔ درآمدی پابندیوں میں معمولی نرمی کے ساتھ ساتھ عالمی معیشت میں بہتری سپلائی سائیکل کی رکاوٹوں کو کم اور برآمدی صنعتوں کی مدد کر رہی ہے۔ مواقع کی بہتر صورتحال بھی ایل ایس ایم کی ترقی کے امکانات کی راہ ہموار کر رہی ہے۔ کپاس کی فصل میں بڑی بحالی زرعی شعبے اور برآمدی منظر نامے کے لئے حوصلہ افزا ہے۔

گزشتہ سال کی نسبت اس سال ماہ ستمبر میں سی پی آئی افراط زر 31.4 فیصد ریکارڈ کیا گیا جو گزشتہ ماہ کے مقابلے میں 2.0 فیصد اضافہ ظاہر کر رہا ہے۔ اس اضافے میں اہم کردار ادا کرنے والے عوامل خوراک اور توانائی کی قیمتیں ہیں۔ مجموعی طور پر رواں نو ماہی کے دوران اوسط سی پی آئی افراط زر 31.7 فیصد رہا جو گزشتہ سال کی اسی مدت میں 18.0 فیصد تھا۔ بہتر زرعی پیداوار، روپے کی قدر میں اضافے اور اجناس کی قیمتوں میں بہتری کی وجہ سے افراط زر میں کمی کا امکان ہے۔ اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی نے ستمبر میں ہونے والے اجلاس کے دوران پالیسی ریٹ کو 22 فیصد پر برقرار رکھا تھا۔

حالیہ اعداد و شمار میں بہتری کی وجہ اگست 2023 کے تجارتی خسارے میں 12.6 فیصد کمی ہے۔ اگست کے مہینے میں ترسیلات زر میں 3.2 فیصد اضافہ دیکھا گیا۔ فارن ایکسچینج مارکیٹ میں انتظامی بہتری کی وجہ سے ترسیلات زر، تجارت اور کرنٹ اکاؤنٹ بیلنس کو مزید سہارا ملے گا۔ اسٹیٹ بینک نے بھی پاکستانی روپے کے استحکام کے لیے اقدامات کیے ہیں، جن میں ایکسچینج کمپنیوں کو ریگولیٹ کرنے اور ڈالر کی قدر میں اضافے کو روکنے کی مستحکم اصلاحات بھی شامل ہیں۔ پاکستان کی اہم برآمدی منڈیوں میں بڑھتے ہوئے رجحانات نظر آ رہے ہیں جس سے برآمدات میں اضافے کی قوی توقع ہے۔ لیکن، چونکہ درآمدات معتدل طور پر بڑھتی ہیں تاکہ معاشی سرگرمی میں اضافہ ہو، یہ توقع کی جاتی ہے کہ کرنٹ اکاؤنٹ ایک پائیدار حد کے اندر رہے گا۔

پاکستان کی جی ڈی پی گروتھ مستقبل قریب میں موجودہ حالات کے پیش نظر کم رہنے کی توقع ہے جس کی وجہ بنیادی افراط زر میں مسلسل اضافہ، بلند شرح سود اور طویل جغرافیائی سیاسی غیر یقینی صورتحال ہے۔ اقتصادی نیچر نے آئی ایم ایف - ایس بی اے کے مطابق کچھ پیچیدگی اقدامات کیے ہیں اور پروگرام کی شرائط پر عمل کرنے کے لئے ایک سخت ایجنڈا ترتیب دیا ہے جس میں توانائی کی انتہائی ضروری اصلاحات، ایس او ایز میں بہتر گورننس اور ٹیکس بیس کو وسیع کرنا شامل ہے۔ سرمایہ کاری اور برآمدات میں بہتری، محتاط معاشی انتظام، بشمول زرمبادلہ کی شرح میں چلک، مالی پابندیاں، بڑے اقتصادی استحکام کے لئے ضروری ہیں، توقع ہے کہ معاشی بحالی کے منصوبے اور دانشمندانہ اقدامات - سٹیبل انویسٹمنٹ فیسیلیٹیشن کونسل (ایس آئی ایف سی) اور انفارمیشن ٹیکنالوجی پالیسی، نئی سرمایہ کاری کو راغب کریں گی تاکہ آنے والے ادوار میں اعلیٰ اور جامع معاشی ترقی کے لئے کثیرالجہتی اثر پیدا کیا جاسکے۔

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2023

		(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	120,545,365	70,950,067
Balances with other banks	7	6,723,571	9,677,123
Lendings to financial institutions	8	9,075,470	406,934
Investments	9	1,042,294,110	762,696,638
Advances	10	524,132,791	583,810,931
Fixed assets	11	25,143,978	24,484,412
Intangible assets	12	1,714,899	1,375,625
Deferred tax assets	13	13,662,744	7,545,677
Other assets	14	91,374,794	64,723,402
		<u>1,834,667,722</u>	<u>1,525,670,809</u>
LIABILITIES			
Bills payable	15	9,330,700	11,878,563
Borrowings	16	378,683,435	233,432,089
Deposits and other accounts	17	1,275,247,418	1,142,574,606
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities		-	-
Other liabilities	19	74,658,022	52,463,298
		<u>1,749,919,575</u>	<u>1,452,348,556</u>
NET ASSETS		<u>84,748,147</u>	<u>73,322,253</u>
REPRESENTED BY			
Share capital		14,492,992	12,602,602
Reserves		57,267,033	43,385,854
(Deficit) / surplus on revaluation of assets - net of tax	20	(1,189,907)	3,952,356
Unappropriated profit		14,178,029	13,381,441
		<u>84,748,147</u>	<u>73,322,253</u>
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

<u>-sd-</u>	<u>-sd-</u>	<u>-sd-</u>	<u>-sd-</u>	<u>-sd-</u>
Chief Financial Officer	President & Chief Executive	Director	Director	Chairman

ASKARI BANK LIMITED

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

For the quarter and nine months ended September 30, 2023

	Note	For the quarter ended		For the nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2023	2022	2023	2022
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	23	88,828,232	48,119,339	216,840,112	109,841,623
Mark-up / return / interest expensed	24	73,130,624	36,264,239	176,321,242	80,743,674
Net mark-up / interest income		15,697,608	11,855,100	40,518,870	29,097,949
Non mark-up / interest income					
Fee and commission income	25	1,809,011	1,250,135	5,202,158	3,792,857
Dividend income		182,126	112,682	542,915	298,297
Foreign exchange income		852,646	1,829,293	3,636,087	4,442,492
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	26	191,625	167,654	217,390	183,483
Other income	27	101,121	85,910	300,925	312,578
Total non-markup / interest income		3,136,529	3,445,674	9,899,475	9,029,707
Total income		18,834,137	15,300,774	50,418,345	38,127,656
Non mark-up / interest expenses					
Operating expenses	28	7,227,848	6,208,603	20,826,936	16,426,968
Workers' Welfare Fund		160,211	107,561	398,110	301,754
Other charges	29	5,437	13,357	129,602	166,978
Total non-markup / interest expenses		7,393,496	6,329,521	21,354,648	16,895,700
Profit before provisions		11,440,641	8,971,253	29,063,697	21,231,956
Provisions and write offs - net	30	73,101	70,596	690,377	180,736
Extraordinary / unusual items		-	-	-	-
Profit before taxation		11,367,540	8,900,657	28,373,320	21,051,220
Taxation	31	5,641,022	4,460,893	13,809,259	10,302,193
Profit after taxation		5,726,518	4,439,764	14,564,061	10,749,027
		Rupees		Rupees	
		Restated		Restated	
Basic earnings per share	32	3.95	3.06	10.05	7.42

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

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Chief Financial Officer

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President & Chief Executive

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and nine months ended September 30, 2023

	For the quarter ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation	5,726,518	4,439,764	14,564,061	10,749,027
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in Wholesale Bank Branch	63,019	482,420	933,722	1,037,830
Movement in deficit on revaluation of investments - net of tax	2,740,133	(2,740,156)	(4,359,722)	(503,516)
	2,803,152	(2,257,736)	(3,426,000)	534,314
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit plan	222,829	(2,954)	222,829	(3,811)
Reversal of deferred tax liability recognized in previous year	65,004	-	65,004	-
	287,833	(2,954)	287,833	(3,811)
Total comprehensive income	8,817,503	2,179,074	11,425,894	11,279,530

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

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Chief Financial Officer

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President & Chief Executive

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Director

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Director

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Chairman

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2023

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Total
						Investments	Fixed / Non banking assets		
					(Rupees in '000)				
Balance as at January 1, 2022	12,602,602	549,520	234,669	14,198,903	17,747,205	(4,962,187)	6,925,806	8,605,975	55,902,493
Total comprehensive income for the nine months ended September 30, 2022									
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	-	-	10,749,027	10,749,027
Other comprehensive income related to equity	-	1,037,830	-	-	-	(503,516)	-	(3,811)	530,503
Transfer to Statutory reserve	-	1,037,830	-	-	-	(503,516)	-	10,745,216	11,279,530
Transfer to General reserve	-	-	-	1,074,903	-	-	-	(1,074,903)	-
	-	-	-	-	8,605,975	-	-	(8,605,975)	-
Balance as at September 30, 2022	12,602,602	1,587,350	234,669	15,273,806	26,353,180	(5,465,703)	6,925,806	9,670,313	67,182,023
Total comprehensive income for the quarter ended December 31, 2022									
Net profit for the quarter ended December 31, 2022	-	-	-	-	-	-	-	3,312,568	3,312,568
Other comprehensive income related to equity	-	(394,408)	-	-	-	(2,083,452)	5,240,207	65,315	2,827,662
Transfer to Statutory reserve	-	(394,408)	-	-	-	(2,083,452)	5,240,207	3,377,883	6,140,230
Transfer to General reserve	-	-	-	331,257	-	-	-	(331,257)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(664,502)	664,502	-
Balance as at December 31, 2022	12,602,602	1,192,942	234,669	15,605,063	26,353,180	(7,549,155)	11,501,511	13,381,441	73,322,253
Total comprehensive income for the nine months ended September 30, 2023									
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	-	-	14,564,061	14,564,061
Other comprehensive income related to equity	-	933,722	-	-	-	(4,359,722)	-	287,833	(3,138,167)
Transfer to Statutory reserve	-	933,722	-	-	-	(4,359,722)	-	14,851,894	11,425,894
Transfer to General reserve	-	-	-	1,456,406	-	-	-	(1,456,406)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	(234,669)	-	13,616,110	-	-	(13,381,441)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	(782,541)	782,541	-
Transactions with owners, recorded directly in equity									
Bonus shares issued	1,890,390	-	-	-	(1,890,390)	-	-	-	-
Balance as at September 30, 2023	14,492,992	2,126,664	-	17,061,469	38,078,900	(11,908,877)	10,718,970	14,178,029	84,748,147

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

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Chief Financial Officer

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President & Chief Executive

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months ended September 30, 2023

	Note	For the nine months ended	
		September 30, 2023	September 30, 2022
		(Rupees in '000)	
Cash flow from operating activities			
Profit before taxation		28,373,320	21,051,220
Less: dividend income		(542,915)	(298,297)
		<u>27,830,405</u>	<u>20,752,923</u>
Adjustments:			
Depreciation		718,975	680,078
Amortization		129,720	104,862
Depreciation on ROU assets		1,254,440	1,178,008
Markup expense on lease liability against ROU assets		763,481	675,029
Termination of lease contracts under IFRS - 16 Leases		(11,082)	(13,700)
Charge for defined benefit plan		379,675	339,435
Provisions and write offs - net	30	766,444	235,789
Unrealized loss on held for trading securities		(8,210)	2,215
Gain on sale of fixed assets		(10,488)	(39,398)
		<u>3,982,955</u>	<u>3,162,318</u>
		<u>31,813,360</u>	<u>23,915,241</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(8,668,536)	-
Held for trading securities		165,931	(264,229)
Advances		59,678,140	(79,375,816)
Other assets (excluding advance taxation)		(31,063,159)	(21,229,555)
		<u>20,112,376</u>	<u>(100,869,600)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(2,547,863)	97,444
Borrowings from financial institutions		145,251,346	190,651,827
Deposits		132,672,812	122,120,746
Other liabilities (excluding current taxation)		21,487,510	12,166,081
		<u>296,863,805</u>	<u>325,036,098</u>
Net cash flow generated from operations		<u>348,789,541</u>	<u>248,081,739</u>
Payment made to defined benefit plan		(239,007)	(412,111)
Income tax paid		(10,413,613)	(8,125,641)
Net cash flow generated from operating activities		<u>338,136,921</u>	<u>239,543,987</u>
Cash flow from investing activities			
Net investments in available for sale securities		(345,964,901)	(238,434,646)
Net investments in held to maturity securities		56,194,830	4,544,024
Investment in subsidiary		(31,081)	-
Dividend received		476,137	287,073
Investments in operating fixed assets - net of adjustments		(988,766)	(811,039)
Investments in intangible assets		(507,283)	(221,680)
Proceeds from sale of fixed assets		14,673	58,745
Effect of translation of net investment in Wholesale Bank Branch		933,722	1,037,830
Net cash used in investing activities		<u>(289,872,669)</u>	<u>(233,539,693)</u>
Cash flow from financing activities			
Payments against lease liabilities		(1,620,913)	(1,464,791)
Dividend paid		(1,593)	(7,490)
Net cash flow used in financing activities		<u>(1,622,506)</u>	<u>(1,472,281)</u>
Increase in cash and cash equivalents		<u>46,641,746</u>	<u>4,532,013</u>
Cash and cash equivalents at beginning of the period		<u>80,627,190</u>	<u>92,887,082</u>
Cash and cash equivalents at end of the period		<u><u>127,268,936</u></u>	<u><u>97,419,095</u></u>

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

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Chief Financial Officer

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President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2023

1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on September 30, 2023. The ultimate parent of the Bank is Fauji Foundation. The Bank has 608 branches (2022: 600 branches); 607 in Pakistan and Azad Jammu and Kashmir including 120 (2022: 120) Islamic Banking branches and 61 (2022: 57) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

2.1.1 These unconsolidated condensed interim financial statements represent separate financial statements of Askari Bank Limited. The consolidated condensed interim financial statements of the Group are being issued separately.

2.1.2 The unconsolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand.

2.1.3 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

2.2 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

2.2.2 The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015, International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. 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 the SBP through various circulars.

2.2.3 These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements of the Bank for the financial year ended December 31, 2022.

3. **SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

The SBP vide its BPRD Circular Letter No. 7 of 2023 has extended the implementation date of IFRS 9 to January 01, 2024. However, during the transition period, the banks are required to carry out the parallel run reporting.

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Bank's financial statements.

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

5. **FINANCIAL RISK MANAGEMENT**

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

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
6. CASH AND BALANCES WITH TREASURY BANKS	Rupees in '000	
<i>In hand:</i>		
Local currency	25,681,172	22,700,376
Foreign currencies	<u>4,603,626</u>	<u>3,407,920</u>
	30,284,798	26,108,296
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	<u>65,791,374</u>	<u>43,901,951</u>
Foreign currency current account	<u>7,487,127</u>	<u>647,093</u>
Foreign currency deposit account	<u>14,424,493</u>	<u>-</u>
	87,702,994	44,549,044
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	2,512,571	260,731
Prize Bonds	<u>45,002</u>	<u>31,996</u>
	<u>120,545,365</u>	<u>70,950,067</u>
7. BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	3,950	32,629
<i>Outside Pakistan</i>		
In current accounts	<u>2,095,655</u>	<u>3,383,544</u>
In deposit accounts	<u>4,623,973</u>	<u>6,260,952</u>
	6,719,628	9,644,496
Provision held against balances with other banks	(7)	(2)
	<u>6,723,571</u>	<u>9,677,123</u>

7.1 This includes Rs.763,834 thousand (December 31, 2022: Nil) marked as lien with a correspondent bank against issue of SBLC.

8. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (reverse repo)	9,172,065	525,820
Provision held against lending to financial institutions	<u>(96,595)</u>	<u>(118,886)</u>
Lending to financial institutions - net of provision	<u>9,075,470</u>	<u>406,934</u>

8.1 Particulars of lendings:

	September 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Held by the Bank	Further given as collateral	Total	Held by the Bank	Further given as collateral	Total
	(Rupees in '000)					
Pakistan Investment Bonds	9,075,470	-	9,075,470	-	-	-
Market Treasury Bills	-	-	-	406,934	-	406,934
	<u>9,075,470</u>	<u>-</u>	<u>9,075,470</u>	<u>406,934</u>	<u>-</u>	<u>406,934</u>

9. INVESTMENTS	September 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
9.1 Investments by type:								
Held for trading securities								
Fully paid ordinary shares	298,787	-	8,212	306,999	464,718	-	(60,647)	404,071
Available for sale securities								
Federal Government Securities	988,443,118	(580,758)	(24,037,802)	963,824,558	646,356,442	(526,353)	(13,520,293)	632,309,796
Shares	5,153,156	(899,779)	637,434	4,890,811	4,409,394	(809,454)	126,617	3,726,557
Units of open end mutual funds	1,450,000	(144,205)	18,243	1,324,038	1,450,000	(144,205)	37,490	1,343,285
Fully paid preference shares	27,314	(11,914)	12,750	28,150	27,314	(11,914)	12,750	28,150
Non Government Debt Securities	16,330,268	(1,285,020)	18,635	15,063,883	13,085,795	(1,319,740)	99,304	11,865,359
	1,011,403,856	(2,921,676)	(23,350,740)	985,131,440	665,328,945	(2,811,666)	(13,244,132)	649,273,147
Held to maturity securities								
Federal Government Securities	57,573,808	(914,837)	-	56,658,971	111,642,002	(585,365)	-	111,056,637
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	-	-	-	-	1,802,310	(5,146)	-	1,797,164
	57,683,808	(1,024,837)	-	56,658,971	113,554,312	(700,511)	-	112,853,801
Subsidiary								
Associate - Note 9.4	-	-	-	-	165,619	-	-	165,619
Subsidiary - Note 9.4	196,700	-	-	196,700	-	-	-	-
Total investments	<u>1,069,583,151</u>	<u>(3,946,513)</u>	<u>(23,342,528)</u>	<u>1,042,294,110</u>	<u>779,513,594</u>	<u>(3,512,177)</u>	<u>(13,304,779)</u>	<u>762,696,638</u>
						(Un-audited)	(Audited)	
						September 30,	December 31,	
						2023	2022	
9.1.1 Investments given as collateral						(Rupees in '000)		
The market value of investment given as collateral is as follows								
Market Treasury Bills						30,665,312	14,650,739	
Pakistan Investment Bonds						278,359,156	163,347,300	
Turkish Euro Bonds						-	1,797,861	
Shares						98,306	177,855	
						<u>309,122,774</u>	<u>179,973,755</u>	

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
9.2 Provision for diminution in value of investments	(Rupees in '000)	
9.2.1 Opening balance	3,512,177	2,304,644
Exchange adjustments	303,614	134,098
Charge / (reversals)		
Charge for the period / year	198,364	560,165
Charge for the period / year under IFRS 9 related to WBB	75,117	760,372
Reversals for the period / year	(34,721)	(67,045)
Net charge	238,760	1,253,492
Reversal on disposals	(108,038)	(180,057)
Closing balance	<u>3,946,513</u>	<u>3,512,177</u>

9.2.2 Particulars of provision against debt securities

Category of classification	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	NPI	Provision	NPI	Provision
	(Rupees in '000)			
Domestic				
Loss	<u>1,395,020</u>	<u>1,395,020</u>	<u>1,429,740</u>	<u>1,429,740</u>

9.2.3 The above includes general provision of Bank's Bahrain branch of Rs 1,495,595 thousand (December 31, 2022: Rs 1,116,864 thousand) against investments in accordance with ECL requirement of IFRS 9.

9.3 The market value of securities classified as held to maturity as at September 30, 2023 is Rs. 46,944,606 thousand (2022: Rs. 101,813,767 thousand).

9.4 The Honorable Sindh High Court vide its order dated March 13, 2023 approved the scheme of arrangement for amalgamation of Askari Securities Limited (ASL) inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations with and into Foundation Securities (Private) Limited (FSL), wholly owned by Fauji Foundation, as of the effective date of scheme i.e. July 01, 2021 against issuance of 27,140,000 ordinary shares of Rs. 10 each of FSL at par value (1.18 shares of FSL) against 1 share of ASL held by the Bank.

Earlier, the amalgamation was approved by the State Bank of Pakistan subject to the Bank holding atleast 51% equity stake in the post amalgamated FSL. Accordingly, subsequent to merger the Bank acquired 2,236,031 ordinary shares of Rs. 10 each of FSL to hold 51% equity stake in FSL.

Since FSL and the Bank are under common control of Fauji Foundation before and after this transaction therefore, the transaction has been recorded by restating the comparative figures in accordance with the requirements of SECP's approved Accounting Standard on "Accounting of Common Control Transactions". However, this restatement has no impact on the net assets, EPS and cash flows presented in these condensed interim unconsolidated financial statements. As on September 30, 2023 investment in FSL has been classified as investment in subsidiary due to 51% shareholding, while comparative information has been restated and classified as investment in associate being 47.12% interest in FSL under approved scheme of arrangement.

10. ADVANCES	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	414,713,424	473,649,618	28,140,911	26,450,298	442,854,335	500,099,916
Islamic financing and related assets	89,108,180	82,206,609	2,831,653	2,894,335	91,939,833	85,100,944
Bills discounted and purchased	19,201,865	27,931,036	1,826,107	1,802,149	21,027,972	29,733,185
Advances - gross	523,023,469	583,787,263	32,798,671	31,146,782	555,822,140	614,934,045
Provision against advances						
- Specific	-	-	(29,983,877)	(29,297,528)	(29,983,877)	(29,297,528)
- General	(1,705,472)	(1,825,586)	-	-	(1,705,472)	(1,825,586)
	(1,705,472)	(1,825,586)	(29,983,877)	(29,297,528)	(31,689,349)	(31,123,114)
Advances - net of provision	521,317,997	581,961,677	2,814,794	1,849,254	524,132,791	583,810,931
					(Un-audited)	(Audited)
					September 30, 2023	December 31, 2022
10.1 Particulars of advances (Gross)					(Rupees in '000)	
In local currency					517,119,844	573,258,877
In foreign currencies					38,702,296	41,675,168
					555,822,140	614,934,045

10.2 Advances include Rs. 32,798,671 thousand (2022: Rs. 31,146,782 thousand) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing	Provision	Non Performing	Provision
Loans	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	147,238	1,604	122,279	1,437
Substandard	2,986,382	717,756	1,596,854	394,848
Doubtful	620,907	305,205	844,347	413,258
Loss	29,044,144	28,959,312	28,583,302	28,487,985
	32,798,671	29,983,877	31,146,782	29,297,528

10.3 Particulars of provision against advances

	September 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Specific	General	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in '000)							
Opening balance	29,297,528	1,010,000	815,586	31,123,114	28,518,930	974,026	735,260	30,228,216
Exchange adjustment	-	21,250	-	21,250	4,041	36,465	-	40,506
Charge for the period / year	1,998,990	56,212	45,943	2,101,145	2,675,775	133,850	113,551	2,923,176
Provision under IFRS 9 related to WBB	-	74,461	-	74,461	(27,403)	(112,950)	-	(140,353)
Reversal for the period / year	(1,312,641)	(255,464)	(62,516)	(1,630,621)	(1,821,378)	(21,391)	(33,225)	(1,875,994)
	686,349	(124,792)	(16,573)	544,985	826,994	(491)	80,326	906,829
Amounts written off	-	-	-	-	(198)	-	-	(198)
Amounts charged off- agriculture financing	-	-	-	-	(52,239)	-	-	(52,239)
Closing balance	29,983,877	906,458	799,013	31,689,349	29,297,528	1,010,000	815,586	31,123,114

10.3.1 The net FSV benefit already availed has been reduced by Rs. 10,074 thousand, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced before and after tax profit for the period would have been higher by Rs. 10,074 thousand (September 30, 2022: Rs. 217,357 thousand) and Rs. 5,138 thousand (September 30, 2022: Rs. 110,852 thousand) respectively. Further, at September 30, 2023, cumulative net of tax benefit availed for Forced Saled Value (FSV) was Rs. 21,719 thousand (December 31, 2022: Rs.26,865 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
11. FIXED ASSETS	(Rupees in '000)	
Capital work-in-progress - note 11.1	256,499	220,511
Property and equipment	17,601,951	17,372,333
Right of use asset - IFRS 16	7,285,528	6,891,568
	<u>25,143,978</u>	<u>24,484,412</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited)	
	Period ended September 30, 2023	Period ended September 30, 2022
11.2 Additions to fixed assets	(Rupees in '000)	

The following additions have been made to fixed assets during the period:

Capital work-in-progress	205,780	121,112
Property and equipment		
Land - freehold	-	16,970
Renovation of premises	264,857	56,359
Furniture, fixtures and office equipment	145,244	116,644
Carpets	12,143	-
Machine and equipments	281,062	248,914
Computer equipments	185,135	230,410
Vehicles	25,564	20,630
	914,005	689,927
Right of use assets under IFRS 16	1,049,752	630,526
Total	<u>2,169,536</u>	<u>1,441,565</u>

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Renovation of premises	-	735
Furniture, fixtures and office equipment	2,019	6,061
Carpets	1,034	-
Machine and equipments	1,132	7,427
Vehicles	-	5,124
Total	<u>4,185</u>	<u>19,347</u>

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
12. INTANGIBLE ASSETS	(Rupees in '000)	
Computer software	1,311,399	1,130,815
Capital work in progress	403,500	244,810
	<u>1,714,899</u>	<u>1,375,625</u>

		(Un-audited)	
		Period ended September 30, 2023	Period ended September 30, 2022
12.1	Additions to intangible assets	(Rupees in '000)	
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	226,399	150,144
	Directly purchased	280,885	71,536
		<u>507,283</u>	<u>221,680</u>
		(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
13.	DEFERRED TAX ASSETS	(Rupees in '000)	
	Deductible temporary differences on		
	- Post retirement employee benefits	-	(65,004)
	- Accelerated tax depreciation	(17,851)	36,767
	- Deficit on revaluation of investments	11,441,863	5,694,978
	- Provision against advances	2,238,732	1,878,936
		<u>13,662,744</u>	<u>7,545,677</u>
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	66,020,441	37,216,850
	Income / mark-up accrued in foreign currencies	1,468,779	1,241,333
	Advances, deposits, advance rent and other prepayments	997,083	678,674
	Advance taxation (payments less provisions)	2,283,058	5,983,883
	Non-banking assets acquired in satisfaction of claims	478,935	847,462
	Assets held for sale	1,750,000	1,750,000
	Branch adjustment account	-	40,219
	Receivable against trading of securities	82,071	485,673
	Stationary and stamps in hand	227,013	68,093
	Dividend receivable	71,764	4,986
	Acceptances	17,498,869	14,925,859
	Others	326,045	527,204
		<u>91,204,058</u>	<u>63,770,236</u>
	Provision held against other assets - note 14.1	(182,497)	(182,608)
	Other assets - net of provision	91,021,561	63,587,628
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	353,233	1,135,774
	Other assets - total	<u>91,374,794</u>	<u>64,723,402</u>
14.1	Provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,838	4,838
	Others	177,659	177,770
		<u>182,497</u>	<u>182,608</u>

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)		
14.1.1 Movement in provision held against other assets		
Opening balance	182,608	175,845
Charge for the period / year	92	9,315
Reversals for the period / year	(203)	(2,552)
Net charge for the period / year	(111)	6,763
Closing balance	<u>182,497</u>	<u>182,608</u>
15. BILLS PAYABLE		
In Pakistan	<u>9,330,700</u>	<u>11,878,563</u>
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	18,221,772	22,741,967
Long term financing facility	9,092,740	9,904,417
Financing facility for storage of agricultural produce	22,156	44,311
Renewable energy financing facility	3,811,984	3,944,124
Refinance from SBP		
Credit guarantee scheme for women entrepreneurs	7,000	67
Payment of wages and salaries	-	454,197
Temporary Economic Relief	12,319,338	9,680,778
Modernization of SME	9,569	12,215
Combating COVID-19	408,127	563,711
Askari Ujala	-	3,117
Rupee based discounting of bills / receivable	3,526,954	1,891,099
	<u>47,419,640</u>	<u>49,240,003</u>
Repurchase agreement borrowings		
State Bank of Pakistan	250,000,000	100,000,000
Financial institutions	63,370,077	80,826,007
	<u>313,370,077</u>	<u>180,826,007</u>
Refinance from Pakistan Mortgage Refinance Company	2,783,333	3,366,079
Total secured	<u>363,573,050</u>	<u>233,432,089</u>
Unsecured		
Call borrowings	14,900,000	-
Overdrawn nostro accounts	210,385	-
Total unsecured	<u>15,110,385</u>	<u>-</u>
	<u>378,683,435</u>	<u>233,432,089</u>

	September 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
17. DEPOSITS AND OTHER ACCOUNTS	(Rupees in '000)					
Customers						
Current accounts	308,915,695	32,119,508	341,035,203	323,359,037	25,268,830	348,627,867
Savings deposits	626,337,356	70,411,043	696,748,399	500,472,663	60,092,675	560,565,338
Fixed deposits	185,021,634	28,194,655	213,216,289	195,530,848	26,160,189	221,691,037
	<u>1,120,274,685</u>	<u>130,725,206</u>	<u>1,250,999,891</u>	<u>1,019,362,548</u>	<u>111,521,694</u>	<u>1,130,884,242</u>
Financial institutions						
Current accounts	749,208	214,515	963,723	1,047,450	32,749	1,080,199
Savings deposits	1,795,604	-	1,795,604	4,517,990	-	4,517,990
Fixed deposits	21,488,200	-	21,488,200	6,092,175	-	6,092,175
	<u>24,033,012</u>	<u>214,515</u>	<u>24,247,527</u>	<u>11,657,615</u>	<u>32,749</u>	<u>11,690,364</u>
	<u>1,144,307,697</u>	<u>130,939,721</u>	<u>1,275,247,418</u>	<u>1,031,020,163</u>	<u>111,554,443</u>	<u>1,142,574,606</u>

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
18. SUBORDINATED DEBTS	(Rupees in '000)	
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	12,000,000	12,000,000

18.1 The Bank has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity Date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109-120th month: 100%
Profit Rate	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cummulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

	<u>(Un-audited)</u> September 30, 2023	<u>(Audited)</u> December 31, 2022
19. OTHER LIABILITIES	(Rupees in '000)	
Mark-up / return / interest payable in local currency	18,273,944	11,177,244
Mark-up / return / interest payable in foreign currencies	578,636	523,791
Unearned commission and income on bills discounted	2,088,380	2,485,237
Accrued expenses	2,151,453	2,141,323
Advance payments	364,577	446,546
Acceptances	17,490,130	14,925,859
Dividend payable	194,126	195,719
Advance against sale of non-banking assets	549,430	494,255
Mark to market loss on forward foreign exchange contracts	2,905,205	110,688
Branch adjustment account	986,479	-
Payable to defined benefit plan	38,823	194,714
Provision for employees' compensated absences	709,643	635,913
Security deposit against lease / Ijarah financing	3,724,815	4,145,427
Levies and taxes payable	917,941	1,156,266
Workers' Welfare Fund	1,166,596	768,486
Switch settlement accounts	9,601,196	2,747,463
Provision against off-balance sheet obligations - note 19.1	139,997	134,767
Lease liability against ROU assets as per IFRS - 16 Leases	8,875,041	8,084,073
Others	3,901,610	2,095,527
	<u>74,658,022</u>	<u>52,463,298</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	134,767	1,143,768
Exchange adjustment	133	404
Charge for the period / year	5,758	-
Reversal for the period / year	(661)	(1,009,405)
Net (reversal) / charge	5,097	(1,009,405)
Closing balance	<u>139,997</u>	<u>134,767</u>
20. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS		
- NET OF TAX		
(Deficit) / surplus on revaluation of:		
- Available for sale securities	(23,350,740)	(13,244,132)
- Fixed Assets	10,365,737	10,365,737
- Non-banking assets acquired in satisfaction of claims	353,233	1,135,774
	<u>(12,631,770)</u>	<u>(1,742,621)</u>
Deferred tax on deficit on revaluation of:		
- Available for sale securities	11,441,863	5,694,977
	<u>(1,189,907)</u>	<u>3,952,356</u>

Pursuant to relaxation provided by the SBP, the Bank had availed the benefit of staggering the unrealized loss on PIBs having aggregate face value of Rs 85,168 million at December 31, 2022. Accordingly, the Bank had reversed an amount of revaluation loss of Rs. 6,486 million upto December 31, 2022. The relaxation is not available at September 30, 2023.

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
21. CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
- Guarantees - note 21.1	353,114,352	313,699,274
- Commitments - note 21.2	409,305,216	473,577,812
- Other contingent liabilities - note 21.3	2,302,525	1,720,383
	<u>764,722,093</u>	<u>788,997,469</u>
21.1 Guarantees		
Financial guarantees	9,259,253	9,494,557
Performance guarantees	191,791,262	180,122,513
Other guarantees	152,063,837	124,082,204
	<u>353,114,352</u>	<u>313,699,274</u>
21.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	230,238,483	187,240,002
Commitments in respect of:		
- forward foreign exchange contracts - note 21.2.1	165,514,542	269,232,712
- forward government securities transactions - note 21.2.2	11,500,000	15,400,000
- non government securities transactions - note 21.2.3	1,468,290	1,366,896
Commitments for acquisition of:		
- operating fixed assets	138,764	82,807
- intangible assets	445,137	255,395
	<u>409,305,216</u>	<u>473,577,812</u>
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	104,447,001	150,899,164
Sale	61,067,541	118,333,548
	<u>165,514,542</u>	<u>269,232,712</u>
The above commitments have maturities falling within one year.		
21.2.2 Commitments in respect of government securities transactions		
Purchase	1,000,000	15,400,000
Sale	10,500,000	-
	<u>11,500,000</u>	<u>15,400,000</u>
21.2.3 Commitments in respect of non government securities transactions		
Purchase	1,468,290	1,035,290
Sale	-	331,606
	<u>1,468,290</u>	<u>1,366,896</u>
21.3 Other contingent liabilities		
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim unconsolidated financial statements.		
	1,452,369	1,254,927
This represent stand by letters of credit issued by correspondent banks on behalf of the Bank.		
	850,156	465,456
	<u>2,302,525</u>	<u>1,720,383</u>

22. DERIVATIVE INSTRUMENTS

The Bank does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

		(Un-audited)	
		Period ended September 30, 2023	Period ended September 30, 2022
23.	MARK-UP / RETURN / INTEREST EARNED	(Rupees in '000)	
	On:		
	Loans and advances	79,601,156	44,264,032
	Investments	134,667,841	64,800,052
	Lendings to financial institutions	216,191	146,492
	Balances with banks	472,868	59,681
	Securities purchased under resale agreements	1,882,056	571,366
		<u>216,840,112</u>	<u>109,841,623</u>
24.	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	112,571,386	53,803,112
	Borrowings	58,031,799	23,439,247
	Subordinated debts	1,887,478	1,261,846
	Cost of foreign currency swaps against foreign currency deposits / borrowings	3,067,098	1,564,440
	Interest expense on lease liability against ROU assets	763,481	675,029
		<u>176,321,242</u>	<u>80,743,674</u>
25.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	594,158	632,397
	Consumer finance related fees	71,087	80,613
	Card related fees (debit and credit cards)	1,118,857	880,658
	Credit related fees	586,342	322,725
	Investment banking fees	213,148	139,747
	Commission on trade	1,407,571	772,439
	Commission on guarantees	971,980	721,235
	Commission on remittances	144,140	168,393
	Commission on bancassurance	24,221	48,423
	Others	70,654	26,227
		<u>5,202,158</u>	<u>3,792,857</u>
26.	GAIN / (LOSS) ON SECURITIES		
	Realised - note 26.1	209,180	185,392
	Unrealised - note 9.1	8,210	(1,909)
		<u>217,390</u>	<u>183,483</u>
26.1	Realised gain / (loss) on:		
	Federal Government Securities	(121,254)	64,455
	Shares	280,448	107,779
	Non Government Debt Securities	49,986	300
	Mutual Funds	-	12,858
		<u>209,180</u>	<u>185,392</u>

		(Un-audited)	
		Period ended September 30, 2023	Period ended September 30, 2022
27. OTHER INCOME		(Rupees in '000)	
Gain on sale of fixed assets		10,488	39,398
Rent of lockers		38,439	35,597
Recovery of expenses from customers		240,916	223,883
Termination of lease contracts under IFRS - 16 Leases		11,082	13,700
		<u>300,925</u>	<u>312,578</u>
28. OPERATING EXPENSES			
Total compensation expenses - note 28.1		10,539,717	8,433,259
Property expense			
Rent and taxes		122,236	114,313
Insurance		74,139	61,666
Utilities cost		1,117,674	863,192
Security (including guards)		618,136	563,892
Repair & maintenance (including janitorial charges)		346,562	258,065
Depreciation on ROU assets		1,254,440	1,178,008
Depreciation		183,435	208,207
		<u>3,716,622</u>	<u>3,247,343</u>
Information technology expenses			
Software maintenance		545,651	391,405
Hardware maintenance		118,684	59,392
Depreciation		172,629	134,964
Amortisation		129,720	104,862
Network charges		492,367	236,908
		<u>1,459,051</u>	<u>927,531</u>
Other operating expenses			
Directors' fees, allowances		26,000	26,000
Fees and allowances to shariah board		7,146	6,886
Rates, taxes, insurance etc.		129,223	152,909
Legal and professional charges		68,825	103,775
Brokerage and commission		155,764	117,948
NIFT clearing charges		66,980	48,120
Repair and maintenance		553,723	338,852
Communications		733,980	526,239
Stationery and printing		478,991	276,311
Marketing, advertisement and publicity		149,518	144,496
Donations		524,398	351,447
Auditors' remuneration		37,847	29,474
Travelling, conveyance and entertainment		308,810	218,127
Depreciation		362,911	336,907
Security service charges		495,970	289,178
Training and development		21,386	17,423
Deposit premium expense		526,740	485,575
Outsourced service cost		228,277	83,027
Other expenditure		235,057	266,141
		<u>5,111,546</u>	<u>3,818,835</u>
		<u>20,826,936</u>	<u>16,426,968</u>
28.1 Total compensation expense			
Managerial remuneration		7,903,985	6,508,365
Charge for defined benefit / contribution plan		633,868	553,197
Other staff cost - note 28.1.1		2,001,864	1,371,697
		<u>10,539,717</u>	<u>8,433,259</u>

28.1.1 Other staff cost includes adhoc allowance, cost of living allowance, cash handling allowance and staff group insurance etc.

29. This represents penalties imposed by the State Bank of Pakistan.

	(Un-audited)	
	Period ended September 30, 2023	Period ended September 30, 2022
30. PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
Provision for diminution in value of investments	238,760	497,499
Provision against loans and advances	544,985	747,718
Reversal / provision against other assets	(112)	11,374
Reversal of provision against intangible assets	-	(1,225)
Provision / reversal of provision against off-balance sheet obligations	5,097	(997,294)
Provision against cash and bank balances	5	8
Reversal of provision against repurchase agreement lendings	(22,291)	(22,291)
Recovery of written off / charged off bad debts	(76,067)	(55,053)
	<u>690,377</u>	<u>180,736</u>

31. TAXATION

Current	14,114,438	10,220,961
Deferred	(305,179)	81,232
	<u>13,809,259</u>	<u>10,302,193</u>

31.1 i) The Bank has filed tax returns for and up to tax year 2022. The assessments for and up to tax year 2022 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs 1,086 million, provision for diminution in the value of investments for Rs 2,425 million, bad debts written off for Rs 86.558 million, provision for substandard advances for Rs 74.95 million, Provision against other assets/fixed assets for Rs 118.455 million, disallowance of employee benefit expenses Rs 205.225 Million and Other disallowances of expenses/credits for Rs 321.489 million. Bank's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Bank are confident that these matters will be decided in favor of the Bank and consequently no provision has been made thereon. Tax payments by the Bank against certain matters are being carried forward as receivable, as management and tax advisor of the Bank are confident of their realization.

ii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

	(Un-audited)	
	Period ended September 30, 2023	Period ended September 30, 2022
32. BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>14,564,061</u>	<u>10,749,027</u>
Weighted average number of Ordinary Shares - numbers	<u>1,449,299,207</u>	<u>1,449,299,207</u>
		Restated
Basic earnings per share - Rupees	<u>10.05</u>	<u>7.42</u>

There is no dilutive effect on the basic earnings per share of the Bank, therefore dilutive earnings per share have not been presented separately. Further, the prior period earnings per share has been restated for the effect of bonus shares issued @15% during the period.

33. FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

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

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

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

33.1 Fair value of financial assets

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP and Reuters page.

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

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.

The following table provides the fair values of those of the Bank's financial assets and liabilities that are recognized or disclosed at fair value in these unconsolidated condensed interim financial statements:

September 30, 2023 (Un-audited)					
Carrying / Notional Value	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	963,824,558	6,616,950	957,207,608	-	963,824,558
Shares	4,845,596	4,845,596	-	-	4,845,596
Units of open end mutual funds	624,038	-	624,038	-	624,038
Fully paid preference shares	28,150	28,150	-	-	28,150
Non Government Debt Securities	15,063,883	-	15,063,883	-	15,063,883
	<u>984,386,225</u>	<u>11,490,696</u>	<u>972,895,529</u>	<u>-</u>	<u>984,386,225</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	56,658,971	10,702,031	45,956,940	-	56,658,971
Unlisted shares	352,214	-	-	-	-
Units of open end mutual funds	700,000	-	-	-	-
Cash and balances with treasury banks	120,545,365	-	-	-	-
Balances with other banks	6,723,571	-	-	-	-
Lendings to financial institutions	9,075,470	-	-	-	-
Advances	524,132,791	-	-	-	-
Other assets	85,385,898	-	-	-	-
	<u>803,574,280</u>	<u>10,702,031</u>	<u>45,956,940</u>	<u>-</u>	<u>56,658,971</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	104,447,001	-	(4,309,227)	-	(4,309,227)
Forward sale of foreign exchange	61,067,541	-	1,404,021	-	1,404,021

December 31, 2022 (Un-audited)					
Carrying / Notional Value	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	632,309,796	3,896,423	628,413,373	-	632,309,796
Shares	3,484,699	3,484,699	-	-	3,484,699
Units of open end mutual funds	1,343,285	-	1,343,285	-	1,343,285
Fully paid preference shares	28,150	28,150	-	-	28,150
Non Government Debt Securities	11,865,359	-	11,865,359	-	11,865,359
Foreign securities	-	-	-	-	-
	<u>649,031,289</u>	<u>7,409,272</u>	<u>641,622,017</u>	<u>-</u>	<u>649,031,289</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	1,050,000	-	-	-	-
Federal Government Securities	111,056,637	8,644,666	102,411,971	-	111,056,637
Foreign Securities	1,797,164	1,797,164	-	-	1,797,164
Cash and balances with treasury banks	70,950,067	-	-	-	-
Balances with other banks	9,677,123	-	-	-	-
Lendings to financial institute	406,934	-	-	-	-
Advances	583,810,931	-	-	-	-
Other assets	53,738,462	-	-	-	-
	<u>832,487,318</u>	<u>10,441,830</u>	<u>102,411,971</u>	<u>-</u>	<u>112,853,801</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	150,899,164	-	419,729	-	419,729
Forward sale of foreign exchange	118,333,548	-	(530,417)	-	(530,417)

The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer to takes place. There were no transfers between levels 1 and 2 during the period.

	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022
	(Rupees in '000)	
33.2 Fair value of non-financial assets	Level 3	Level 3
Fixed assets		
Property and equipment (freehold and leasehold land)	13,238,392	13,238,392
Other assets		
Non-banking assets acquired in satisfaction of claims	832,168	1,983,236

34. Segment Information

34.1 Segment details with respect to Business Activities

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

	September 30, 2023 (Un-audited)							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(65,864,384)	19,827,597	74,279,459	3,354,457	9,437,527	1,663,458	(2,179,244)	40,518,870
Inter segment revenue - net	91,058,899	(15,489,260)	(79,072,653)	(2,563,652)	(2,528,526)	(1,178,314)	9,773,506	-
Non mark-up / return / interest income	1,298,346	3,572,066	3,665,456	555,762	566,327	22,896	218,622	9,899,475
Total income	26,492,861	7,910,403	(1,127,738)	1,346,567	7,475,328	508,040	7,812,884	50,418,345
Segment direct expenses	11,102,520	738,289	315,407	1,203,019	2,504,775	163,540	5,327,098	21,354,648
Inter segment expense allocation	992,924	735,708	17,022	36,789	-	-	(1,782,443)	-
Total expenses	12,095,444	1,473,997	332,429	1,239,808	2,504,775	163,540	3,544,655	21,354,648
Provisions	(214,263)	692,022	176,073	(25,236)	(4,663)	-	66,444	690,377
Profit before tax	14,611,680	5,744,384	(1,636,240)	131,995	4,975,216	344,500	4,201,785	28,373,320
	September 30, 2023 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	30,241,637	-	81,702,783	763,834	14,273,550	114,487	172,645	127,268,936
Investments	-	10,169,394	969,389,761	-	44,898,842	17,318,981	517,133	1,042,294,111
Lendings to financial institutions	-	-	9,075,470	-	-	-	-	9,075,470
Advances - performing - net of provision	11,697,535	388,356,917	-	19,699,585	89,077,634	4,036,671	8,449,655	521,317,997
Advances - non-performing - net of provision	331,271	1,492,131	-	82,265	909,127	-	-	2,814,794
Others	837,088	32,918,452	38,719,455	837,103	11,685,285	831,779	46,067,255	131,896,417
Total Assets	43,107,531	432,936,894	1,098,887,469	21,382,787	160,844,438	22,301,918	55,206,688	1,834,667,725
Borrowings	1,509,709	40,022,311	315,965,700	2,783,333	18,402,382	-	-	378,683,435
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	827,689,625	325,355,551	-	3,300	120,723,036	1,475,905	-	1,275,247,417
Net inter segment balances - net	(811,912,840)	39,848,733	774,613,018	18,092,875	(765,576)	18,702,996	(38,579,206)	-
Others	25,821,037	27,810,299	8,208,753	503,279	7,997,290	2,123,017	11,525,047	83,988,722
Total liabilities	43,107,531	433,036,894	1,098,787,471	21,382,787	146,357,132	22,301,918	(15,054,159)	1,749,919,574
Equity	-	-	-	-	14,487,306	-	70,260,846	84,748,152
Total Equity and liabilities	43,107,531	433,036,894	1,098,787,471	21,382,787	160,844,438	22,301,918	55,206,687	1,834,667,726
Contingencies and commitments	5,569,939	561,269,003	174,178,365	850,156	20,853,581	-	2,001,049	764,722,093
	September 30, 2022 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(34,912,636)	18,120,390	39,515,848	2,666,306	3,808,935	1,437,092	(1,537,986)	29,097,949
Inter segment revenue - net	54,132,568	(13,290,051)	(42,968,391)	(1,704,375)	-	(385,139)	4,215,388	-
Non mark-up / return / interest income	1,321,716	2,395,191	4,337,648	411,356	395,962	25,921	141,913	9,029,707
Total income	20,541,648	7,225,530	885,105	1,373,287	4,204,897	1,077,874	2,819,315	38,127,656
Segment direct expenses	9,216,907	456,620	245,566	867,840	1,991,175	109,557	4,008,035	16,895,700
Inter segment expense allocation	845,089	575,202	6,416	99,409	-	-	(1,526,116)	-
Total expenses	10,061,996	1,031,822	251,982	967,249	1,991,175	109,557	2,481,919	16,895,700
Provisions	(70,709)	(404,626)	571,758	7,859	167,040	(178,089)	87,503	180,736
Profit before tax	10,550,361	6,598,334	61,365	398,179	2,046,682	1,146,406	249,893	21,051,220
	December 31, 2022 (Audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	24,540,132	-	49,189,748	-	6,862,101	35,209	-	80,627,190
Lendings to financial institutions	-	-	406,934	-	-	-	-	406,934
Investments	-	8,125,443	699,774,652	-	39,942,674	14,338,254	349,996	762,531,019
Advances - performing - net of provision	13,644,831	447,812,623	-	21,143,917	82,166,386	9,999,101	7,194,819	581,961,677
Advances - non-performing - net of provision	281,669	453,499	-	130,836	983,250	-	-	1,849,254
Others	1,003,140	27,107,590	19,094,660	594,298	7,097,474	418,422	43,442,076	98,757,660
Total Assets	39,469,772	483,499,155	768,465,994	21,869,051	137,051,885	24,790,986	50,986,891	1,526,133,734
Borrowings	1,744,212	42,909,471	179,432,046	3,366,079	4,586,320	1,393,961	-	233,432,089
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	751,762,235	293,324,608	-	3,686	96,297,085	1,094,507	92,485	1,142,574,606
Net inter segment balances - net	(731,928,308)	122,512,889	586,421,413	17,862,227	19,475,830	22,068,820	(36,412,871)	-
Others	17,891,633	24,752,187	2,612,535	637,059	6,684,620	233,698	11,993,054	64,804,786
Total liabilities	39,469,772	483,499,155	768,465,994	21,869,051	127,043,855	24,790,986	(12,327,332)	1,452,811,481
Equity	-	-	-	-	10,008,030	-	63,314,223	73,322,253
Total Equity and liabilities	39,469,772	483,499,155	768,465,994	21,869,051	137,051,885	24,790,986	50,986,891	1,526,133,734
Contingencies and commitments	6,295,329	480,881,779	280,146,274	483,545	19,620,329	-	1,570,213	788,997,469

35. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

Details of transactions with related parties and balances are as follows:

	As at September 30, 2023 (Un-audited)					As at December 31, 2022 (Audited)				
	Parent	Directors	Key management personnel	Subsidiary / Associate	Other related parties	Parent	Directors	Key management personnel	Subsidiary / Associate	Other related parties
Rupees in '000										
Investments										
Opening balance	-	-	-	165,619	1,165,448	-	-	-	165,619	1,189,341
Investment made during the period / year	-	-	-	196,700	-	-	-	-	-	44,195
Revaluation adjustment	-	-	-	-	118,419	-	-	-	-	(81,568)
Investment redeemed / disposed off during the period / year	-	-	-	-	(15,385)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	(165,619)	13,745	-	-	-	-	13,480
Closing balance	-	-	-	196,700	1,282,227	-	-	-	165,619	1,165,448
Provision for diminution in value of investments	-	-	-	-	87,862	-	-	-	-	87,248
Advances										
Opening balance	29,986,315	60	507,549	-	16,983,652	4,523,915	43	441,248	-	10,521,710
Addition during the period / year	329,496,468	9,733	70,570	1,001,352	67,835,859	352,713,101	20,581	469,897	-	10,892,307
Repaid during the period / year	(355,789,420)	(8,721)	(169,179)	(1,200,500)	(73,156,401)	(327,250,701)	(20,564)	(419,988)	-	(4,430,365)
Transfer in / (out) - net	-	-	-	200,000	12,237,575	-	-	16,392	-	-
Closing balance	3,693,363	1,072	408,940	852	23,900,685	29,986,315	60	507,549	-	16,983,652
Other Assets										
Interest / mark-up receivable	75,590	-	67,392	4	1,151,566	369,907	-	71,132	-	790,833
Advance rent	1,945	-	-	-	-	1,254	-	-	-	-
Others	106	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	3,366,079	-	-	-	-	2,372,387
Borrowings during the period	-	-	-	-	500,000	-	-	-	-	1,200,000
Settled during the period	-	-	-	-	(1,082,746)	-	-	-	-	(206,308)
Closing balance	-	-	-	-	2,783,333	-	-	-	-	3,366,079
Deposits and other accounts										
Opening balance	38,816,364	34,614	193,107	200,843	38,867,218	56,224,390	24,009	211,259	268,208	42,288,557
Received during the period / year	1,183,714,837	770,117	1,370,870	4,244,476	721,510,714	988,405,154	79,294	2,726,090	1,012,631	992,693,856
Withdrawn during the period / year	(1,172,837,514)	(671,799)	(1,230,866)	(4,604,815)	(718,180,376)	(1,005,813,179)	(68,689)	(2,683,283)	(1,079,996)	(996,115,195)
Transfer in / (out) - net	-	(6,417)	7,843	455,771	786,558	-	-	(60,959)	-	-
Closing balance	49,693,688	126,514	340,954	296,275	42,984,114	38,816,364	34,614	193,107	200,843	38,867,218
Other Liabilities										
Interest / mark-up payable	1,553,184	-	2,316	-	398,186	625,832	-	3,299	-	361,829
Payable to staff retirement fund	-	-	-	-	38,823	-	-	-	-	194,714
Security deposits payable	-	-	-	-	468,194	-	-	-	-	470,698
Others	-	-	36,755	-	920	-	-	18,607	-	-
Contingencies and Commitments										
Contingencies and Commitments	55,754	-	-	-	3,973,235	1,183,172	-	-	40,000	2,447,138
Others										
Securities held as custodian	12,806,875	-	54,389	-	9,681,050	3,462,500	-	36,500	100,000	7,105,000
Securities given as collateral	-	-	-	-	98,306	-	-	-	-	177,855
Investment purchased	-	-	-	-	45,000	-	-	-	-	-

For the nine months ended September 30, 2023 (Un-Audited)					For the nine months ended September 30, 2022 (Un-Audited)				
Parent	Directors	Key management personnel	Subsidiary	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Other related parties

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

Income

Mark-up / return / interest earned	287,249	1,567	13,309	1,480	3,001,176	454,773	-	17,375	-	1,459,296
Fee and commission received	1,433	-	-	-	77,061	6,205	-	-	79	62,900
Dividend income	-	-	-	-	124,793	-	-	-	-	53,268
Gain on sale of fixed assets	-	-	-	-	-	-	-	7,250	-	-

Expense

Mark-up / return / interest expensed	3,407,469	-	75,400	-	2,367,982	2,889,084	99	8,810	3,879	2,035,217
Charge to defined benefit plan	-	-	-	-	261,740	-	-	-	-	248,248
Contribution to defined contribution plan	-	-	-	-	254,193	-	-	-	-	213,762
Remuneration and allowances	-	-	788,125	-	7,146	-	-	520,383	-	6,886
Rent	2,099	-	-	-	-	1,707	-	-	-	-
Communications	-	-	-	-	90,336	-	-	-	-	53,743
Brokerage and Commission	-	-	-	-	66,023	-	-	-	-	58,234
Directors' Fee, Allowances	-	26,000	-	-	-	7,400	18,600	-	-	-
Donations	524,398	-	-	-	-	322,759	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	33

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and Atm).

The term 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,492,992	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	74,127,263	65,303,243
Eligible Additional Tier 1 (ADT 1) Capital	5,835,000	6,000,000
Total Eligible Tier 1 Capital	79,962,263	71,303,243
Eligible Tier 2 Capital	9,782,136	11,835,110
Total Eligible Capital (Tier 1 + Tier 2)	89,744,399	83,138,353
Risk Weighted Assets (RWAs):		
Credit Risk	416,130,644	412,323,250
Market Risk	20,426,908	27,675,542
Operational Risk	81,324,765	81,324,765
Total	517,882,317	521,323,557
Common Equity Tier 1 Capital Adequacy ratio	14.31%	12.53%
Tier 1 Capital Adequacy Ratio	15.44%	13.68%
Total Capital Adequacy Ratio	17.33%	15.95%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	79,962,263	71,303,243
Total Exposures	2,579,123,667	2,243,512,648
Leverage Ratio	3.10%	3.18%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	719,287,684	520,361,460
Total Net Cash Outflow	357,179,686	281,841,107
Liquidity Coverage Ratio	201.38%	184.63%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,281,710,363	1,113,842,290
Total Required Stable Funding	537,419,262	561,351,354
Net Stable Funding Ratio	238.49%	198.42%

37. Islamic Banking Business

The Bank is operating 120 Islamic banking branches including 3 sub-branches at September 30, 2023 as compared to 120 Islamic banking branches including 3 sub-branches at year ended December 31, 2022.

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		14,120,089	6,747,452
Balances with other banks		153,462	114,649
Investments	37.1	44,898,842	39,942,674
Islamic financing and related assets - net	37.2	89,986,763	83,149,636
Fixed assets		1,945,348	1,984,521
Intangible assets		-	-
Due from Head Office		-	-
Other assets		10,523,908	5,812,116
Total assets		161,628,412	137,751,048
LIABILITIES			
Bills payable		1,093,593	1,425,734
Due to financial institutions		18,402,382	4,586,320
Deposits and other accounts	37.3	120,723,034	96,297,085
Due to head office		-	20,175,000
Sub-ordinated debt		-	-
Other liabilities		6,922,100	5,258,880
		147,141,109	127,743,019
NET ASSETS		14,487,303	10,008,029
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Deficit on revaluation of assets		(1,611,186)	(1,115,247)
Unappropriated profit	37.4	11,498,489	6,523,276
		14,487,303	10,008,029
CONTINGENCIES AND COMMITMENTS	37.5	20,853,581	19,620,329

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

		(Un-audited) For the nine months ended	
	Note	September 30, 2023	September 30, 2022
		(Rupees in '000)	
Profit / return earned	37.7	18,427,429	9,723,256
Profit / return expensed	37.8	11,518,429	5,914,321
Net Profit / return		6,909,000	3,808,935
Other income			
Fee and Commission Income		245,407	195,592
Dividend Income		12,759	8,614
Foreign Exchange Income		219,995	134,387
Gain / (loss) on securities		7,500	-
Other Income		80,666	57,369
Total other income		566,327	395,962
Total Income		7,475,327	4,204,897
Other expenses			
Operating expenses		2,502,235	1,989,340
Workers' Welfare Fund		-	-
Other charges		2,541	1,835
Total other expenses		2,504,776	1,991,175
Profit before provisions		4,970,551	2,213,722
Provisions and write offs - net		(4,662)	167,040
Profit before taxation		4,975,213	2,046,682

	September 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
37.1 Investments by segments:	(Rupees in '000)							
Federal Government Securities:								
- Ijarah Sukuks	37,418,880	-	(1,613,116)	35,805,764	33,935,928	-	(1,115,711)	32,820,217
- Islamic Naya Pakistan Certificates	4,096,659	-	-	4,096,659	3,282,078	-	-	3,282,078
- GOP Bai Muajjal	-	-	-	-	-	-	-	-
	41,515,539	-	(1,613,116)	39,902,423	37,218,006	-	(1,115,711)	36,102,295
Units of Open end Mutual Fund	100,000	-	1,930	101,930	100,000	-	464	100,464
Non Government Debt Securities:								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	5,431,614	(537,125)	-	4,894,489	4,283,463	(543,548)	-	3,739,915
	5,431,614	(537,125)	-	4,894,489	4,283,463	(543,548)	-	3,739,915
Total investments	47,047,153	(537,125)	(1,611,186)	44,898,842	41,601,469	(543,548)	(1,115,247)	39,942,674

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
37.2 ISLAMIC FINANCING AND RELATED ASSETS	(Rupees in '000)	
Ijarah	5,058,893	4,934,290
Murabaha - note 37.2.1	8,657,987	5,033,231
Musharakah	37,998,341	32,639,372
Diminishing Musharakah	22,521,840	17,080,337
Salam	2,813,128	7,948,100
Istisna	3,888,243	5,238,318
Receivable against sale of Istisna / Salam Inventory	1,011,667	585,400
Service Ijarah	2,364,132	2,427,176
Wakalah	594,063	-
Other Islamic Modes (Qard)	2,100,944	2,703,951
Advances against Islamic assets - note 37.2.2	1,122,406	4,539,685
Inventory related to Islamic financing - note 37.2.3	3,808,189	1,971,084
Gross Islamic financing and related assets	91,939,833	85,100,944
Less: provision against Islamic financings		
- Specific	1,922,524	1,911,083
- General	30,546	40,225
	1,953,070	1,951,308
Islamic financing and related assets - net of provision	<u>89,986,763</u>	<u>83,149,636</u>

37.2.1 Includes advance against Murabaha of Rs.2,040,680 thousand (December 31, 2022: Rs.954,405 thousand) and Inventory against Murabaha of Rs. 211,019 thousand (December 31, 2022: Rs.Nil).

37.2.2 Advance against Islamic assets

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
September 30, 2023 (Un-audited)	61,320	-	1,061,086	-	-	1,122,406
December 31, 2022 (Audited)	1,524,153	-	3,015,532	-	-	4,539,685

37.2.3 Inventory related to Islamic financing

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
September 30, 2023 (Un-audited)	-	-	-	461,026	3,347,163	3,808,189
December 31, 2022 (Audited)	-	-	-	226,020	1,745,064	1,971,084

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
37.3 DEPOSITS AND OTHER ACCOUNTS		
	(Rupees in '000)	
Customers		
Current deposits - non remunerative	39,808,573	36,236,795
Current deposits - remunerative	1,362,847	1,353,496
Savings deposits	24,322,147	23,299,225
Term deposits	32,509,660	25,135,675
Others	1,790,637	1,589,333
	<u>99,793,864</u>	<u>87,614,524</u>
Financial Institutions		
Current deposits - non remunerative	35,912	101,309
Current deposits - remunerative	55,558	131,152
Savings deposits	632,000	2,667,925
Term deposits	20,205,700	5,782,175
Other Deposits	-	-
	<u>20,929,170</u>	<u>8,682,561</u>
	<u>120,723,034</u>	<u>96,297,085</u>
37.4 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	6,523,276	3,652,897
Add: Islamic banking profit for the period	4,975,213	2,870,379
Closing Balance	<u>11,498,489</u>	<u>6,523,276</u>
37.5 CONTINGENCIES AND COMMITMENTS		
-Guarantees	9,829,530	8,971,118
-Commitments	11,024,051	10,649,211
-Other contingent liabilities	-	-
	<u>20,853,581</u>	<u>19,620,329</u>
37.6 CHARITY FUND		
Opening balance	40,130	24,292
Additions during the period		
- Received from customers on delayed payments	29,856	55,203
- Non Shariah Compliant Income	-	170
- Profit on charity account	23	16
- Others	481	449
	30,360	55,838
Payments / utilization during the period		
- Education	(5,000)	-
- Community Welfare	-	-
- Relief and disaster recovery	-	-
- Natural Disaster	-	(40,000)
- Health	(14,264)	-
- Orphanage	(3,123)	-
	<u>(22,387)</u>	<u>(40,000)</u>
Closing balance	<u>48,103</u>	<u>40,130</u>

(Un-audited)
For the nine months ended

September 30, 2023	September 30, 2022
(Rupees in '000)	

**37.7 PROFIT / RETURN EARNED ON FINANCING,
INVESTMENTS AND PLACEMENTS**

Profit earned on:

Financing	13,530,323	6,916,795
Investments	4,860,579	2,777,255
Placements	36,527	29,206
	18,427,429	9,723,256

37.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED

Deposits and other accounts	8,204,216	3,041,922
Due to financial institutions	620,136	255,076
Due to head office	2,528,526	2,471,371
Lease liability against right-of-use assets	165,551	145,952
	11,518,429	5,914,321

38. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on October 27, 2023.

-sd-	-sd-	-sd-	-sd-	-sd-
Chief Financial Officer	President & Chief Executive	Director	Director	Chairman



CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2023

(UN-AUDITED)

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2023

		(Un-audited)	(Audited)
		September 30,	December 31,
		2023	2022
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	120,545,664	70,950,067
Balances with other banks	7	7,640,901	9,677,123
Lendings to financial institutions	8	9,075,470	406,934
Investments	9	1,042,243,704	762,531,019
Advances	10	524,132,791	583,810,931
Fixed assets	11	25,154,852	24,484,412
Intangible assets	12	1,761,489	1,375,625
Deferred tax assets	13	13,664,083	7,545,677
Other assets	14	91,777,685	65,049,181
		<u>1,835,996,639</u>	<u>1,525,830,969</u>
LIABILITIES			
Bills payable	15	9,330,700	11,878,563
Borrowings	16	378,683,435	233,432,089
Deposits and other accounts	17	1,275,247,418	1,142,373,763
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities		-	-
Other liabilities	19	75,465,296	52,676,078
		<u>1,750,726,849</u>	<u>1,452,360,493</u>
NET ASSETS			
		<u>85,269,790</u>	<u>73,470,476</u>
REPRESENTED BY			
Share capital		14,492,992	12,602,602
Reserves		57,291,443	43,487,608
(Deficit) / surplus on revaluation of assets - net of tax	20	(1,189,907)	3,975,493
Unappropriated profit		14,323,274	13,404,773
Non-controlling interest		351,988	-
		<u>85,269,790</u>	<u>73,470,476</u>
CONTINGENCIES AND COMMITMENTS			
	21		

The annexed notes 1 to 38 form an integral part of these consolidated condensed interim financial statements.

-sd-	-sd-	-sd-	-sd-	-sd-
_____ Chief Financial Officer	_____ President & Chief Executive	_____ Director	_____ Director	_____ Chairman

ASKARI BANK LIMITED

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

For the quarter and nine months ended September 30, 2023

	For the quarter ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation	5,747,661	4,443,626	14,585,204	10,757,082
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in Wholesale Bank Branch	63,019	482,420	933,722	1,037,830
Movement in deficit on revaluation of investments - net of tax	2,740,133	(2,740,156)	(4,359,722)	(503,515)
	2,803,152	(2,257,736)	(3,426,000)	534,315
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit plan	222,829	(2,954)	222,829	(2,405)
Reversal of deferred tax liability recognized in previous year	65,004	-	65,004	-
	287,833	(2,954)	287,833	(2,405)
Total comprehensive income	8,838,646	2,182,936	11,447,037	11,288,992
Attributable to				
Equity holders of the Bank	8,828,286	2,182,936	11,436,677	11,288,992
Non-controlling interest	10,360	-	10,360	-
	8,838,646	2,182,936	11,447,037	11,288,992

The annexed notes 1 to 38 form an integral part of these consolidated condensed interim financial statements.

-sd-

Chief Financial Officer

-sd-

President & Chief Executive

-sd-

Director

-sd-

Director

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Chairman

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2023

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Non-Controlling interest	Total
						Investments	Fixed / Non banking assets			
						(Rupees in '000)				
Balance as at January 1, 2022	12,602,602	549,520	234,669	14,210,403	17,837,459	(4,937,829)	6,925,805	8,618,234	-	56,040,863
Total comprehensive income for the nine months ended September 30, 2022										
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	-	-	10,757,082	-	10,757,082
Other comprehensive income related to equity	-	1,037,830	-	-	-	(503,515)	-	(2,405)	-	531,910
	-	1,037,830	-	-	-	(503,515)	-	10,754,677	-	11,288,992
Transfer to Statutory reserve	-	-	-	1,074,903	-	-	-	(1,074,903)	-	-
Transfer to General reserve	-	-	-	-	8,618,234	-	-	(8,618,234)	-	-
Balance as at September 30, 2022	12,602,602	1,587,350	234,669	15,285,306	26,455,693	(5,441,344)	6,925,805	9,679,774	-	67,329,855
Total comprehensive income for the quarter ended December 31, 2022										
Net profit for the quarter ended December 31, 2022	-	-	-	-	-	-	-	3,315,586	-	3,315,586
Other comprehensive income related to equity	-	(394,408)	-	-	-	(2,084,674)	5,240,208	63,909	-	2,825,035
	-	(394,408)	-	-	-	(2,084,674)	5,240,208	3,379,495	-	6,140,621
Transfer to Statutory reserve	-	-	-	331,257	-	-	-	(331,257)	-	-
Transfer to General reserve	-	-	-	-	(12,259)	-	-	12,259	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(664,502)	664,502	-	-
Balance as at December 31, 2022	12,602,602	1,192,942	234,669	15,616,563	26,443,434	(7,526,018)	11,501,511	13,404,773	-	73,470,476
Disposal of subsidiary	-	-	-	(11,500)	(90,254)	(23,137)	-	(23,332)	-	(148,223)
Total comprehensive income for the nine months ended September 30, 2023										
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	-	-	14,574,844	10,360	14,585,204
Other comprehensive income related to equity	-	933,722	-	-	-	(4,359,722)	-	287,833	-	(3,138,167)
	-	933,722	-	-	-	(4,359,722)	-	14,862,677	10,360	11,447,037
Transfer to Statutory reserve	-	-	-	1,457,484	-	-	-	(1,457,484)	-	-
Transfer to General reserve	-	-	(234,669)	-	13,639,442	-	-	(13,404,773)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	(782,541)	782,541	-	-
Transactions with owners, recorded directly in equity										
Bonus shares issued	1,890,390	-	-	-	(1,890,390)	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	158,872	341,628	500,500
Balance as at September 30, 2023	14,492,992	2,126,664	-	17,062,547	38,102,232	(11,908,877)	10,718,970	14,323,274	351,988	85,269,790

The annexed notes 1 to 38 form an integral part of these consolidated condensed interim financial statements.

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Chief Financial Officer

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President & Chief Executive

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months ended September 30, 2023

	Note	For the nine months ended	
		September 30, 2023	September 30, 2022
		(Rupees in '000)	
Cash flow from operating activities			
Profit before taxation		28,406,046	21,062,241
Less: dividend income		(542,915)	(298,297)
		<u>27,863,131</u>	<u>20,763,944</u>
Adjustments:			
Depreciation		718,975	681,952
Amortization		129,720	105,189
Depreciation on ROU assets		1,254,440	1,178,008
Markup expense on lease liability against ROU assets		763,481	675,029
Termination of lease contracts under IFRS - 16 Leases		(11,082)	(13,700)
Charge for defined benefit plan		379,675	342,935
Provisions and write offs - net	30	766,444	235,789
Unrealized loss on held for trading securities		(8,210)	2,215
Gain on sale of fixed assets		(10,488)	(39,398)
		<u>3,982,955</u>	<u>3,168,019</u>
		<u>31,846,086</u>	<u>23,931,963</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(8,668,536)	-
Held for trading securities		155,185	(264,229)
Advances		59,678,140	(79,293,143)
Other assets (excluding advance taxation)		(31,439,230)	(21,325,141)
		<u>19,725,559</u>	<u>(100,882,513)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(2,547,863)	97,444
Borrowings from financial institutions		145,251,346	190,651,827
Deposits		132,873,655	122,280,326
Other liabilities (excluding current taxation)		22,080,149	12,035,141
		<u>297,657,287</u>	<u>325,064,738</u>
Net cash flow generated from operations		<u>349,228,932</u>	<u>248,114,188</u>
Payment made to defined benefit plan		(250,676)	(416,387)
Income tax paid		(10,425,196)	(8,127,658)
Net cash flow generated from operating activities		<u>338,553,060</u>	<u>239,570,143</u>
Cash flow from investing activities			
Net investments in available for sale securities		(346,002,330)	(238,434,646)
Net investments in held to maturity securities		56,096,711	4,544,024
Dividend received		476,137	287,073
Investments in operating fixed assets - net of adjustments		(999,640)	(811,693)
Investments in intangible assets		(507,283)	(222,520)
Proceeds from sale of fixed assets		14,673	58,974
Effect of translation of net investment in Wholesale Bank Branch		933,722	1,037,830
Net cash used in investing activities		<u>(289,988,010)</u>	<u>(233,540,958)</u>
Cash flow from financing activities			
Payments against lease liabilities		(1,620,913)	(1,464,791)
Cash and cash equivalents transferred from subsidiary		616,831	-
Dividend paid		(1,593)	(7,490)
Net cash flow used in financing activities		<u>(1,005,675)</u>	<u>(1,472,281)</u>
Increase in cash and cash equivalents		<u>47,559,375</u>	<u>4,556,904</u>
Cash and cash equivalents at beginning of the period		<u>80,627,190</u>	<u>92,988,460</u>
Cash and cash equivalents at end of the period		<u><u>128,186,565</u></u>	<u><u>97,545,364</u></u>

The annexed notes 1 to 38 form an integral part of these consolidated condensed interim financial statements.

-sd-
Chief Financial Officer

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2023

1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on September 30, 2023. The ultimate parent of the Bank is Fauji Foundation. The Bank has 608 branches (2022: 600 branches); 607 in Pakistan and Azad Jammu and Kashmir including 120 (2022: 120) Islamic Banking branches and 61 (2022: 57) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

The Honorable Sindh High Court vide its order dated March 13, 2023 approved the scheme of arrangement for amalgamation of Askari Securities Limited (ASL) inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations with and into Foundation Securities (Private) Limited (FSL), wholly owned by Fauji Foundation, as of the effective date of scheme i.e. July 01, 2021 against issuance of 27,140,000 ordinary shares of Rs. 10 each of FSL at par value (1.18 shares of FSL) against 1 share of ASL held by the Bank.

Earlier, the amalgamation was approved by the State Bank of Pakistan subject to the Bank holding at least 51% equity stake in the post amalgamated FSL. Accordingly, subsequent to merger the Bank acquired 2,236,031 ordinary shares of Rs. 10 each of FSL to hold 51% equity stake in FSL.

Since FSL and the Bank are under common control of Fauji Foundation before and after this transaction therefore, the transaction has been recorded by restating the comparative figures in accordance with the requirements of SECP's approved Accounting Standard on "Accounting of Common Control Transactions".

Foundation Securities (Private) Limited (FSL) was incorporated in Pakistan on January 18, 2005 under the repealed Companies Ordinance, 1984 as a private limited company. The Group holds 51% Ordinary Shares of FSL. The principal activity includes equity and commodity brokerage, equity research and corporate financial advisory services. The registered office of FSL is situated in Karachi.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

- 2.1.1 The consolidated condensed interim financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand.
- 2.1.2 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

2.2 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 2.2.2 The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015, International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. 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 the SBP through various circulars.

- 2.2.3 These consolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual consolidated financial statements, and should be read in conjunction with the audited annual consolidated financial statements of the Group for the financial year ended December 31, 2022.

3. **SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

As per the SBP's BPRD Circular Letter No. 7 of 2023 dated April 13, 2023, the applicability of IFRS 9, "Financial Instruments has been deferred to accounting periods beginning on or after January 01, 2024. The impact of application of IFRS 9 in Pakistan on the Group's Financial Statements is being assessed.

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Group's 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 audited annual consolidated financial statements for the year ended December 31, 2022.

5. **FINANCIAL RISK MANAGEMENT**

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

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
6. CASH AND BALANCES WITH TREASURY BANKS	Rupees in '000	
<i>In hand:</i>		
Local currency	25,681,471	22,700,376
Foreign currencies	4,603,626	3,407,920
	<u>30,285,097</u>	<u>26,108,296</u>
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	65,791,374	43,901,951
Foreign currency current account	7,487,127	647,093
Foreign currency deposit account	14,424,493	-
	<u>87,702,994</u>	<u>44,549,044</u>
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	2,512,571	260,731
Prize Bonds	45,002	31,996
	<u>120,545,664</u>	<u>70,950,067</u>
7. BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	921,280	32,629
<i>Outside Pakistan</i>		
In current accounts	2,095,655	3,383,544
In deposit accounts	4,623,973	6,260,952
	<u>6,719,628</u>	<u>9,644,496</u>
Provision held against balances with other banks	(7)	(2)
	<u>7,640,901</u>	<u>9,677,123</u>

7.1 This includes Rs.763,834 thousand (December 31, 2022: Nil) marked as lien with a correspondent bank against issue of SBLC.

8. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (reverse repo)	9,172,065	525,820
Provision held against lending to financial institutions	(96,595)	(118,886)
Lending to financial institutions - net of provision	<u>9,075,470</u>	<u>406,934</u>

8.1 Particulars of lendings:

	September 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Held by the Group	Further given as collateral	Total	Held by the Group	Further given as collateral	Total
	(Rupees in '000)					
Pakistan Investment Bonds	9,075,470	-	9,075,470	-	-	-
Market Treasury Bills	-	-	-	406,934	-	406,934
	<u>9,075,470</u>	<u>-</u>	<u>9,075,470</u>	<u>406,934</u>	<u>-</u>	<u>406,934</u>

9. **INVESTMENTS**

	September 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

(Rupees in '000)

9.1 **Investments by type:**

Held for trading securities

Fully paid ordinary shares	309,533	-	8,212	317,745	464,718	-	(60,647)	404,071
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Available for sale securities

Federal Government Securities	988,443,118	(580,758)	(24,037,802)	963,824,558	646,356,442	(526,353)	(13,520,293)	632,309,796
Shares	5,153,156	(899,779)	637,434	4,890,811	4,409,394	(809,454)	126,617	3,726,557
Units of open end mutual funds	1,487,429	(144,205)	18,243	1,361,467	1,450,000	(144,205)	37,490	1,343,285
Fully paid preference shares	27,314	(11,914)	12,750	28,150	27,314	(11,914)	12,750	28,150
Non Government Debt Securities	16,330,268	(1,285,020)	18,635	15,063,883	13,085,795	(1,319,740)	99,304	11,865,359
	1,011,441,285	(2,921,676)	(23,350,740)	985,168,869	665,328,945	(2,811,666)	(13,244,132)	649,273,147

Held to maturity securities

Federal Government Securities	57,671,927	(914,837)	-	56,757,090	111,642,002	(585,365)	-	111,056,637
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	-	-	-	-	1,802,310	(5,146)	-	1,797,164
	57,781,927	(1,024,837)	-	56,757,090	113,554,312	(700,511)	-	112,853,801

Total investments

	<u>1,069,532,745</u>	<u>(3,946,513)</u>	<u>(23,342,528)</u>	<u>1,042,243,704</u>	<u>779,347,975</u>	<u>(3,512,177)</u>	<u>(13,304,779)</u>	<u>762,531,019</u>
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	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022

(Rupees in '000)

9.1.1 **Investments given as collateral**

The market value of investment given as collateral is as follows

Market Treasury Bills	30,665,312	14,650,739
Pakistan Investment Bonds	278,359,156	163,347,300
Turkish Euro Bonds	-	1,797,861
Shares	98,306	177,855
	<u>309,122,774</u>	<u>179,973,755</u>

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
9.2 Provision for diminution in value of investments	(Rupees in '000)	
9.2.1 Opening balance	3,512,177	2,304,644
Exchange adjustments	303,614	134,098
Charge / (reversals)		
Charge for the period / year	198,364	560,165
Charge for the period / year under IFRS 9 related to WBB	75,117	760,372
Reversals for the period / year	(34,721)	(67,045)
Net charge	238,760	1,253,492
Reversal on disposals	(108,038)	(180,057)
Closing balance	<u>3,946,513</u>	<u>3,512,177</u>

9.2.2 Particulars of provision against debt securities

	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	NPI	Provision	NPI	Provision
Category of classification	(Rupees in '000)			
Domestic				
Loss	<u>1,395,020</u>	<u>1,395,020</u>	<u>1,429,740</u>	<u>1,429,740</u>

9.2.3 The above includes general provision of Group's Bahrain branch of Rs 1,495,595 thousand (December 31, 2022: Rs 1,116,864 thousand) against investments in accordance with ECL requirement of IFRS 9.

9.3 The market value of securities classified as held to maturity as at September 30, 2023 is Rs. 46,944,606 thousand (2022: Rs. 101,813,767 thousand).

10. ADVANCES	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	414,713,424	473,649,618	28,140,911	26,450,298	442,854,335	500,099,916
Islamic financing and related assets	89,108,180	82,206,609	2,831,653	2,894,335	91,939,833	85,100,944
Bills discounted and purchased	19,201,865	27,931,036	1,826,107	1,802,149	21,027,972	29,733,185
Advances - gross	523,023,469	583,787,263	32,798,671	31,146,782	555,822,140	614,934,045
Provision against advances						
- Specific	-	-	(29,983,877)	(29,297,528)	(29,983,877)	(29,297,528)
- General	(1,705,472)	(1,825,586)	-	-	(1,705,472)	(1,825,586)
	(1,705,472)	(1,825,586)	(29,983,877)	(29,297,528)	(31,689,349)	(31,123,114)
Advances - net of provision	521,317,997	581,961,677	2,814,794	1,849,254	524,132,791	583,810,931
					(Un-audited)	(Audited)
					September 30, 2023	December 31, 2022
					(Rupees in '000)	
10.1 Particulars of advances (Gross)					517,119,844	573,258,877
In local currency					38,702,296	41,675,168
In foreign currencies					555,822,140	614,934,045

10.2 Advances include Rs. 32,798,671 thousand (2022: Rs. 31,146,782 thousand) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	147,238	1,604	122,279	1,437
Substandard	2,986,382	717,756	1,596,854	394,848
Doubtful	620,907	305,205	844,347	413,258
Loss	29,044,144	28,959,312	28,583,302	28,487,985
	32,798,671	29,983,877	31,146,782	29,297,528

10.3 Particulars of provision against advances

	September 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Specific	General	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in '000)							
Opening balance	29,297,528	1,010,000	815,586	31,123,114	28,518,930	974,026	735,260	30,228,216
Exchange adjustment	-	21,250	-	21,250	4,041	36,465	-	40,506
Charge for the period / year	1,998,990	56,212	45,943	2,101,145	2,675,775	133,850	113,551	2,923,176
Provision under IFRS 9 related to WBB	-	74,461	-	74,461	(27,403)	(112,950)	-	(140,353)
Reversal for the period / year	(1,312,641)	(255,464)	(62,516)	(1,630,621)	(1,821,378)	(21,391)	(33,225)	(1,875,994)
	686,349	(124,791)	(16,573)	544,985	826,994	(491)	80,326	906,829
Amounts written off	-	-	-	-	(198)	-	-	(198)
Amounts charged off- agriculture financing	-	-	-	-	(52,239)	-	-	(52,239)
Closing balance	29,983,877	906,459	799,013	31,689,349	29,297,528	1,010,000	815,586	31,123,114

10.3.1 The net FSV benefit already availed has been reduced by Rs. 10,074 thousand, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced before and after tax profit for the period would have been higher by Rs. 10,074 thousand (September 30, 2022: Rs. 217,357 thousand) and Rs. 5,138 thousand (September 30, 2022: Rs. 110,852 thousand) respectively. Further, at September 30, 2023, cumulative net of tax benefit availed for Forced Saled Value (FSV) was Rs. 21,719 thousand (December 31, 2022: Rs.26,865 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
11. FIXED ASSETS	(Rupees in '000)	
Capital work-in-progress - note 11.1	256,499	220,511
Property and equipment	17,612,825	17,372,333
Right of use asset - IFRS 16	7,285,528	6,891,568
	<u>25,154,852</u>	<u>24,484,412</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited)	
	Period ended September 30, 2023	Period ended September 30, 2022
11.2 Additions to fixed assets	(Rupees in '000)	

The following additions have been made to fixed assets during the period:

Capital work-in-progress	205,780	121,112
<i>Property and equipment</i>		
Land - freehold	-	16,970
Leasehold Building	1,318	-
Renovation of premises	264,857	56,359
Furniture, fixtures and office equipment	150,200	117,263
Carpets	12,143	-
Machine and equipments	281,062	248,914
Computer equipments	188,781	230,445
Vehicles	25,592	20,630
	923,952	690,581
Right of use assets under IFRS 16	1,049,752	630,526
Total	<u>2,179,483</u>	<u>1,442,219</u>

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Renovation of premises	-	735
Furniture, fixtures and office equipment	2,019	6,119
Carpets	1,034	-
Machine and equipments	1,132	7,427
Computer equipments	-	171
Vehicles	-	5,124
Total	<u>4,185</u>	<u>19,576</u>

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
12. INTANGIBLE ASSETS	(Rupees in '000)	
Computer software	1,311,399	1,130,815
Capital work in progress	403,500	244,810
Others	46,590	-
	<u>1,761,489</u>	<u>1,375,625</u>

		(Un-audited)	
		Period ended September 30, 2023	Period ended September 30, 2022
		(Rupees in '000)	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	226,399	150,144
	Directly purchased	280,885	72,376
		<u>507,283</u>	<u>222,520</u>
		(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
		(Rupees in '000)	
13.	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	- Post retirement employee benefits	-	(65,004)
	- Accelerated tax depreciation	(17,851)	36,768
	- Deficit on revaluation of investments	11,441,863	5,694,977
	- Provision against advances	2,238,732	1,878,936
	- Others	1,339	-
		<u>13,664,083</u>	<u>7,545,677</u>
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	66,020,441	37,216,850
	Income / mark-up accrued in foreign currencies	1,468,779	1,241,333
	Advances, deposits, advance rent and other prepayments	1,097,655	678,674
	Advance taxation (payments less provisions)	2,358,438	5,983,883
	Non-banking assets acquired in satisfaction of claims	478,935	847,462
	Assets held for sale	1,750,000	2,076,683
	Trade debts - unsecured - considered good	222,530	-
	Branch adjustment account	-	40,219
	Receivable against trading of securities	82,071	485,673
	Stationary and stamps in hand	227,013	68,093
	Dividend receivable	71,764	4,986
	Acceptances	17,498,869	14,925,859
	Others	330,455	526,300
		<u>91,606,949</u>	<u>64,096,015</u>
	Provision held against other assets - note 14.1	(182,497)	(182,608)
	Other assets - net of provision	91,424,452	63,913,407
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	353,233	1,135,774
	Other assets - total	<u>91,777,685</u>	<u>65,049,181</u>
14.1	Provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,838	4,838
	Others	177,659	177,770
		<u>182,497</u>	<u>182,608</u>

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)		
14.1.1 Movement in provision held against other assets		
Opening balance	182,608	175,845
Charge for the period / year	92	9,315
Reversals for the period / year	(203)	(2,552)
Net charge for the period / year	(111)	6,763
Closing balance	<u>182,497</u>	<u>182,608</u>
15. BILLS PAYABLE		
In Pakistan	<u>9,330,700</u>	<u>11,878,563</u>
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	18,221,772	22,741,967
Long term financing facility	9,092,740	9,904,417
Financing facility for storage of agricultural produce	22,156	44,311
Renewable energy financing facility	3,811,984	3,944,124
Refinance from SBP		
Credit guarantee scheme for women entrepreneurs	7,000	67
Payment of wages and salaries	-	454,197
Temporary Economic Relief	12,319,338	9,680,778
Modernization of SME	9,569	12,215
Combating COVID-19	408,127	563,711
Askari Ujala	-	3,117
Rupee based discounting of bills / receivable	3,526,954	1,891,099
	<u>47,419,640</u>	<u>49,240,003</u>
Repurchase agreement borrowings		
State Bank of Pakistan	<u>250,000,000</u>	<u>100,000,000</u>
Financial institutions	<u>63,370,077</u>	<u>80,826,007</u>
	313,370,077	180,826,007
Refinance from Pakistan Mortgage Refinance Company	2,783,333	3,366,079
Total secured	<u>363,573,050</u>	<u>233,432,089</u>
Unsecured		
Call borrowings	14,900,000	-
Overdrawn nostro accounts	210,385	-
Total unsecured	<u>15,110,385</u>	<u>-</u>
	<u>378,683,435</u>	<u>233,432,089</u>

	September 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
17. DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current accounts	308,915,695	32,119,508	341,035,203	323,233,968	25,268,830	348,502,798
Savings deposits	626,337,356	70,411,043	696,748,399	500,396,889	60,092,675	560,489,564
Fixed deposits	<u>185,021,634</u>	<u>28,194,655</u>	<u>213,216,289</u>	<u>195,530,848</u>	<u>26,160,189</u>	<u>221,691,037</u>
	1,120,274,685	130,725,206	1,250,999,891	1,019,161,705	111,521,694	1,130,683,399
Financial institutions						
Current accounts	<u>749,208</u>	<u>214,515</u>	<u>963,723</u>	<u>1,047,450</u>	<u>32,749</u>	<u>1,080,199</u>
Savings deposits	1,795,604	-	1,795,604	4,517,990	-	4,517,990
Fixed deposits	<u>21,488,200</u>	<u>-</u>	<u>21,488,200</u>	<u>6,092,175</u>	<u>-</u>	<u>6,092,175</u>
	24,033,012	214,515	24,247,527	11,657,615	32,749	11,690,364
	<u>1,144,307,697</u>	<u>130,939,721</u>	<u>1,275,247,418</u>	<u>1,030,819,320</u>	<u>111,554,443</u>	<u>1,142,373,763</u>

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
18. SUBORDINATED DEBTS	(Rupees in '000)	
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	12,000,000	12,000,000

18.1 The Group has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Group's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Group including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity Date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109-120th month: 100%
Profit Rate	Base Rate plus 1.50% Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate plus 1.20% Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Group's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cummulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Group's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Group being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Group's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Group and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Group's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

	<u>(Un-audited)</u> September 30, 2023	<u>(Audited)</u> December 31, 2022
19. OTHER LIABILITIES	(Rupees in '000)	
Mark-up / return / interest payable in local currency	18,273,944	11,177,244
Mark-up / return / interest payable in foreign currencies	578,636	523,791
Unearned commission and income on bills discounted	2,088,380	2,485,237
Accrued expenses	2,189,560	2,141,323
Advance payments	364,577	446,546
Acceptances	17,490,130	14,925,859
Dividend payable	194,126	195,719
Advance against sale of non-banking assets	549,430	494,255
Mark to market loss on forward foreign exchange contracts	2,905,205	110,688
Branch adjustment account	986,479	-
Payable to defined benefit plan	40,678	194,714
Provision for employees' compensated absences	709,643	635,913
Liability against asset held for sale	-	212,780
Security deposit against lease / Ijarah financing	3,724,815	4,145,427
Levies and taxes payable	917,941	1,156,266
Trade payables	767,312	-
Workers' Welfare Fund	1,166,596	768,486
Switch settlement accounts	9,601,196	2,747,463
Provision against off-balance sheet obligations - note 19.1	139,997	134,767
Lease liability against ROU assets as per IFRS - 16 Leases	8,875,041	8,084,073
Others	3,901,610	2,095,527
	<u>75,465,296</u>	<u>52,676,078</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	134,767	1,143,768
Exchange adjustment	133	404
Charge for the period / year	5,758	-
Reversal for the period / year	(661)	(1,009,405)
Net (reversal) / charge	5,097	(1,009,405)
Closing balance	<u>139,997</u>	<u>134,767</u>
20. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
(Deficit) / surplus on revaluation of:		
- Available for sale securities	(23,350,740)	(13,220,995)
- Fixed Assets	10,365,737	10,365,737
- Non-banking assets acquired in satisfaction of claims	353,233	1,135,774
	<u>(12,631,770)</u>	<u>(1,719,484)</u>
Deferred tax on deficit on revaluation of:		
- Available for sale securities	11,441,863	5,694,977
	<u>(1,189,907)</u>	<u>3,975,493</u>

Pursuant to relaxation provided by the SBP, the Group had availed the benefit of staggering the unrealized loss on PIBs having aggregate face value of Rs 85,168 million at December 31, 2022. Accordingly, the Group had reversed an amount of revaluation loss of Rs. 6,486 million upto December 31, 2022. The relaxation is not available at September 30, 2023.

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
21. CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
- Guarantees - note 21.1	353,114,352	313,699,274
- Commitments - note 21.2	409,305,216	473,577,812
- Other contingent liabilities - note 21.3	2,302,525	1,720,383
	<u>764,722,093</u>	<u>788,997,469</u>
21.1 Guarantees		
Financial guarantees	9,259,253	9,494,557
Performance guarantees	191,791,262	180,122,513
Other guarantees	152,063,837	124,082,204
	<u>353,114,352</u>	<u>313,699,274</u>
21.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	230,238,483	187,240,002
Commitments in respect of:		
- forward foreign exchange contracts - note 21.2.1	165,514,542	269,232,712
- forward government securities transactions - note 21.2.2	11,500,000	15,400,000
- non government securities transactions - note 21.2.3	1,468,290	1,366,896
Commitments for acquisition of:		
- operating fixed assets	138,764	82,807
- intangible assets	445,137	255,395
	<u>409,305,216</u>	<u>473,577,812</u>
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	104,447,001	150,899,164
Sale	61,067,541	118,333,548
	<u>165,514,542</u>	<u>269,232,712</u>
The above commitments have maturities falling within one year.		
21.2.2 Commitments in respect of government securities transactions		
Purchase	1,000,000	15,400,000
Sale	10,500,000	-
	<u>11,500,000</u>	<u>15,400,000</u>
21.2.3 Commitments in respect of non government securities transactions		
Purchase	1,468,290	1,035,290
Sale	-	331,606
	<u>1,468,290</u>	<u>1,366,896</u>
21.3 Other contingent liabilities		
These represent certain claims by third parties against the Group, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Group's favour and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these condensed interim consolidated financial statements.		
	1,452,369	1,254,927
This represent stand by letters of credit issued by correspondent banks on behalf of the Group.		
	850,156	465,456
	<u>2,302,525</u>	<u>1,720,383</u>

22. **DERIVATIVE INSTRUMENTS**

The Group does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Group's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

		(Un-audited)	
		Period ended September 30, 2023	Period ended September 30, 2022
23.	MARK-UP / RETURN / INTEREST EARNED	(Rupees in '000)	
	On:		
	Loans and advances	79,601,156	44,267,135
	Investments	134,667,841	64,801,160
	Lendings to financial institutions	216,191	146,492
	Balances with banks	472,868	67,765
	Securities purchased under resale agreements	1,882,056	571,366
		<u>216,840,112</u>	<u>109,853,918</u>
24.	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	112,571,386	53,803,112
	Borrowings	58,031,799	23,439,352
	Subordinated debts	1,887,478	1,261,846
	Cost of foreign currency swaps against foreign currency deposits / borrowings	3,067,098	1,564,440
	Interest expense on lease liability against ROU assets	763,481	675,029
		<u>176,321,242</u>	<u>80,743,779</u>
25.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	594,158	632,397
	Consumer finance related fees	71,087	80,613
	Card related fees (debit and credit cards)	1,118,857	880,658
	Credit related fees	586,342	322,725
	Investment banking fees	213,148	139,747
	Commission on trade	1,407,571	772,439
	Commission on guarantees	971,980	721,235
	Commission on remittances	144,140	168,393
	Commission on bancassurance	24,221	48,423
	Others	141,611	94,020
		<u>5,273,115</u>	<u>3,860,650</u>
26.	GAIN / (LOSS) ON SECURITIES		
	Realised - note 26.1	209,871	185,392
	Unrealised - note 9.1	8,210	(1,909)
		<u>218,081</u>	<u>183,483</u>
26.1	Realised gain / (loss) on:		
	Federal Government Securities	(121,254)	64,455
	Shares	280,448	107,779
	Non Government Debt Securities	49,986	300
	Mutual Funds	-	12,858
	Others	691	-
		<u>209,871</u>	<u>185,392</u>

	(Un-audited)	
	Period ended September 30, 2023	Period ended September 30, 2022
27. OTHER INCOME	(Rupees in '000)	
Gain on sale of fixed assets	10,488	39,398
Rent of lockers	38,439	35,597
Recovery of expenses from customers	240,916	223,883
Termination of lease contracts under IFRS - 16 Leases	11,082	13,700
Others	45,283	-
	<u>346,208</u>	<u>312,578</u>
28. OPERATING EXPENSES		
Total compensation expenses - note 28.1	10,575,965	8,479,500
Property expense		
Rent and taxes	122,236	118,004
Insurance	74,139	61,666
Utilities cost	1,117,674	864,980
Security (including guards)	618,136	563,892
Repair & maintenance (including janitorial charges)	346,562	259,005
Depreciation on ROU assets	1,254,440	1,178,008
Depreciation	183,435	208,207
	<u>3,716,622</u>	<u>3,253,762</u>
Information technology expenses		
Software maintenance	545,651	391,405
Hardware maintenance	118,684	59,392
Depreciation	172,629	134,964
Amortisation	129,720	105,189
Network charges	492,367	236,908
	<u>1,459,051</u>	<u>927,858</u>
Other operating expenses		
Directors' fees, allowances	26,000	26,000
Fees and allowances to shariah board	7,146	6,886
Rates, taxes, insurance etc.	129,223	152,909
Legal and professional charges	68,825	105,528
Brokerage and commission	155,764	117,948
NIFT clearing charges	66,980	48,120
Repair and maintenance	553,723	338,852
Communications	733,980	529,195
Stationery and printing	478,991	277,290
Marketing, advertisement and publicity	149,518	144,496
Donations	524,398	351,447
Auditors' remuneration	37,847	30,002
Travelling, conveyance and entertainment	308,810	220,562
Depreciation	362,911	338,781
Security service charges	495,970	289,178
Training and development	21,386	17,423
Deposit premium expense	526,740	485,575
Outsourced service cost	228,277	83,027
Other expenditure	283,014	271,591
	<u>5,159,503</u>	<u>3,834,810</u>
	<u>20,911,141</u>	<u>16,495,930</u>
28.1 Total compensation expense		
Managerial remuneration	7,940,233	6,551,222
Charge for defined benefit / contribution plan	633,868	556,581
Other staff cost - note 28.1.1	2,001,864	1,371,697
	<u>10,575,965</u>	<u>8,479,500</u>

28.1.1 Other staff cost includes adhoc allowance, cost of living allowance, cash handling allowance and staff group insurance etc.

29. This represents penalties imposed by the State Bank of Pakistan.

	(Un-audited)	
	Period ended September 30, 2023	Period ended September 30, 2022
30. PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
Provision for diminution in value of investments	238,760	497,499
Provision against loans and advances	544,985	747,718
Reversal / provision against other assets	(112)	11,374
Reversal of provision against intangible assets	-	(1,225)
Provision / reversal of provision against off-balance sheet obligations	5,097	(997,294)
Provision against cash and bank balances	5	8
Reversal of provision against repurchase agreement lendings	(22,291)	(22,291)
Recovery of written off / charged off bad debts	(76,067)	(55,053)
	<u>690,377</u>	<u>180,736</u>

31. TAXATION

Current	14,126,021	10,223,904
Deferred	(305,179)	81,255
	<u>13,820,842</u>	<u>10,305,159</u>

31.1 i) The Group has filed tax returns for and up to tax year 2022. The assessments for and up to tax year 2022 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs 1,086 million, provision for diminution in the value of investments for Rs 2,425 million, bad debts written off for Rs 86.558 million, provision for substandard advances for Rs 74.95 million, Provision against other assets/fixed assets for Rs 118.455 million, disallowance of employee benefit expenses Rs 205.225 Million and Other disallowances of expenses/credits for Rs 321.489 million. Group's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Group are confident that these matters will be decided in favor of the Group and consequently no provision has been made thereon. Tax payments by the Group against certain matters are being carried forward as receivable, as management and tax advisor of the Group are confident of their realization.

ii) Consequent upon the amalgamation with and into the Group, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

	(Un-audited)	
	Period ended September 30, 2023	Period ended September 30, 2022
32. BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>14,585,204</u>	<u>10,757,082</u>
Weighted average number of Ordinary Shares - numbers	<u>1,449,299,207</u>	<u>1,449,299,207</u>
		Restated
Basic earnings per share - Rupees	<u>10.06</u>	<u>7.42</u>

There is no dilutive effect on the basic earnings per share of the Group, therefore dilutive earnings per share have not been presented separately. Further, the prior period earnings per share has been restated for the effect of bonus shares issued @15% during the period.

33. FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

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

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

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

33.1 Fair value of financial assets

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP and Reuters page.

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

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these condensed interim consolidated financial statements.

The following table provides the fair values of those of the Group's financial assets and liabilities that are recognized or disclosed at fair value in these consolidated condensed interim financial statements:

	September 30, 2023 (Un-audited)				
	Carrying / Notional Value	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	963,824,558	6,616,950	957,207,608	-	963,824,558
Shares	4,845,596	4,845,596	-	-	4,845,596
Units of open end mutual funds	1,361,467	-	1,361,467	-	1,361,467
Fully paid preference shares	28,150	28,150	-	-	28,150
Non Government Debt Securities	15,063,883	-	15,063,883	-	15,063,883
	<u>985,123,654</u>	<u>11,490,696</u>	<u>973,632,958</u>	<u>-</u>	<u>985,123,654</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	56,757,090	10,702,031	45,956,940	-	56,658,971
Unlisted shares	352,214	-	-	-	-
Units of open end mutual funds	700,000	-	-	-	-
Cash and balances with treasury banks	120,545,664	-	-	-	-
Balances with other banks	7,640,901	-	-	-	-
Lendings to financial institutions	9,075,470	-	-	-	-
Advances	524,132,791	-	-	-	-
Other assets	85,390,308	-	-	-	-
	<u>804,594,438</u>	<u>10,702,031</u>	<u>45,956,940</u>	<u>-</u>	<u>56,658,971</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	104,447,001	-	(4,309,227)	-	(4,309,227)
Forward sale of foreign exchange	61,067,541	-	1,404,021	-	1,404,021

	December 31, 2022 (Un-audited)				
	Carrying / Notional Value	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	632,309,796	3,896,423	628,413,373	-	632,309,796
Shares	3,484,699	3,484,699	-	-	3,484,699
Units of open end mutual funds	1,343,285	-	1,343,285	-	1,343,285
Fully paid preference shares	28,150	28,150	-	-	28,150
Non Government Debt Securities	11,865,359	-	11,865,359	-	11,865,359
Foreign securities	-	-	-	-	-
	<u>649,031,289</u>	<u>7,409,272</u>	<u>641,622,017</u>	<u>-</u>	<u>649,031,289</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	1,050,000	-	-	-	-
Federal Government Securities	111,056,637	8,644,666	102,411,971	-	111,056,637
Foreign Securities	1,797,164	1,797,164	-	-	1,797,164
Cash and balances with treasury banks	70,950,067	-	-	-	-
Balances with other banks	9,677,123	-	-	-	-
Lendings to financial institute	406,934	-	-	-	-
Advances	583,810,931	-	-	-	-
Other assets	53,984,332	-	-	-	-
	<u>832,733,188</u>	<u>10,441,830</u>	<u>102,411,971</u>	<u>-</u>	<u>112,853,801</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	150,899,164	-	419,729	-	419,729
Forward sale of foreign exchange	118,333,548	-	(530,417)	-	(530,417)

The Group's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer to takes place. There were no transfers between levels 1 and 2 during the period.

	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022
(Rupees in '000)		
	Level 3	Level 3
33.2 Fair value of non-financial assets		
Fixed assets		
Property and equipment (freehold and leasehold land)	13,238,392	13,238,392
Other assets		
Non-banking assets acquired in satisfaction of claims	832,168	1,983,236

34. Segment Information

34.1 Segment details with respect to Business Activities

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

	September 30, 2023 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(65,864,384)	19,827,597	74,279,459	3,354,457	9,437,527	1,663,458	(2,179,244)	40,518,870
Inter segment revenue - net	91,058,899	(15,489,260)	(79,072,653)	(2,563,652)	(2,528,526)	(1,178,314)	9,773,506	-
Non mark-up / return / interest income	1,298,346	3,572,066	3,665,456	555,762	566,327	22,896	335,553	10,016,406
Total income	26,492,861	7,910,403	(1,127,738)	1,346,567	7,475,328	508,040	7,929,815	50,535,276
Segment direct expenses	11,102,520	738,289	315,407	1,203,019	2,504,775	163,540	5,327,098	21,354,648
Inter segment expense allocation	992,924	735,708	17,022	36,789	-	-	(1,698,238)	84,205
Total expenses	12,095,444	1,473,997	332,429	1,239,808	2,504,775	163,540	3,628,860	21,438,853
Provisions	(214,263)	692,022	176,073	(25,236)	(4,663)	-	66,444	690,377
Profit before tax	14,611,680	5,744,384	(1,636,240)	131,995	4,975,216	344,500	4,234,511	28,406,046

	September 30, 2023 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	30,241,637	-	81,007,160	763,834	14,273,550	114,487	1,785,897	128,186,565
Investments	-	10,169,394	969,389,761	-	44,898,842	17,318,981	466,726	1,042,243,704
Lendings to financial institutions	-	-	9,075,470	-	-	-	-	9,075,470
Advances - performing - net of provision	11,697,535	388,356,917	-	19,699,585	89,077,634	4,036,671	8,449,655	521,317,997
Advances - non-performing - net of provision	331,271	1,492,131	-	82,265	909,127	-	-	2,814,794
Others	837,088	32,918,452	38,719,455	837,103	11,685,285	831,779	46,528,947	132,358,109
Total Assets	43,107,531	432,936,894	1,098,191,846	21,382,787	160,844,438	22,301,918	57,231,225	1,835,996,639
Borrowings	1,509,709	40,022,311	315,965,700	2,783,333	18,402,382	-	-	378,683,435
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	827,689,625	325,355,551	-	3,300	120,723,036	1,475,905	-	1,275,247,417
Net inter segment balances - net	(811,912,840)	39,848,733	774,613,018	18,092,875	(765,576)	18,702,996	(38,579,206)	-
Others	25,821,037	28,617,573	8,208,753	503,279	7,997,290	2,123,017	11,525,047	84,795,996
Total liabilities	43,107,531	433,844,168	1,098,787,471	21,382,787	146,357,132	22,301,918	(15,054,159)	1,750,726,848
Equity	-	-	-	-	14,487,306	-	70,782,484	85,269,790
Total Equity and liabilities	43,107,531	433,844,168	1,098,787,471	21,382,787	160,844,438	22,301,918	55,728,325	1,835,996,638
Contingencies and commitments	5,569,939	561,269,003	174,178,365	850,156	20,853,581	-	2,001,049	764,722,093

	September 30, 2022 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(34,912,636)	18,120,390	39,515,848	2,666,306	3,808,935	1,437,092	(1,525,796)	29,110,139
Inter segment revenue - net	54,132,568	(13,290,051)	(42,968,391)	(1,704,375)	-	(385,139)	4,215,388	-
Non mark-up / return / interest income	1,321,716	2,395,191	4,337,648	411,356	395,962	25,921	209,706	9,097,500
Total income	20,541,648	7,225,530	885,105	1,373,287	4,204,897	1,077,874	2,899,298	38,207,639
Segment direct expenses	9,216,907	456,620	245,566	867,840	1,991,175	109,557	4,076,997	16,964,662
Inter segment expense allocation	845,089	575,202	6,416	99,409	-	-	(1,526,116)	-
Total expenses	10,061,996	1,031,822	251,982	967,249	1,991,175	109,557	2,550,881	16,964,662
Provisions	(70,709)	(404,626)	571,758	7,859	167,040	(178,089)	87,503	180,736
Profit before tax	10,550,361	6,598,334	61,365	398,179	2,046,682	1,146,406	260,914	21,062,241

	December 31, 2022 (Audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	24,540,132	-	49,189,748	-	6,862,101	35,209	-	80,627,190
Lendings to financial institutions	-	-	406,934	-	-	-	-	406,934
Investments	-	8,125,443	699,774,652	-	39,942,674	14,338,254	349,996	762,531,019
Advances - performing - net of provision	13,644,831	447,812,623	-	21,143,917	82,166,386	9,999,101	7,194,819	581,961,677
Advances - non-performing - net of provision	281,669	453,499	-	130,836	983,250	-	-	1,849,254
Others	1,003,140	27,107,590	19,094,660	594,298	7,097,474	418,422	43,602,189	98,917,773
Total Assets	39,469,772	483,499,155	768,465,994	21,869,051	137,051,885	24,790,986	51,147,004	1,526,293,847
Borrowings	1,744,212	42,909,471	179,432,046	3,366,079	4,586,320	1,393,961	-	233,432,089
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	751,561,392	293,324,608	-	3,686	96,297,085	1,094,507	92,485	1,142,373,763
Net inter segment balances - net	(731,727,465)	122,512,889	586,421,413	17,862,227	19,475,830	22,068,820	(36,613,714)	-
Others	17,891,633	24,752,187	2,612,535	637,059	6,684,620	233,698	12,205,787	65,017,519
Total liabilities	39,469,772	483,499,155	768,465,994	21,869,051	127,043,855	24,790,986	(12,315,442)	1,452,823,371
Equity	-	-	-	-	10,008,029	-	63,462,447	73,470,476
Total Equity and liabilities	39,469,772	483,499,155	768,465,994	21,869,051	137,051,884	24,790,986	51,147,005	1,526,293,847
Contingencies and commitments	6,295,329	480,881,779	280,146,274	450,716	19,620,329	-	1,603,042	788,997,469

35. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Group's share capital at the period end. The Group has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

Details of transactions with related parties and balances are as follows:

	As at September 30, 2023 (Un-audited)					As at December 31, 2022 (Audited)				
	Parent	Directors	Key management personnel	Subsidiary / Associate	Other related parties	Parent	Directors	Key management personnel	Subsidiary / Associate	Other related parties
	Rupees in '000									
Investments										
Opening balance	-	-	-	165,619	1,165,448	-	-	-	165,619	1,189,341
Investment made during the period / year	-	-	-	196,700	-	-	-	-	-	44,195
Revaluation adjustment	-	-	-	-	118,419	-	-	-	-	(81,568)
Investment redeemed / disposed off during the period / year	-	-	-	-	(15,385)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	(165,619)	13,745	-	-	-	-	13,480
Closing balance	-	-	-	196,700	1,282,227	-	-	-	165,619	1,165,448
Provision for diminution in value of investments	-	-	-	-	87,862	-	-	-	-	87,248
Advances										
Opening balance	29,986,315	60	507,549	-	16,983,652	4,523,915	43	441,248	-	10,521,710
Addition during the period / year	329,496,468	9,733	70,570	1,001,352	67,835,859	352,713,101	20,581	469,897	-	10,892,307
Repaid during the period / year	(355,789,420)	(8,721)	(169,179)	(1,200,500)	(73,156,401)	(327,250,701)	(20,564)	(419,988)	-	(4,430,365)
Transfer in / (out) - net	-	-	-	200,000	12,237,575	-	-	16,392	-	-
Closing balance	3,693,363	1,072	408,940	852	23,900,685	29,986,315	60	507,549	-	16,983,652
Other Assets										
Interest / mark-up receivable	75,590	-	67,392	4	1,151,566	369,907	-	71,132	-	790,833
Advance rent	1,945	-	-	-	-	1,254	-	-	-	-
Others	106	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	3,366,079	-	-	-	-	2,372,387
Borrowings during the period	-	-	-	-	500,000	-	-	-	-	1,200,000
Settled during the period	-	-	-	-	(1,082,746)	-	-	-	-	(206,308)
Closing balance	-	-	-	-	2,783,333	-	-	-	-	3,366,079
Deposits and other accounts										
Opening balance	38,816,364	34,614	193,107	200,843	38,867,218	56,224,390	24,009	211,259	268,208	42,288,557
Received during the period / year	1,183,714,837	770,117	1,370,870	4,244,476	721,510,714	988,405,154	79,294	2,726,090	1,012,631	992,693,856
Withdrawn during the period / year	(1,172,837,514)	(671,799)	(1,230,866)	(4,604,815)	(718,180,376)	(1,005,813,179)	(68,689)	(2,683,283)	(1,079,996)	(996,115,195)
Transfer in / (out) - net	-	(6,417)	7,843	455,771	786,558	-	-	(60,959)	-	-
Closing balance	49,693,688	126,514	340,954	296,275	42,984,114	38,816,364	34,614	193,107	200,843	38,867,218
Other Liabilities										
Interest / mark-up payable	1,553,184	-	2,316	-	398,186	625,832	-	3,299	-	361,829
Payable to staff retirement fund	-	-	-	-	38,823	-	-	-	-	194,714
Security deposits payable	-	-	-	-	468,194	-	-	-	-	470,698
Others	-	-	36,755	-	920	-	-	18,607	-	-
Contingencies and Commitments										
Contingencies and Commitments	55,754	-	-	-	3,973,235	1,183,172	-	-	40,000	2,447,138
Others										
Securities held as custodian	12,806,875	-	54,389	-	9,681,050	3,462,500	-	36,500	100,000	7,105,000
Securities given as collateral	-	-	-	-	98,306	-	-	-	-	177,855
Investment purchased	-	-	-	-	45,000	-	-	-	-	-

For the nine months ended September 30, 2023 (Un-Audited)					For the nine months ended September 30, 2022 (Un-Audited)					
Parent	Directors	Key management personnel	Subsidiary / Associate	Other related parties	Parent	Directors	Key management personnel	Subsidiary / Associate	Other related parties	
----- Rupees in '000 -----										
Income										
Mark-up / return / interest earned	287,249	1,567	13,309	1,480	3,001,176	454,773	-	17,375	-	1,459,296
Fee and commission received	1,433	-	-	-	77,061	6,205	-	-	-	62,900
Dividend income	-	-	-	-	124,793	-	-	-	-	53,268
Gain on sale of fixed assets	-	-	-	-	-	-	-	7,250	-	-
Expense										
Mark-up / return / interest expensed	3,407,469	-	75,400	-	2,367,982	2,889,084	99	8,810	3,879	2,035,217
Charge to defined benefit plan	-	-	-	-	261,740	-	-	-	-	248,248
Contribution to defined contribution plan	-	-	-	-	254,193	-	-	-	-	213,762
Remuneration and allowances	-	-	788,125	-	7,146	-	-	520,383	-	6,886
Rent	2,099	-	-	-	-	1,707	-	-	-	-
Communications	-	-	-	-	90,336	-	-	-	-	53,743
Brokerage and Commission	-	-	-	-	66,023	-	-	-	-	58,234
Directors' Fee, Allowances	-	26,000	-	-	-	7,400	18,600	-	-	-
Donations	524,398	-	-	-	-	322,759	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	33

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and Atm).

The term 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
(Rupees in '000)		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,492,992	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	74,261,297	65,440,838
Eligible Additional Tier 1 (ADT 1) Capital	5,835,000	6,000,000
Total Eligible Tier 1 Capital	80,096,297	71,440,838
Eligible Tier 2 Capital	9,782,136	11,858,247
Total Eligible Capital (Tier 1 + Tier 2)	89,878,433	83,299,085
Risk Weighted Assets (RWAs):		
Credit Risk	416,191,512	412,266,206
Market Risk	20,426,908	27,675,542
Operational Risk	81,515,216	81,515,216
Total	518,133,635	521,456,964
Common Equity Tier 1 Capital Adequacy ratio	14.33%	12.55%
Tier 1 Capital Adequacy Ratio	15.46%	13.70%
Total Capital Adequacy Ratio	17.35%	15.97%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	80,096,297	71,440,838
Total Exposures	2,579,554,765	2,243,477,307
Leverage Ratio	3.11%	3.18%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	719,287,684	520,361,460
Total Net Cash Outflow	357,179,686	281,841,107
Liquidity Coverage Ratio	201.38%	184.63%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,282,243,291	1,113,890,911
Total Required Stable Funding	538,251,446	561,560,640
Net Stable Funding Ratio	238.22%	198.36%

37. Islamic Banking Business

The Group is operating 120 Islamic banking branches including 3 sub-branches at September 30, 2023 as compared to 120 Islamic banking branches including 3 sub-branches at year ended December 31, 2022.

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		14,120,089	6,747,452
Balances with other banks		153,462	114,649
Investments	37.1	44,898,842	39,942,674
Islamic financing and related assets - net	37.2	89,986,763	83,149,636
Fixed assets		1,945,348	1,984,521
Intangible assets		-	-
Due from Head Office		-	-
Other assets		10,523,908	5,812,116
Total assets		161,628,412	137,751,048
LIABILITIES			
Bills payable		1,093,593	1,425,734
Due to financial institutions		18,402,382	4,586,320
Deposits and other accounts	37.3	120,723,034	96,297,085
Due to head office		-	20,175,000
Sub-ordinated debt		-	-
Other liabilities		6,922,100	5,258,880
		147,141,109	127,743,019
NET ASSETS		14,487,303	10,008,029
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Deficit on revaluation of assets		(1,611,186)	(1,115,247)
Unappropriated profit	37.4	11,498,489	6,523,276
		14,487,303	10,008,029
CONTINGENCIES AND COMMITMENTS	37.5	20,853,581	19,620,329

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

		(Un-audited) For the nine months ended	
		September 30, 2023	September 30, 2022
	Note	(Rupees in '000)	
Profit / return earned	37.7	18,427,429	9,723,256
Profit / return expensed	37.8	11,518,429	5,914,321
Net Profit / return		6,909,000	3,808,935
Other income			
Fee and Commission Income		245,407	195,592
Dividend Income		12,759	8,614
Foreign Exchange Income		219,995	134,387
Gain / (loss) on securities		7,500	-
Other Income		80,666	57,369
Total other income		566,327	395,962
Total Income		7,475,327	4,204,897
Other expenses			
Operating expenses		2,502,235	1,989,340
Workers' Welfare Fund		-	-
Other charges		2,541	1,835
Total other expenses		2,504,776	1,991,175
Profit before provisions		4,970,551	2,213,722
Provisions and write offs - net		(4,662)	167,040
Profit before taxation		4,975,213	2,046,682

37.1 **Investments by segments:**

	September 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government Securities:								
- Ijarah Sukuks	37,418,880	-	(1,613,116)	35,805,764	33,935,928	-	(1,115,711)	32,820,217
- Islamic Naya Pakistan Certificates	4,096,659	-	-	4,096,659	3,282,078	-	-	3,282,078
- GOP Bai Muajjal	-	-	-	-	-	-	-	-
	41,515,539	-	(1,613,116)	39,902,423	37,218,006	-	(1,115,711)	36,102,295
Units of Open end Mutual Fund	100,000	-	1,930	101,930	100,000	-	464	100,464
Non Government Debt Securities:								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	5,431,614	(537,125)	-	4,894,489	4,283,463	(543,548)	-	3,739,915
	5,431,614	(537,125)	-	4,894,489	4,283,463	(543,548)	-	3,739,915
Total investments	47,047,153	(537,125)	(1,611,186)	44,898,842	41,601,469	(543,548)	(1,115,247)	39,942,674

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
37.2 ISLAMIC FINANCING AND RELATED ASSETS	(Rupees in '000)	
Ijarah	5,058,893	4,934,290
Murabaha - note 37.2.1	8,657,987	5,033,231
Musharakah	37,998,341	32,639,372
Diminishing Musharakah	22,521,840	17,080,337
Salam	2,813,128	7,948,100
Istisna	3,888,243	5,238,318
Receivable against sale of Istisna / Salam Inventory	1,011,667	585,400
Service Ijarah	2,364,132	2,427,176
Wakalah	594,063	-
Other Islamic Modes (Qard)	2,100,944	2,703,951
Advances against Islamic assets - note 37.2.2	1,122,406	4,539,685
Inventory related to Islamic financing - note 37.2.3	3,808,189	1,971,084
Gross Islamic financing and related assets	91,939,833	85,100,944
Less: provision against Islamic financings		
- Specific	1,922,524	1,911,083
- General	30,546	40,225
	1,953,070	1,951,308
Islamic financing and related assets - net of provision	<u>89,986,763</u>	<u>83,149,636</u>

37.2.1 Includes advance against Murabaha of Rs.2,040,680 thousand (December 31, 2022: Rs.954,405 thousand) and Inventory against Murabaha of Rs. 211,019 thousand (December 31, 2022: Rs.Nil).

37.2.2 Advance against Islamic assets

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
September 30, 2023 (Un-audited)	61,320	-	1,061,086	-	-	1,122,406
December 31, 2022 (Audited)	1,524,153	-	3,015,532	-	-	4,539,685

37.2.3 Inventory related to Islamic financing

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
September 30, 2023 (Un-audited)	-	-	-	461,026	3,347,163	3,808,189
December 31, 2022 (Audited)	-	-	-	226,020	1,745,064	1,971,084

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
37.3 DEPOSITS AND OTHER ACCOUNTS		
	(Rupees in '000)	
Customers		
Current deposits - non remunerative	39,808,573	36,236,795
Current deposits - remunerative	1,362,847	1,353,496
Savings deposits	24,322,147	23,299,225
Term deposits	32,509,660	25,135,675
Others	1,790,637	1,589,333
	<u>99,793,864</u>	<u>87,614,524</u>
Financial Institutions		
Current deposits - non remunerative	35,912	101,309
Current deposits - remunerative	55,558	131,152
Savings deposits	632,000	2,667,925
Term deposits	20,205,700	5,782,175
Other Deposits	-	-
	<u>20,929,170</u>	<u>8,682,561</u>
	<u>120,723,034</u>	<u>96,297,085</u>
37.4 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	6,523,276	3,652,897
Add: Islamic banking profit for the period	4,975,213	2,870,379
Closing Balance	<u>11,498,489</u>	<u>6,523,276</u>
37.5 CONTINGENCIES AND COMMITMENTS		
-Guarantees	9,829,530	8,971,118
-Commitments	11,024,051	10,649,211
-Other contingent liabilities	-	-
	<u>20,853,581</u>	<u>19,620,329</u>
37.6 CHARITY FUND		
Opening balance	40,130	24,292
Additions during the period		
- Received from customers on delayed payments	29,856	55,203
- Non Shariah Compliant Income	-	170
- Profit on charity account	23	16
- Others	481	449
	30,360	55,838
Payments / utilization during the period		
- Education	(5,000)	-
- Community Welfare	-	-
- Relief and disaster recovery	-	-
- Natural Disaster	-	(40,000)
- Health	(14,264)	-
- Orphanage	(3,123)	-
	<u>(22,387)</u>	<u>(40,000)</u>
Closing balance	<u>48,103</u>	<u>40,130</u>

(Un-audited)
 For the nine months ended
September 30, 2023 September 30, 2022
 (Rupees in '000)

**37.7 PROFIT / RETURN EARNED ON FINANCING,
 INVESTMENTS AND PLACEMENTS**

Profit earned on:

Financing	13,530,323	6,916,795
Investments	4,860,579	2,777,255
Placements	36,527	29,206
	<u>18,427,429</u>	<u>9,723,256</u>

37.8 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED

Deposits and other accounts	8,204,216	3,041,922
Due to financial institutions	620,136	255,076
Due to head office	2,528,526	2,471,371
Lease liability against right-of-use assets	165,551	145,952
	<u>11,518,429</u>	<u>5,914,321</u>

38. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on October 27, 2023.

-sd- Chief Financial Officer	-sd- President & Chief Executive	-sd- Director	-sd- Director	-sd- Chairman
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