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BETTER BANKING EXPERIENCE



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Corporate Information

Board of Directors

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

Shariah Supervisory Board

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

Board Audit Committee

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

Board Risk Management Committee

Ms. Iffat Zehra Mankani	Chairperson
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member
Mr. Rizwan Ata, President & Chief Executive Officer	Member

Board Human Resources & Remuneration Committee

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

Board Information Technology Committee

Mr. Haider Ali Hilaly	Chairperson
Mr. Akhtar Abbas	Member
Mr. Suleman Lalani	Member
Mr. Rizwan Ata, President & Chief Executive Officer	Member

Company Secretary

Mr. Hasan Shahid

Chief Financial Officer

Mr. Sohail Sikandar

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Adviser

Haidermota & Co.
Mohsin Tayebaly & Co.

Management (in alphabetical order)

Rizwan Ata	President & Chief Executive Officer
Imran Haleem Shaikh	Deputy CEO
Aasim Salim	Group Head Distribution
Bilal Fiaz	Group Head Consumer Banking
Burhan Hafeez Khan	General Manager South West
Faisal Anwar	Group Head Treasury & Financial Institutions
Kashif Nisar	Head of Product & Shariah Structuring
Madieh Khawar	General Manager – Central I
Masood Muhammad Khan	Head of Compliance
Mateen Mahmood	Head of Operations
Mohammad Faisal Dhedhi	General Manager South East
Muhammad Amin	Group Head Information Technology
Muhammad Assadullah Chaudhry	Head of Human Resource
Muhammad Idrees Sheikh	General Manager Interior Sindh
Muhammad Irfan Ahmed	Head of Shariah Compliance
Hasan Shahid	Company Secretary
Muhammad Shoab Rizwani	General Manager South Punjab
Muhammad Uzair Sipra	Head of Legal
Rizwan Qamar Lari	Group Head Internal Audit
Sohail Sikandar	Chief Financial Officer
Syed Jahanzaib Ali	General Manager – Central II
Tariq Ali Khan	General Manager North
Usman Shahid	Group Head Risk Management
Zabih Ullah Usmani	General Manager Baluchistan
Zaheer Elahi Babar	Group Head Corporate Banking

Registered Office

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Share Registrar

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Karachi- 74400.
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Directors' Report to the Members

Dear Members,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of BankIslami Pakistan Limited ('the Bank' or 'BankIslami') on the Condensed Interim Un-audited Financial Statements for the first quarter ended March 31, 2024.

Economy Snapshot

Pakistan's economy is expected to see a modest recovery in FY24, with growth projected between 2% and 3%. This growth is primarily driven by improvements in the agricultural sector, benefiting from better crop yields and practices. However, external factors such as weather patterns and global commodity prices need close monitoring to ensure sustained growth.

Inflation remains a concern, though recent data shows positive trend. Headline inflation dropped to 20.68% in March 2024 from 23.1% in February 2024. However, core inflation remains high. The central bank aims to bring inflation within the target range of 5 – 7% by September 2025 through adjustments in monetary policy and supply-side measures as outlined in an IMF agreement.

The recent IMF agreement, providing an additional US\$1.1 billion in support, acknowledging the positive steps taken by the government and the central bank. The target areas for reform highlighted in the agreement include fiscal discipline, addressing circular debt in the energy sector, and promoting a transparent foreign exchange market.

Discussions on a potential successor program with the IMF are expected to begin, focusing on addressing structural weaknesses and promoting sustained economic growth. This entails strengthening public finances, promoting private sector investment and improving the business environment to generate jobs and foster long-term growth. Successful implementation of these reforms will be crucial for Pakistan's economic stability and growth.

(Source: SBP Monetary Policy Statement and News Reports)

Overview of Financial Performance

Following are the key financial highlights for the first quarter ended March 31, 2024:

Key Balance Sheet Numbers	March 2024	December 2023	March 2023	March 2024 vs December 2023	March 2024 vs March 2023
	----- Rupees in '000 -----			----- % -----	
Deposits	496,522,527	522,540,925	410,941,586	-4.98%	20.83%
Due to financial institutions	131,013,757	60,659,056	73,106,532	115.98%	79.21%
Financing & related assets – net	253,560,430	230,194,288	240,764,691	10.15%	5.31%
Investments – net	332,257,292	314,083,872	201,137,203	5.79%	65.19%
Net assets	37,547,005	36,465,918	26,816,824	2.96%	40.01%

Key Profit and Expense Numbers

	March 2024	March 2023	Change
	---- Rupees in '000 ----		%
Profit / return earned	29,751,745	16,563,342	79.62%
Profit / return expensed	19,699,444	9,654,353	104.05%
Net spread earned	10,052,301	6,908,989	45.50%
Other income	1,589,375	771,766	105.94%
Operating expenses	4,888,236	3,613,054	35.29%
Operating profit before credit loss allowance	6,627,207	4,001,303	65.63%
Profit before taxation	6,307,052	3,160,835	99.54%
Profit after taxation	3,215,628	1,794,314	79.21%
Earnings per share (in Rupees)	2.9004	1.6184	79.21%

The Bank's deposit book experienced a substantial increase of 20.8% compared to the period ended March 31, 2023. However, there was a decrease of 4.9% when compared with figures reported as at December 31, 2023. This decrease is mainly attributable to customer withdrawals from current account, due to which current account witnessed decline by 10.6% when compared with December 31, 2023. The management is focused to recover its position in current and saving accounts (CASA) by garnering trade finance business, employee banking and cash management mandates. The Bank has made a substantial progress in securing new mandates and uplift trade volumes, and as soon as these would materialize, it will have a positive impact on CASA deposits.

Amidst the persistent uncertain and challenging economic conditions of 2023, which continue to prevail during the first quarter of 2024 as well, the Bank has strategically directed surplus liquidity primarily into GoP Ijarah Sukuk while cautiously expanding its Financing portfolio. This strategic approach has yielded a substantial expansion of the Bank's investment portfolio, which escalated from Rs. 201.13 billion in March 2023 to Rs. 332.25 billion in March 2024, representing an impressive 65.19% increase. Furthermore, the investment portfolio exhibited a growth of 5.8% as compared with December 31, 2023. Consequently, the investment to deposit ratio (IDR) has experienced a significant rise, climbing from 48.9% as at March 31, 2023 to 66.9% as at March 31, 2024.

The Bank demonstrated measured growth in its financing portfolio, achieving a modest increase of 10.1% as compared to the end of 2023. This growth, in addition to decline in deposits, resulted in an improvement in the Bank's gross Advance to Deposit ratio (ADR), rising from 48.6% in December 2023 to 56.0% in March 2024. Key challenges encountered in expanding the exposure on private sector include elevated policy rates, limited availability of foreign currency and regulatory limitation on consumer auto financing. Notwithstanding these obstacles, the Bank is strategically directing its efforts towards augmenting funding to large corporate and commercial clients, while seizing the prevailing financing prospects. This strategic pivot aims to uphold a resilient financing portfolio in the long term.

Infection ratio of total financing portfolio has improved from 9.0% in December 2023 to 8.2% in March 2024. The infection ratio of Islamic portfolio (i.e. excluding conventional portfolio inherited from amalgamated entity) has also improved from 6.9% in December 2023 to 6.3% in March 2024. While the Bank remains committed to efforts aimed at recovery of the classified portfolio, it maintains a vigilant approach to monitoring the overall health of financing portfolio. Effective January 1, 2024, the Bank has adopted IFRS 9 – Financial Instruments, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the

financial statements. A detailed disclosure in this respect has been made in note 3.1 to the condensed interim financial statements.

Ensuring a resilient capital foundation is crucial for maintaining a strong asset portfolio. As of March 31, 2024, the Bank's Capital Adequacy Ratio (CAR) has been reported at 22.82% as compared to 23.79% as at December 31, 2023. This slight decline in CAR is due to increase in Risk Weighted Assets during the first quarter 2024.

As a result of expansion in our overall balance sheet and the heightened policy rate, the Bank observed a notable 45.5% growth in net spread earned during the first quarter of 2024 as compared to same period last year. The revenues were further supported by increase in other income by 105.9%. This growth in revenue was somewhat subdued due to rise in operating expenses by 35.3%. This rise in operating costs is attributed to country's heightened inflation cycle, strategic initiatives related to expansion such as opening of new branches, increase in headcount, particularly on the business front and inflationary adjustments to staff remuneration.

Alhamdulillah! The Bank has accomplished a remarkable 99.5% increase in its profit before tax for the first quarter ended March 31, 2024, compared to the same period last year. This outstanding achievement is credited to the Bank's comprehensive strategy, which included optimizing the CASA mix, fostering growth in low-risk weighted financing portfolios, prioritizing fee-based income and expansion of investment portfolio. As a result, the profit after tax reached Rs. 3.2 billion, marking a substantial increase of 79.2% as compared to same period last year.

Group Results

During the period ended March 31, 2024, the Group witnessed growth of 6.6% in its total assets. This increase in the Group's financial position was primarily propelled by growth in financing to large corporate and commercial clients and investment in GoP Ijarah Sukuks. Demonstrating exceptional performance, the Group attained a post-tax profit of Rs. 3.2 billion, showcasing an impressive 79.2% surge as compared to the previous year. This outstanding accomplishment is attributed to the augmentation of earning assets, the growth of profit-bearing liabilities, and the increase in policy rates.

Composition of the Board

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

The current composition of the Board is as follows:

Total number of Directors 8 *

Composition:

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

* Names of Directors of the Bank have been mentioned in the corporate information section of this

report.

Acknowledgements

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

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

On behalf of the Board,

-Sd-

Rizwan Ata
President & Chief Executive Officer

-Sd-

Suleman Lalani
Chairman of the Board of Directors

April 25, 2024

8*	ڈائریکٹرز کی کل تعداد
	تفصیل
3	(i) آزاد ڈائریکٹرز
4	(ii) نان ایگزیکٹو ڈائریکٹرز
1	(iii) ایگزیکٹو ڈائریکٹر
1	(اے) خاتون ڈائریکٹر
7	(بی) مرد ڈائریکٹرز

* بینک کے ڈائریکٹرز کے نام اس رپورٹ کے کارپوریٹ انفارمیشن سیکشن میں بیان کیے گئے ہیں۔

اظہار تشکر

بورڈ، اسٹیٹ بینک آف پاکستان کو معاونت اور رہنمائی فراہم کرنے پر خراج تحسین پیش کرنا چاہتا ہے۔ بورڈ سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان اور دیگر انضباطی حکام کی جانب سے تائید کئے جانے پر بھی تہہ دل سے مشکور ہے۔ ہم اپنے گرام قدر صارفین، کاروباری شراکت داروں اور ہمسایوں کے ان کی جانب سے کی جانے والی سرپرستی کے لئے بھی بے حد مشکور ہیں۔

مزید یہ کہ ہم اپنی انتظامی ٹیم اور ملازمین کی لگن، عزم اور سخت محنت کو بھی قدر نگاہ سے دیکھتے ہیں۔ جس نے بینک اسلامی کو نہ صرف بینکاری کی صنعت میں بلکہ خاص طور پر اسلامی بینکاری کی صنعت میں اہم مقام دیا ہے۔

منجانب و حسب الحکم بورڈ

-Sd-
سلیمان لالانی

چیئر مین آف بورڈ آف ڈائریکٹرز

-Sd-
رضوان عطاء

صدر اور چیف ایگزیکٹو آفیسر

2024، اپریل، 25

بدوزن اثاثوں میں اضافہ ہے۔

مجموعی بیلنس شیٹ میں نمو اور بڑھتے ہوئے پالیسی ریٹ کے باعث 2024 کی پہلی سہ ماہی کے دوران بینک کی حاصل شدہ صفائی آمدن میں گزشتہ سال کی اسی مدت کے مقابلے میں 45.5 فیصد کا نمایاں اضافہ ہوا ہے۔ دیگر آمدن میں 105.9 فیصد کا اضافہ بھی کل آمدن میں مزید اضافے میں معاون ثابت ہوا۔ تاہم آمدن میں یہ اضافہ کسی حد تک آپریٹنگ اخراجات میں 35.3 فیصد اضافہ کے زبرد باؤ رہا۔ ملک میں جاری مہنگائی کی بلند شرح، توسیع سے متعلقہ حکمت عملی جیسا کہ نئی برانچیں کھولنے، ملازمین کی تعداد میں اضافہ اور مہنگائی کے تناسب سے ملازمین کے معاوضہ میں اضافہ آپریٹنگ اخراجات میں اضافہ کا سبب بنا۔

الحمد للہ بینک نے گزشتہ سال کی اسی مدت کے مقابلے میں 31 مارچ، 2024 کو ختم ہونے والی پہلی سہ ماہی کیلئے قبل از محمول منافع میں 99.5 فیصد کا شاندار اضافہ حاصل کیا ہے جو بینک کے بہترین CASA مگس کے حصول، کم خطرے والے فنانشنگ پورٹ فولیو میں نمو کے فروغ، فیس پر مبنی آمدنی کو ترجیح اور سرمایہ کاری پورٹ فولیو میں توسیع کی جامع حکمت عملی کا نتیجہ ہے۔ نتیجتاً بعد از محمول منافع گزشتہ سال کی اسی مدت کے مقابلے میں 79.2 فیصد اضافہ کے ساتھ 3.2 ارب روپے تک پہنچ گیا۔

گروپ کے نتائج

31 مارچ، 2024 کو ختم ہونے والی مدت کے دوران گروپ کے کل اثاثوں میں 6.6 فیصد کا نمایاں اضافہ ہوا۔ گروپ کی مالی پوزیشن میں اضافہ کی وجہ کارپوریٹ اور کمرشل صارفین کو فنانشنگ میں اضافہ اور حکومتی اجارہ وصولی میں سرمایہ کاری ہے۔ گروپ نے غیر معمولی کارکردگی کا مظاہرہ کرتے ہوئے 3.2 ارب روپے کا بعد از محمول منافع حاصل کیا جو گزشتہ سال کی اسی مدت کے مقابلے میں 79.2 فیصد کے متاثر کن اضافہ کو ظاہر کرتا ہے۔ جو کمائی والے اثاثوں میں اضافے، منافع پر مبنی واجبات اور پالیسی کی شرح میں اضافے کی وجہ سے حاصل ہوا ہے۔

بورڈ کی تشکیل

کوڈ آف کارپوریٹ گورننس (CCG) کے مطلوبہ تقاضوں اور بہترین طریقوں کے مطابق بینک کا بورڈ نان ایگزیکٹو اور آزاد ڈائریکٹر پر مشتمل ہے۔ بورڈ میں ایک خاتون ڈائریکٹر کی نمائندگی بھی شامل ہے۔

بورڈ کی موجودہ تشکیل درج ذیل ہے۔

بینک کے ڈیپازٹس میں 31 مارچ، 2023 کو ختم ہونے والی مدت کے مقابلہ میں 20.8 فیصد اضافہ ہوا۔ تاہم 31 دسمبر، 2023 کے اعداد و شمار کے مقابلے میں 4.9 فیصد کمی ہوئی۔ کمی کی بنیادی وجہ صارفین کی طرف سے کرنٹ اکاؤنٹ میں سے رقم نکلوانا ہے جس کی وجہ سے کرنٹ اکاؤنٹ میں 31 دسمبر، 2023 کے مقابلے میں 10.6 فیصد کمی ہوئی۔ بینک انتظامیہ تجارتی فنانس برنس، ایچ پی ای بیکنگ اور نقد انتظامی امور کے ذریعے کرنٹ اور سیونگ اکاؤنٹس (CASA) میں اپنی پوزیشن بحال کرنے کیلئے توجہ مرکوز کئے ہوئے ہے۔ بینک نے نئے معاہدوں کے حصول اور تجارتی حجم میں اضافہ میں نمایاں پیش رفت کی ہے جیسے ہی یہ معاملات طے ہوتے ہیں اس سے CASA ڈیپازٹس پر مثبت اثرات مرتب ہوں گے۔

سال 2023 کے دوران غیر یقینی اور مشکل اقتصادی حالات جو کہ 2024 کی پہلی سہ ماہی میں بھی جاری رہے کے باوجود بینک نے اپنی مالیاتی پورٹ فولیو میں اضافہ کرتے ہوئے حکومتی اجارہ وصولیوں میں اضافی سرمایہ مختص کیا۔ اس سٹرٹجک حکمت عملی سے بینک کا سرمایہ کاری پورٹ فولیو مارچ 2023 میں 201.13 ارب روپے سے بڑھ کر مارچ 2024 میں 332.25 ارب روپے ہو گیا جو 65.19 فیصد کے غیر معمولی اضافہ کو ظاہر کرتا ہے۔ مزید برآں سرمایہ کاری کے پورٹ فولیو میں 31 دسمبر 2023 کے مقابلے میں 5.8 فیصد اضافہ ہوا۔ نتیجتاً سرمایہ کاری اور ڈیپازٹ کے درمیان تناسب (IDR) میں بھی نمایاں اضافہ ہوا جو 31 مارچ، 2023 کے مقابلے میں 48.9 فیصد سے بڑھ کر 31 مارچ، 2024 میں 66.9 فیصد ہو گیا۔

بینک نے فنانسنگ پورٹ فولیو میں ممتاز نمو کا مظاہرہ کیا جس میں سال 2023 کے اختتام کے مقابلے میں 10.1 فیصد کا معمولی اضافہ ہوا۔ ڈیپازٹس میں کمی کے علاوہ یہ نمو بینک کے مجموعی ایڈوائس اور ڈیپازٹ کے درمیان تناسب (ADR) میں بہتری کا نتیجہ ہے جو دسمبر 2023 میں 48.6 فیصد سے بڑھ کر مارچ 2024 میں 56.0 فیصد ہو گیا۔ پالیسی ریٹ کی بلند شرح، غیر ملکی کرنسی کی محدود دستیابی اور آٹو فنانسنگ پر سخت ریگولیٹری اقدامات جیسی مشکلات کے باعث نئی شعبہ کے کاروبار میں توسیع میں رکاوٹ بنے۔ ان رکاوٹوں کے باوجود بینک بڑے کارپوریٹ اور کمرشل صارفین کو فنڈنگ کی فراہمی اور دستیاب فنانسنگ مواقعوں پر سرمایہ میں اضافہ پرتز ویراتی طور پر توجہ مرکوز کر رہا ہے۔ حکمت عملی میں تبدیلی کا مقصد مستقبل میں مضبوط فنانسنگ پورٹ فولیو برقرار رکھنا ہے۔

کل فنانسنگ پورٹ فولیو کا انفلکشن کا تناسب دسمبر 2023 میں 9.0 فیصد سے بہتر ہو کر مارچ 2024 میں 8.2 فیصد ہو گیا۔ اسلامی پورٹ فولیو کا انفلکشن تناسب (یعنی ضم شدہ ادارے سے ملنے والے روایتی پورٹ فولیو کے علاوہ) بھی دسمبر 2023 میں 6.9 فیصد سے بہتر ہو کر مارچ 2024 میں 6.3 فیصد ہو گیا۔ بینک اپنے کلاسیفائیڈ پورٹ فولیو کی بحالی کیلئے کوششوں کیلئے پر عزم ہے اور فنانسنگ پورٹ فولیو کی مجموعی صحت کی نگرانی کیلئے فعال اور بھرپور حکمت عملی پر عمل پیرا ہے۔ بینک نے یکم جنوری 2024 سے IFRS-9 فنانشل انسٹرومنٹس کو اپنایا ہے، جس سے اکاؤنٹنگ پالیسیوں میں تبدیلیاں اور مالیاتی گوشواروں میں اس سے پہلے تسلیم شدہ رقم کی ایڈجسٹمنٹ ہوئی۔ اس حوالے سے تفصیلی بیان مختصر عبوری مالیاتی گوشواروں کے نوٹ 3.1 میں دیا گیا۔

مستحکم کپیٹل میں مستحکم اتناہدات کو برقرار رکھنے کیلئے بنیاد فراہم کرتا ہے۔ 31 مارچ، 2024 تک بینک کا کپیٹل ایڈریکسی ریشو (CAR) 22.82 فیصد ریکارڈ کیا گیا جبکہ 31 دسمبر، 2023 میں یہ تناسب 23.79 فیصد تھا۔ CAR میں معمولی کمی کی وجہ سے سال 2024 کی پہلی سہ ماہی کے دوران خطرہ

مالی کارکردگی کا جائزہ

31 مارچ، 2024 کو ختم ہونے والی سہ ماہی کیلئے اہم مالیاتی نکات درج ذیل ہیں۔

بیلنس شیٹ کے اہم اعداد و شمار	مارچ 2024	دسمبر 2023	مارچ 2023	مارچ 2024 بمقابلہ دسمبر 2023	مارچ 2024 بمقابلہ دسمبر 2023
	روپے ہزار میں	روپے ہزار میں	روپے ہزار میں	فیصد	فیصد
ڈیپازٹس	496,522,527	522,540,925	410,941,586	-4.98 فیصد	20.83 فیصد
مالیاتی اداروں کو واجب الادا	131,013,757	60,659,056	73,106,532	115.98 فیصد	79.21 فیصد
فنانسنگ اور متعلقہ اثاثہ جات - صافی	253,560,430	230,194,288	240,764,691	10.15 فیصد	5.31 فیصد
سرمایہ کاری - صافی	332,257,292	314,083,872	201,137,203	5.79 فیصد	65.19 فیصد
صافی اثاثہ جات	37,547,005	36,465,918	26,816,824	2.96 فیصد	40.01 فیصد

منافع اور اخراجات کے اہم اعداد و شمار	مارچ 2024	مارچ 2023	تغییرات
	روپے ہزار میں	روپے ہزار میں	
حاصل کردہ منافع / آمدن	29,751,745	16,563,342	79.62 فیصد
خرچ کردہ منافع / آمدن	19,699,444	9,654,353	104.05 فیصد
حاصل کردہ صافی آمدن	10,052,301	6,908,989	45.50 فیصد
دیگر آمدن	1,589,375	771,766	105.94 فیصد
آپریٹنگ اخراجات	4,888,236	3,613,054	35.29 فیصد
کریڈٹ نقصان الاؤنس سے قبل آپریٹنگ منافع	6,627,207	4,001,303	65.63 فیصد
قبل از حصول منافع	6,307,052	3,160,835	99.54 فیصد
بعد از حصول منافع	3,215,628	1,794,314	79.21 فیصد
فی حصص آمدن (روپے میں)	2.9004	1.6184	79.21 فیصد

ڈائریکٹرز کی رپورٹ

معزز اراکین،

ہم بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ، 2024 کو ختم ہونے والی سہ ماہی کیلئے بینک اسلامی کے مختصر عبوری غیر پڑتال شدہ مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

معاشی جائزہ

عالمی مالیاتی ادارے (آئی ایم ایف) کی طرف سے پاکستان کی معاشی ترقی 2024 سے 3 فیصد رہنے کی پیش گوئی کے ساتھ مالی سال 2024 میں پاکستان کی معیشت کی بحالی کا امکان ہے جس کی بنیادی وجہ کاشت کاری کے بہترین طریقوں کی بدولت زرعی پیداوار میں بہتری ہے۔ تاہم پائیدار نمو کو برقرار رکھنے کیلئے اہم بیرونی عوامل جیسا کہ مختلف موسمی حالات اور عالمی سطح پر اجناس کی قیمتوں پر نظر رکھنے کی ضرورت ہے۔

مہنگائی میں اضافہ باعث تشویش ہے اگرچہ حالیہ اعداد و شمار سے مثبت رجحان ظاہر ہوتا ہے۔ ملک میں مجموعی افراط زر فروری 2024 کے مقابلے میں 23.1 فیصد سے کم ہو کر مارچ 2024 میں 20.68 فیصد ہو گئی۔ تاہم بنیادی مہنگائی زیادہ رہی۔ مرکزی بینک آئی ایم ایف کے معاہدے میں وضع کردہ سپلائی کے حوالے سے اقدامات کی روشنی میں مالیاتی پالیسی میں ایڈجسٹمنٹ کے ذریعے مہنگائی میں ستمبر 2025 تک 5 سے 7 فیصد کمی کا ارادہ رکھتا ہے۔

1.1 ارب ڈالر کی اضافی امداد کے آئی ایم ایف کے حالیہ معاہدہ میں حکومت اور مرکزی بینک کی طرف سے کئے گئے مثبت اقدامات کو تسلیم کیا۔ معاہدہ میں جن شعبوں میں اصلاحات کا ہدف دیا گیا ہے ان میں مالی نظم و نسق، توانائی کے شعبہ میں گردش قرضوں سے نمٹنا اور شفاف غیر ملکی زرمبادلہ مارکیٹ کا فروغ شامل ہیں۔

آئی ایم ایف کے ساتھ نئے پروگرام کیلئے بات چیت جلد شروع ہونے کی توقع ہے۔ بات چیت میں ساختی کمزوریوں کو دور کرنے اور پائیدار اقتصادی ترقی کے فروغ پر توجہ مرکوز کی جائے گی جس میں سرکاری مالیت کو مضبوط بنانا، نجی شعبہ کی سرمایہ کاری کا فروغ اور ملازمتیں پیدا کرنے اور طویل مدتی ترقی کیلئے کاروباری ماحول کو بہتر بنانا شامل ہیں۔ ان اصلاحات پر کامیابی کے ساتھ عمل درآمد پاکستان کے معاشی استحکام اور ترقی کیلئے بہت ضروری ہے۔
(ماخذ: ایس بی پی مالیاتی پالیسی اسٹیٹمنٹ اور نیوز رپورٹس)

Condensed Interim
Unconsolidated Financial Statements
of
BankIslami Pakistan Limited
For the Quarter Ended
March 31, 2024

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2024

		(Un-audited)	(Audited)
	Note	March 31, 2024	December 31, 2023
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	33,624,337	41,287,071
Balances with other banks	7	2,532,693	1,373,974
Due from financial institutions - net	8	16,211,724	16,502,138
Investments - net	9	332,257,292	314,083,872
Islamic financing, related assets and advances - net	10	253,560,430	230,194,288
Property and equipment	11	13,348,625	12,573,302
Right-of-use assets	12	3,408,229	3,566,267
Intangible assets	13	3,827,898	3,619,485
Deferred tax assets	14	1,315,574	235,534
Other assets - net	15	37,793,322	31,429,965
Total Assets		697,880,124	654,865,896
LIABILITIES			
Bills payable	16	3,051,096	5,125,177
Due to financial institutions	17	131,013,757	60,659,056
Deposits and other accounts	18	496,522,527	522,540,925
Lease liabilities	19	4,305,126	4,252,295
Subordinated sukuk	20	3,000,000	2,850,000
Deferred tax liabilities		-	-
Other liabilities	21	22,440,613	22,972,525
		660,333,119	618,399,978
NET ASSETS		37,547,005	36,465,918
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		4,800,111	4,800,111
Surplus on revaluation of assets - net of tax	22	3,691,797	4,662,090
Unappropriated profit		18,047,106	15,995,726
		37,547,005	36,465,918
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

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CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

For the Quarter ended March 31, 2024

	Note	March 31, 2024	March 31, 2023
----- Rupees in '000 -----			
Profit / return earned	24	29,751,745	16,563,342
Profit / return expensed	25	19,699,444	9,654,353
Net Profit / return		10,052,301	6,908,989
OTHER INCOME			
Fee and commission income	26	628,811	366,938
Dividend income		-	-
Foreign exchange income / (loss)		400,011	146,349
Income from shariah compliant forward and future contracts		301,971	214,036
Gain on securities - net	27	216,248	2,237
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Other income - net	28	42,334	42,206
Total other income		1,589,375	771,766
Total Income		11,641,676	7,680,755
OTHER EXPENSES			
Operating expenses	29	4,888,236	3,613,054
Workers' Welfare Fund		126,106	64,044
Other charges	30	127	2,354
Total non-markup / profit expenses		5,014,469	3,679,452
Profit before credit loss allowance		6,627,207	4,001,303
Credit loss allowance and write offs - net	31	320,155	840,468
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		6,307,052	3,160,835
Taxation	32	3,091,424	1,366,521
PROFIT AFTER TAXATION		3,215,628	1,794,314
----- Rupees -----			
Basic / Diluted earnings per share	33	2.9004	1.6184

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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BankIslami Pakistan Limited

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

For the Quarter ended March 31, 2024

	March 31, 2024	March 31, 2023
	----- Rupees in '000 -----	
Profit after taxation for the period	3,215,628	1,794,314
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	(748,212)	(319,556)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of equity investments - net of tax	-	-
Movement in surplus on revaluation of property and equipment - net of tax	(548)	-
Movement in surplus on revaluation of non-banking assets - net of tax	548	368
	-	368
Total comprehensive income	2,467,416	1,475,126

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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DIRECTOR

BankIslami Pakistan Limited

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

For the Quarter ended March 31, 2024

	Share capital	Discount on issue of shares	Statutory reserve*	Surplus on revaluation of		Unappropriated profit	Total
				Investments	Property & Equipment / Non-Banking Assets		
Rupees in '000							
Opening Balance as at January 1, 2023	11,087,033	(79,042)	2,591,091	1,131,256	1,637,031	10,083,032	26,450,401
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	1,794,314	1,794,314
Other comprehensive income / (loss) for the quarter ended March 31, 2023 - net of tax:							
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	(319,556)	-	-	(319,556)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	368	-	368
Total other comprehensive income - net of tax	-	-	-	(319,556)	368	-	(319,188)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(25,387)	25,387	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(39)	39	-
Transactions with owners, recorded directly in equity							
Cash dividend to shareholders for the year 2022 @ Re. 1 per share	-	-	-	-	-	(1,108,703)	(1,108,703)
Opening Balance as at April 1, 2023	11,087,033	(79,042)	2,591,091	811,700	1,611,973	10,794,069	26,816,824
Profit after taxation for the period from April 01, 2023 to December 31, 2023	-	-	-	-	-	9,250,785	9,250,785
Other comprehensive income / (loss) - net of tax							
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	2,265,660	-	-	2,265,660
Movement in surplus on revaluation of investments in equity instruments - net of tax	-	-	-	128,922	-	-	128,922
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	(33,459)	(33,459)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	(19,163)	-	(19,163)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	(3,420)	-	(3,420)
Total other comprehensive income - net of tax	-	-	-	2,394,582	(22,583)	(33,459)	2,338,540
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(101,395)	101,395	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(129)	129	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	(32,058)	32,058	-
Transfer to statutory reserve	-	-	2,209,020	-	-	(2,209,020)	-
Transactions with owners, recorded directly in equity							
First Interim cash dividend to shareholders for the year 2023 @ Ps. 1.75 per share	-	-	-	-	-	(1,940,231)	(1,940,231)
Opening Balance as at January 01, 2024	11,087,033	(79,042)	4,800,111	3,206,282	1,455,808	15,995,726	36,465,918
Impact of initial application of IFRS 9 as at January 01, 2024	-	-	-	(177,127)	-	(100,499)	(277,626)
Restated balance as at January 01, 2024	11,087,033	(79,042)	4,800,111	3,029,155	1,455,808	15,895,227	36,188,292
Profit after taxation for the quarter ended March 31, 2024	-	-	-	-	-	3,215,628	3,215,628
Other comprehensive income / (loss) for the quarter ended March 31, 2024 - net of tax:							
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	(748,212)	-	-	(748,212)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(44,920)	44,920	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(34)	34	-
Transactions with owners, recorded directly in equity							
Cash dividend to shareholders for the year 2023 @ Re. 1 per share	-	-	-	-	-	(1,108,703)	(1,108,703)
Closing Balance as at March 31, 2024	11,087,033	(79,042)	4,800,111	2,280,943	1,410,854	18,047,106	37,547,005

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

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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BankIslami Pakistan Limited

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the Quarter ended March 31, 2024

Note	March 31, 2024	March 31, 2023
----- Rupees in '000 -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,307,052	3,160,835
Less: Dividend income	-	-
	6,307,052	3,160,835
Adjustments for non-cash charges and other items:		
Net Profit / return	(10,052,301)	(6,908,989)
Depreciation on property and equipment	374,252	266,752
Depreciation on non-banking assets	580	567
Depreciation on right-of-use assets	382,826	230,667
Amortization	55,331	26,952
Depreciation on operating Ijarah assets	5,072	5,654
Amortisation of lease liability against right-of-use assets	253,044	112,480
Credit loss allowance and write offs - net	320,155	840,468
Unrealized gain on revaluation of investments classified as FVTPL	(216,248)	-
Charge for defined benefit plan	67,103	-
(Gain) / loss on sale / disposal of property and equipment	(61)	451
	(8,810,247)	(5,424,998)
	(2,503,195)	(2,264,163)
Decrease / (increase) in operating assets		
Due from financial institutions	290,322	5,957,503
Securities classified as FVTPL	216,248	-
Islamic financing and related assets and advances - net	(24,222,285)	(40,279,751)
Other assets (excluding advance taxation)	2,518,497	(741,107)
	(21,197,218)	(35,063,355)
(Decrease) / increase in operating liabilities		
Bills payable	(2,074,081)	(630,199)
Due to financial institutions	70,354,701	52,201,608
Deposits and other accounts	(26,018,398)	(4,970,356)
Other liabilities (excluding current taxation)	(3,129,286)	1,584,845
	39,132,936	48,185,898
	15,432,523	10,858,380
Profit / return received	20,290,280	10,719,600
Profit / return paid	(19,194,487)	(8,599,055)
Income tax paid	(2,258,416)	(2,061,716)
Net cash flow from operating activities	14,269,900	10,917,209
CASH FLOW FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	(18,916,131)	(21,716,081)
Investments in property and equipment	(1,149,575)	(556,178)
Investments in intangible assets	(263,744)	(104,704)
Proceeds from disposal of property and equipment	61	83,129
Net cash used in investing activities	(20,329,389)	(22,293,834)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(169,525)	-
Payments of lease obligations against right-of-use assets	(425,001)	(186,805)
Proceeds from issuance of subordinated sukuk	150,000	-
Net cash (used in) / generated from financing activities	(444,526)	(186,805)
Increase / (decrease) in cash and cash equivalents	(6,504,015)	(11,563,430)
Cash and cash equivalents at the beginning of the period	42,661,045	42,018,657
Cash and cash equivalents at the end of the period	36,157,030	30,455,227

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

Notes to and Forming Part of the Condensed Interim Unconsolidated Financial Statements (Un-Audited)

For the Quarter ended March 31, 2024

1 STATUS AND NATURE OF BUSINESS

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

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

The Bank is operating through 451 branches including 60 sub-branches as at March 31, 2024 (2023: 440 branches including 60 sub-branches). The registered office of the Bank is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the Bank's long-term rating to 'AA-' and maintained short-term rating at 'A1' with stable outlook.

On August 18, 2023, JS Bank Limited increased its shareholding in the Bank from 7.79% to 50.24% by acquiring shares from existing shareholders of the Bank through Share Purchase Agreement (SPA), effectively making BankIslami Pakistan Limited a subsidiary of JS Bank Limited. The shareholding in the Bank was further increased to 75.12% on August 25, 2023 by way of acquiring Bank's shares through a public offer.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information has been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of and directives issued under the Banking Companies Ordinance (BCO), 1962, 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 BCO, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2** The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 9, 2023 and IAS 34. These condensed interim unconsolidated

financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2023.

- 2.3** The SBP, through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these condensed interim unconsolidated financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these condensed interim unconsolidated financial statements. However, investments and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 2.4** These condensed interim unconsolidated financial statements are separate condensed interim unconsolidated financial statements of the Bank in which investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any, and are not consolidated. The condensed interim consolidated financial statements of the Bank are being issued separately.
- 2.5** The Bank provides financing mainly through Murabahah, Ijarah, Istisna, Musharakah, Diminishing Musharakah, Muswammah and other Islamic modes.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2023 except for changes resulting from adoption of following:

- IFRS 9 - Financial Instruments

3.1 Impact of adoption of IFRS 9 - Financial Instruments:

Effective from January 1, 2024, the Bank has adopted IFRS 9 - Financial Instruments, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

The State Bank of Pakistan (SBP) vide its BPRD Circular No. 03 of 2022 has provided detailed instructions (the Application Instructions) on implementation of IFRS 9 (the Standard) to ensure smooth and consistent implementation of the standard across banks. The Standard will replace the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes revised guidance on the

classification and measurement of financial instruments, a new Expected Credit Loss (ECL) model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

The Bank has adopted IFRS 9 with modified retrospective approach for restatement i.e. changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively, however, the Bank elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and financial liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. These changes and impacts for the Bank are discussed below:

Classification and measurement of financial assets

The Standard contains three principal classification categories for financial assets i.e. (a) measured at amortised cost, (b) fair value through other comprehensive income ("FVOCI") and (c) Fair value through profit or loss ("FVTPL"). This classification is generally based, except equity instruments and derivatives, on the business model in which a financial asset is managed and objective is achieved by both collecting contractual cash flows and selling financial assets. The Standard elaborates classification and measurement of financial assets that depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at FVTPL regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are to be measured at amortized cost, FVOCI or FVTPL. The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity Securities

Equity instruments are generally measured as FVTPL unless the Bank elects for FVOCI at initial recognition.

For equity shares held as available-for-sale (AFS) with surplus / deficit recorded in OCI, the Bank may elect these equity shares as FVOCI. However, in accordance with requirements of the Standard, fair value gain or losses recognized in OCI will not be recycled to profit and loss account on de-recognition of these securities.

For those equity shares currently held as AFS with gains and losses recorded in OCI for which FVOCI election is not made, will be measured at FVTPL, with mark to market impacts recorded in profit and loss account for future periods. The surplus / deficit related to these securities currently presented in equity, will be reclassified to retained earnings, with no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value under the Standard.

Debt securities and Islamic Financing and related assets

Those debt securities that are currently classified as AFS and pass the SPPI test, are expected to be measured at FVOCI under the Standard as the Bank's business model is to hold the assets to collect contractual cash flows and sell those investment. Debt securities currently classified as HTM and pass the SPPI test are expected to be measured at amortized cost under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows.

Certain debt instruments that do not meet the SPPI criteria shall be measured at FVTPL regardless of the business model in which they are held.

For certain debt securities which are currently classified as AFS and the Bank has decided to designate the same under the Held to Collect Business Model with the intention to collect the future cash flows on initial recognition as permitted under the standard, the mark to market gain / (loss) pertaining to these securities will be reversed from the surplus / deficit and adjusted against the book value of securities at initial recognition. This will have an impact on the overall retained earnings which will be consolidated in the opening retained earnings adjustment under IAS 8 (modified retrospective application criteria) in addition to the ECL impact.

Impairment and measurement of ECL

The impairment requirements apply to financial assets measured at amortized cost and FVOCI (other than equity instruments), Ijarah / Diminishing Musharaka receivables, and certain financing commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for ECL resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

Financial assets where 12-month ECL is recognized are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

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

Based on the requirements of the Standard and SBP's Application Instructions, the Bank has performed an ECL assessment considering the key elements such as assessment of Significant Increase in Credit Risk (SICR), Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.

For the purpose of calculation of ECL, the Bank has used 10 years' data till 31 December 2023.

Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of the Standard has stabilized, Stage 1 and Stage 2 provisions would be made as per the Standard's ECL criteria and Stage 3 provisions would be made considering higher of the Standard's ECL or provision computed under existing requirements of Prudential Regulations (PRs) issued by SBP on a segment basis.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PRs. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective PR for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

Islamic financing related fee

Islamic financing origination / commitment fees that are regarded as compensation to the financier for an ongoing involvement with the acquisition of a financial instrument would be recognized over the life of the related financing. However, if the commitment expires without the financier making the financing, the fee would be recognized as revenue earned.

Additional requirements and exceptions introduced by SBP Instructions

SBP has enforced the application of Standard in its entirety except for some exceptions and additional requirements. A high-level comparison of such exceptions that are relevant to the Bank is as follows:

(i) Use of Fair Value Option for financial assets

Standard allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different bases. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.

(ii) Unquoted equity securities

SBP has advised banks to measure investment in unquoted equity securities at lower of cost or breakup value till 31, December 2023.

In case where the breakup value of such securities is less than the cost, the difference of the cost and the breakup value will be classified as loss and provided for by charging it to the Profit and Loss account.

(iii) Rebuttable presumptions about default and SICR

Standard includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under the Standard as mentioned in Annexure-C of BPRD Circular no 3 of 2022. However, banks are free to choose more stringent days past due criteria.

(iv) Income recognition on impaired assets

The banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of PRs issued by SBP.

(v) Impact of Provisions on Regulatory Capital

The banks are allowed to include provisions for Stage 1 and Stage 2 in Tier 2 capital up to a limit of 1.25% of total credit risk-weighted assets. In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, banks, which choose to apply transitional arrangement, may implement this arrangement in accordance with SBP's Guideline for absorption of ECL for Capital Adequacy Ratio (CAR) purposes as mentioned in Annexure-C of BPRD Circular No. 3 of 2022.

Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Bank's Risk Management Department has developed models/ methodologies for PD, LGD and Credit Conversion Factors (CCF). These models shall be validated on annual basis considering the following:

- Quantitative Validation: ECL model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

The Risk Department will define the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach.

Additionally, the Risk department will also take the ownership of the impact of ECL on Bank's capital.

The Bank's Finance Department will perform ECL calculation. As a result, the department will then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios. Risk Management Department shall also present quarterly progress report to its Board Risk Management Committee.

The IT Department shall identify, prepare and extract the data required for the risk parameters modelling and ECL calculations. IT department shall also support project owners for system development and upgrades.

3.1.1 Reconciliation of balances reported under local regulations and IFRS 9

(a) A reconciliation between the carrying amounts under local regulations to the balances reported under IFRS 9 as of January 1, 2024 is as follows:

Local regulations classification		Reclassification	Re-measurement		IFRS 9		
Category	Amount		ECL	Others	Amount	Category	
Rupees in '000							
Financial Assets							
Cash and balances with treasury banks	Cash and balances with treasury banks	41,287,071	-	-	41,287,071	Amortized cost	
Balances with other banks	Balances with other banks	1,373,974	-	(4,238)	1,369,736	Amortized cost	
Due from financial institutions - net	Due from financial institutions	16,502,138	-	(20)	16,502,118	Amortized cost	
Investments							
-Held for Trading							
Debit instruments	Held for Trading	-	-	-	-	Fair Value Through Profit or Loss	
-Available for sale							
Debit instruments	Available for sale	313,384,471	(50,000)	(132)	313,334,339	Fair Value Through other comprehensive Income	
		-	50,000	-	50,000	Fair Value Through Profit or Loss	
Equity instruments	Available for sale	699,401	(692,581)	-	6,820	Fair Value Through other comprehensive Income	
		-	692,581	-	692,581	Fair Value Through Profit or Loss	
Islamic financing, related assets and Advances - net	Islamic financing, related assets and Advances - net	230,194,288	-	(4,931,434)	4,391,459	229,654,313	Amortized cost
Total Financial Assets		603,441,343	-	(4,935,824)	4,391,459	602,896,978	
Non Financial Assets							
Deferred tax assets - net		235,534	-	-	266,739	502,273	
Total Non - Financial Assets		235,534	-	-	266,739	502,273	
Total Assets		603,676,877	-	(4,935,824)	4,658,198	603,399,251	
Financial Liabilities							
Due to financial institutions	Due to financial institutions	60,659,056	-	-	-	60,659,056	Amortized cost
Deposits and other accounts	Deposit and other accounts	522,540,925	-	-	-	522,540,925	Amortized cost
Sub-ordinated sukuk	Sub-ordinated sukuk	2,850,000	-	-	-	2,850,000	Amortized cost
Total liabilities	Provision against off balance sheet obligations	85,975	-	-	-	85,975	Amortized cost
		586,135,956	-	-	-	586,135,956	
Net Impact on the statement of financial position as at January 1, 2024 upon adoption of IFRS 9					Rupees in '000		
ECL Charge					(4,935,824)		
Reversal of general provision on Islamic financing, related assets and advances as at December 31, 2023					4,391,459		
Deferred tax impact					266,739		
					(277,626)		

(b) The impact of transition to IFRS 9 on retained earnings and unrealized gain on revaluation of available for sale investments as at January 01, 2024 is as follows:

	January 01, 2024 Rupees in '000'
Retained earnings	
Opening balance under local regulations (January 01, 2024)	15,995,726
Recognition of IFRS 9 ECLs	(4,935,692)
Reversal of general provision	4,391,459
Reclassification of investments from FVOCI to FVTPL on adoption of IFRS 9	347,308
Adjustment in gain / (loss) in FV due to expected credit loss	(132)
Deferred tax in relation to the above	96,558
Opening balance under IFRS 9 (January 01, 2024)	15,895,227
Unrealized gain on revaluation of Available-for-sale investments	
Opening balance under local regulations (January 01, 2024)	3,206,282
Reclassification of surplus on equity investments	(347,308)
Deferred tax in relation to the above	170,181
Opening balance under IFRS 9 (January 01, 2024)	3,029,155
Total impact on equity due to adopting IFRS 9	(277,626)

(c) The following table reconciles the aggregate opening credit loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9.

Impairment allowance for:	Credit loss provision at January 1, 2024	ECL	General Provision Reversal	Remeasurement	ECLs under IFRS 9 at January 1, 2024
	A	B	C	D = (B+C)	E = (A+D)
Rupees in '000					
Islamic financing, related assets and advances - now classified at amortized cost under IFRS 9	23,840,627	4,931,434	(4,391,459)	539,975	24,380,602
Balances with other banks	-	4,238	-	4,238	4,238
Due from financial institutions	17,820	20	-	20	17,840
Held to maturity investment now classified at amortized cost under IFRS 9	92,145	-	-	-	92,145
Available-for-sale investments now classified at FVOCI under IFRS 9	260,347	132	-	132	260,479
Contingent liability in respect of guarantees and other commitments	85,975	-	-	-	85,975
Total	24,296,914	4,935,824	(4,391,459)	544,365	24,841,279

(d) The following table contains the details of classification of financial assets under IFRS 9 as compared to existing classification of financial assets of the Bank as at January 1, 2024. The amounts are gross of ECL provision and revaluation gains / losses:

Category	Classification as on December 31, 2023	New classification on adopting IFRS 9 as on January 01, 2024				Total	
		At Amortized Cost	At Cost	At Fair Value through OCI (without recycling)	At Fair Value through OCI (with recycling)		At Fair Value through P&L
Rupees in '000							
Cash and balances with treasury banks	41,287,071	41,287,071	-	-	-	41,287,071	
Balances with other banks	1,373,974	1,373,974	-	-	-	1,373,974	
Due from financial institutions	16,211,724	16,211,724	-	-	-	16,211,724	
Islamic Investments							
Available-for-Sale							
Federal Government Shariah Compliant Securities	272,237,369	-	-	272,237,369	-	272,237,369	
Non-Government Shariah Compliant Securities	35,243,462	-	-	35,193,462	50,000	35,243,462	
Shares	336,073	-	-	-	336,073	336,073	
Mudaraba certificates	9,200	-	-	-	9,200	9,200	
Foreign securities	6,820	-	6,820	-	-	6,820	
Associate	627,942	-	627,942	-	-	627,942	
Conventional Investments							
Available-for-Sale							
Shares	591,680	-	-	-	591,680	591,680	
Non-Government Debt Securities	224,467	-	-	224,467	-	224,467	
Foreign securities	1,155,350	-	-	-	1,155,350	1,155,350	
Held to maturity							
Non-Government Debt Securities	92,145	92,145	-	-	-	92,145	
Associates	474,169	-	474,169	-	-	474,169	
Subsidiary	104,771	-	104,771	-	-	104,771	
Islamic financing, related assets and advances	254,034,915	254,034,915	-	-	-	254,034,915	
Other financial assets	-	-	-	-	-	-	
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts	-	-	-	-	-	-	
Total	624,011,132	312,999,829	1,206,882	6,820	307,655,298	2,142,303	624,011,132

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

There are certain interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim unconsolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods from the dates mentioned below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized
- Amendments to IAS 21- Lack of Exchangeability	January 01, 2025

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2023, except below which were a result of adoption of IFRS 9:

- (a) Classification of financial assets as amortised cost, FVOCI and FVTPL
- (b) Measurement of ECL

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, 2023.

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	-----Rupees in '000 -----	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
- Local currency	10,215,206	11,227,889
- Foreign currency	1,093,075	1,319,857
	11,308,281	12,547,746
With the State Bank of Pakistan in:		
- Local currency current account	17,843,696	21,500,242
- Foreign currency deposit accounts:		
- Cash reserve account	974,870	969,037
- Special cash reserve account	1,170,326	1,206,364
- US dollar clearing account	107,126	38,902
	2,252,322	2,214,303
With National Bank of Pakistan in:		
- Local currency current account	2,218,418	5,021,445
Prize Bonds	1,620	3,335
Less: Credit loss allowance held against cash and balances with treasury banks	-	-
Cash and balances with treasury banks - net of credit loss allowance	33,624,337	41,287,071
7 BALANCES WITH OTHER BANKS		
In Pakistan:		
- In current accounts	9	9
- In deposit accounts	145	142
	154	151
Outside Pakistan:		
- In current accounts	2,383,115	1,186,902
- In deposit accounts	162,651	186,921
	2,545,766	1,373,823
Less: Credit loss allowance held against balances with other banks	(13,227)	-
Balances with other banks - net of credit loss allowance	2,532,693	1,373,974

Note	(Un-audited)	(Audited)
	March 31, 2024	December 31, 2023

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

8 DUE FROM FINANCIAL INSTITUTIONS - NET

Unsecured

Bai Muajjal Receivable			
-from Other Financial Institutions	8.1	16,211,816	16,502,138
Other placements		17,820	17,820
		16,229,636	16,519,958
Less: Credit loss allowance held against due from financial institutions	8.2	(17,912)	(17,820)
Due from financial institutions - net of credit loss allowance		16,211,724	16,502,138

- 8.1 The average return on this product ranges between 20.91% to 22.92% (2023: 22.05% to 22.35%) per annum. The balances have maturities ranging between 18 days to 270 days (2023: 6 days to 110 days).

8.2 Due from financial institutions - Particulars of credit loss allowance

Domestic

		(Un-audited)	
		March 31, 2024	
		Due from financial institutions	Credit loss allowance held
		-----Rupees in '000 -----	
Performing	Stage 1	16,211,816	92
Under performing	Stage 2	-	-
Non-performing	Stage 3		
- Substandard		-	-
- Doubtful		-	-
- Loss		17,820	17,820
		17,820	17,820
Total		16,229,636	17,912

- 8.2.1 The Bank does not hold overseas classified due from financial institutions

9	INVESTMENTS - NET	Note	(Un-audited)	(Audited)
			March 31, 2024	December 31, 2023
			----- Rupees in '000 -----	
	Investments - Islamic	9.1	332,257,292	314,083,872
	Investments - Conventional (relating to amalgamated entity)	9.2	-	-
			332,257,292	314,083,872

9.1	Islamic Investments by type	Note	(Un-audited)				(Audited)			
			March 31, 2024				December 31, 2023			
			Cost / Amortized cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----										
	FVTPL / Held for trading									
	Shares		680,293	-	216,248	896,541	-	-	-	-
	Modaraba certificates		12,288	-	-	12,288	-	-	-	-
	Non-Government Shariah Compliant Securities		50,000	-	-	50,000	-	-	-	-
			742,581	-	216,248	958,829	-	-	-	-
	FVOCI / Available for sale securities									
	Federal Government Shariah Compliant Securities		291,905,181	-	4,411,545	296,316,726	272,237,369	-	5,630,029	277,867,398
	Shares		-	-	-	-	336,073	-	344,220	680,293
	Modaraba certificates		-	-	-	-	9,200	-	3,088	12,288
	Non-Government Shariah Compliant Securities		34,950,035	(36,010)	60,892	34,974,917	35,243,462	(35,880)	309,491	35,517,073
	Foreign securities		6,820	-	6,820	6,820	6,820	-	-	6,820
			328,862,036	(36,010)	4,472,437	331,298,463	307,832,924	(35,880)	6,286,828	314,083,872
	Associate		627,942	(627,942)	-	-	627,942	(627,942)	-	-
	Total Islamic investments		328,232,559	(663,952)	4,688,685	332,257,292	308,460,866	(663,822)	6,286,828	314,083,872
	9.2 Conventional Investments by type									
	FVTPL / Held for trading									
	Shares	9.2.1	-	-	-	-	-	-	-	-
	Foreign securities	9.2.1	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-
	FVOCI / Available for sale securities									
	Shares	9.2.1	-	-	-	-	591,680	(591,680)	-	-
	Non-Government Debt Securities		224,467	(224,467)	-	-	224,467	(224,467)	-	-
	Foreign securities	9.2.1	-	-	-	-	1,155,350	(1,155,350)	-	-
			224,467	(224,467)	-	-	1,971,497	(1,971,497)	-	-
	Amortised Cost / Held to maturity securities									
	Non-Government Debt Securities		92,145	(92,145)	-	-	92,145	(92,145)	-	-
	Associates		474,169	(474,169)	-	-	474,169	(474,169)	-	-
	Subsidiary		104,771	(104,771)	-	-	104,771	(104,771)	-	-
	Total conventional investments		895,552	(895,552)	-	-	2,642,582	(2,642,582)	-	-

9.2.1 These are fully provided equity securities related to amalgamated entity and are reclassified from FVOCI to FVTPL as at January 01, 2024.

Name of Investee Company	No. of shares held
Riverstone Consultancy (Private) Limited (Shares)	3,985,000
New Horizon Exploration and Production Limited (Shares)	61,600,000
Pakistan Export Finance Guarantee Agency Limited (Shares)	568,044
Evolence Capital Limited (Foreign securities)	5,400,000

9.3 Details of investment in subsidiary	As at	Holding %	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
	----- Rupees in '000 -----							

Unlisted My Solutions Corporation Limited	December 31, 2013	100.00	Pakistan	69,539	10,105	14,580	(1,763)	(1,763)
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9.4 Details of investment in associates	As at	Holding %	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
	----- Rupees in '000 -----							

Unlisted Islamic Shakarganj Food Products Limited	December 31, 2023	36.38	Pakistan	10,369,137	6,772,301	3,905,535	43,909	10,336
Conventional KASB Funds Limited	December 31, 2015	43.89	Pakistan	46,465	32,465	23,640	(66,241)	(65,679)
KASB Capital Limited	December 31, 2016	21.78	Mauritius	\$652,864	\$135,428	-	\$(34,084)	\$(34,084)

9.5 Investments given as collateral	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
----- Rupees in '000 -----			

Federal Government Securities		103,729,000	35,314,000
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9.6 Credit loss allowance for diminution in value of investments

9.6.1 Opening balance

Impact of adoption of IFRS 9

Charge / (reversal)

Charge for the period / year

Reversals for the period / year

Amounts written off

Impact of reclassification of equity securities from FVOCI to FVTPL

Closing Balance

		3,306,404	2,178,358
		132	-
		-	1,207,289
		(2)	-
	31	(2)	1,207,289
		-	(79,243)
		(1,747,030)	-
		1,559,504	3,306,404

9.7 Particulars of credit loss allowance against debt securities

Category of classification

Domestic

Performing Stage 1

Underperforming Stage 2

Non-performing Stage 3

Substandard

Doubtful

Loss

Total

		(Un-audited)	
		March 31, 2024	
Outstanding amount	Credit loss allowance held		
----- Rupees in '000 -----			
		326,593,085	130
		-	-
		-	-
		-	-
		628,743	352,492
		628,743	352,492
		327,221,828	352,622

9.7.1 The Bank does not hold overseas classified debt securities.

	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
----- Rupees in '000 -----			
10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET			
Islamic financing and related assets - net	10.1	253,501,473	230,129,817
Advances (relating to amalgamated entity) - net	10.2	58,957	64,471
		253,560,430	230,194,288

10.1 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non Performing		Total		
	(Un-audited) March 31, 2024	(Audited) December 31, 2023	(Un-audited) March 31, 2024	(Audited) December 31, 2023	(Un-audited) March 31, 2024	(Audited) December 31, 2023	
----- Rupees in '000 -----							
In Pakistan							
- Running Musharakah	10.9	103,418,867	100,625,553	1,445,141	1,444,955	104,864,008	102,070,508
- Diminishing Musharakah financing and related assets - Others	10.3	64,513,581	46,055,344	3,306,933	3,529,814	67,820,514	49,585,158
- Diminishing Musharakah - Housing		22,332,666	23,553,066	2,305,695	2,019,821	24,638,361	25,572,887
- Istisna financing and related assets	10.4 & 10.10	24,045,459	20,455,759	3,548,321	3,630,366	27,593,780	24,086,125
- Diminishing Musharakah financing and related assets - Auto		16,215,344	16,380,932	642,388	538,620	16,857,732	16,919,552
- Murabahah financing and related assets	10.5 & 10.11	16,525,695	16,073,181	390,795	397,002	16,916,490	16,470,183
- Musawamah financing and related assets / Tijarah	10.6	4,591,591	3,781,236	4,899,333	5,024,205	9,490,924	8,805,441
- Investment Agency Wakalah		2,730,590	2,730,590	-	-	2,730,590	2,730,590
- Murabahah against Bills		63,333	671,556	199,474	192,048	262,807	863,604
- Ijarah financing under IFAS 2 and related assets	10.7	279,756	288,755	161,024	161,958	440,780	450,713
- Financing against Bills		563,206	209,100	-	-	563,206	209,100
- Qardh-e-Hasana		45,662	48,226	122,131	121,025	167,793	169,251
- Musharakah financing		-	-	159,222	160,000	159,222	160,000
- Past Due Acceptance		-	155,972	-	-	-	155,972
- Net investment in Ijarah financing in Pakistan		79,190	85,343	-	-	79,190	85,343
- Housing finance portfolio - others		19,086	24,091	-	-	19,086	24,091
- Salam	10.8	30,001	-	-	-	30,001	-
Islamic financing and related assets - gross		255,454,027	231,138,704	17,180,457	17,219,814	272,634,484	248,358,518
Credit loss allowance against advances							
- Specific	10.13	-	-	(16,382,518)	(13,837,297)	(16,382,518)	(13,837,297)
- General	10.13	(2,750,493)	(4,391,404)	-	-	(2,750,493)	(4,391,404)
		(2,750,493)	(4,391,404)	(16,382,518)	(13,837,297)	(19,133,011)	(18,228,701)
Islamic financing and related assets - net of credit loss allowance		252,703,534	226,747,300	797,939	3,382,517	253,501,473	230,129,817

(Un-audited)	
March 31, 2024	
Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----	

10.1.1 Islamic financing, related assets - Category of classification

Domestic			
Performing	Stage 1	247,993,168	1,877,339
Underperforming	Stage 2	7,460,859	873,154
Non-performing	Stage 3		
Substandard		1,493,608	893,060
Doubtful		2,113,910	2,024,940
Loss		13,572,939	13,464,518
		17,180,457	16,382,518
		272,634,484	19,133,011

10.1.1.1 The Bank does not hold overseas Islamic financing and related assets.

Performing		Non Performing		Total	
(Un-audited) March 31, 2024	(Audited) December 31, 2023	(Un-audited) March 31, 2024	(Audited) December 31, 2023	(Un-audited) March 31, 2024	(Audited) December 31, 2023

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

10.2 ADVANCES

- Loans, cash credits, running finances, etc. - In Pakistan*	-	5,569	4,374,045	4,424,625	4,374,045	4,430,194
- Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan	-	-	684,295	684,295	684,295	684,295
- Net investment in finance lease - In Pakistan	-	-	559,304	561,908	559,304	561,908
Advances - gross	-	5,569	5,617,644	5,670,828	5,617,644	5,676,397
Credit loss allowance against advances						
- Specific	-	-	(5,558,687)	(5,611,871)	(5,558,687)	(5,611,871)
- General	-	(55)	-	-	-	(55)
	-	(55)	(5,558,687)	(5,611,871)	(5,558,687)	(5,611,926)
Advances - net of credit loss allowance	-	5,514	58,957	58,957	58,957	64,471
Fair value adjustment	-	-	-	-	-	-
Advances - net of credit loss allowance and fair value adjustment	-	5,514	58,957	58,957	58,957	64,471

* This represents non-interest bearing performing financing facilities amounting to Rs. Nil (2023: Rs. 5,569 million).

(Un-audited) March 31, 2024	
Outstanding amount	Credit loss allowance held

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

10.2.1 Advances - Category of classification

Domestic			
Performing	Stage 1	-	-
Underperforming	Stage 2	-	-
Non-performing	Stage 3		
Substandard		-	-
Doubtful		-	-
Loss		5,617,644	5,558,687
		5,617,644	5,558,687
		5,617,644	5,558,687

10.2.1.1 The Bank does not hold overseas advances

	(Un-audited)	(Audited)
	March 31, 2024	December 31, 2023
	-----Rupees in '000 -----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	64,306,889	46,307,161
Advance against Diminishing Musharakah financing	3,513,625	3,277,997
	<u>67,820,514</u>	<u>49,585,158</u>
10.4 Istisna financing and related assets		
Istisna financing	8,071,634	7,662,635
Advance against Istisna financing	19,522,146	16,423,490
Istisna inventories	-	-
	<u>27,593,780</u>	<u>24,086,125</u>
10.5 Murabahah financing and related assets		
Murabahah financing	7,947,372	8,945,251
Deferred murabahah income	2,424,774	1,663,483
Advances against Murabaha financing	1,655,831	1,469,521
Murabaha Inventories	4,888,513	4,391,928
	<u>16,916,490</u>	<u>16,470,183</u>
10.6 Musawamah financing and related assets / Tijarah		
Musawamah financing	5,623,434	6,174,291
Advance against Musawamah financing	105,571	123,620
Musawamah inventories	3,761,919	2,507,530
	<u>9,490,924</u>	<u>8,805,441</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	425,349	435,282
Advance against Ijarah financing	15,431	15,431
	<u>440,780</u>	<u>450,713</u>
10.8 Salam		
Salam financing	-	-
Advance against Salam	30,001	-
Salam inventories	-	-
	<u>30,001</u>	<u>-</u>
10.9		
Running musharakah financing and related assets includes financing amounting to Rs. 1,970.332 million (2023: Rs. 2,403 million) under Islamic Export Refinance Scheme.		
10.10		
Istisna financing and related assets includes financing amounting to Rs. 228.793 million (2023: Rs. 264.6 million) and advance amounting to Rs. 692.550 million (2023: Rs. 1,016.5 million) under Islamic Export Refinance Scheme.		
10.11		
Murabahah financing and related assets includes financing amounting to Rs. 0.061 million (2023: Rs.0.061 million) under Islamic Export Refinance Scheme.		

(Un-audited)	(Audited)
March 31, 2024	December 31, 2023

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

10.12 Particulars of Islamic financing and related assets and advances - gross

In local currency	276,616,492	251,850,511
In foreign currency	1,635,636	2,184,404
	278,252,128	254,034,915

10.13 Islamic financing and related assets and advances include Rs. 22,798.101 million (2023: Rs. 22,890.642 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification

	(Un-audited)		(Audited)	
	March 31, 2024		December 31, 2023	
	Non-performing Islamic financing, related assets and advances	Credit loss allowance	Non-performing Islamic financing, related assets and advances	Credit loss allowance
	----- Rupees in '000 -----			
Domestic				
Other Assets Especially Mentioned (OAEM)	371,739	-	393,831	-
Substandard	1,121,869	893,060	1,009,194	235,164
Doubtful	2,113,910	2,024,940	2,170,850	871,469
Loss	19,190,583	19,023,205	19,316,767	18,342,535
	22,426,362	21,941,205	22,496,811	19,449,168
Total	22,798,101	21,941,205	22,890,642	19,449,168

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

10.14 Particulars of credit loss allowance against Islamic financing, related assets and advances

	(Un-audited)			(Audited)		
	March 31, 2024			December 31, 2023		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Balance as at January 01, 2024	19,449,168	4,391,459	23,840,627	16,119,131	2,987,168	19,106,299
Impact of adoption of IFRS 9	1,985,943	(1,445,968)	539,975	-	-	-
Charge for the period / year	559,898	378,302	938,200	4,006,703	1,500,000	5,506,703
Reversals for the period / year	(53,804)	(573,300)	(627,104)	(676,666)	(95,709)	(772,375)
	506,094	(194,998)	311,096	3,330,037	1,404,291	4,734,328
Amount written off	-	-	-	-	-	-
Closing balance	21,941,205	2,750,493	24,691,698	19,449,168	4,391,459	23,840,627
Islamic	16,382,518	2,750,493	19,133,011	13,837,297	4,391,404	18,228,701
Conventional	5,558,687	-	5,558,687	5,611,871	55	5,611,926
	21,941,205	2,750,493	24,691,698	19,449,168	4,391,459	23,840,627
In local currency	21,941,205	2,750,493	24,691,698	19,449,168	4,391,459	23,840,627
In foreign currency	-	-	-	-	-	-
	21,941,205	2,750,493	24,691,698	19,449,168	4,391,459	23,840,627

10.14.1 Details of credit loss allowances held against Islamic financing, related assets and advances

Note	(Un-audited)			
	March 31, 2024			
	Stage 3	Stage 2	Stage 1	Total
	-----Rupees in '000-----			
Balance as at January 01, 2024	21,435,111	1,446,454	1,499,037	24,380,602
Charge for the period	559,898	-	378,302	938,200
Reversals for the period	(53,804)	(573,300)	-	(627,104)
Amount written off	506,094	(573,300)	378,302	311,096
Closing balance	21,941,205	873,154	1,877,339	24,691,698
31				
10.14.2 Islamic	16,382,518	873,154	1,877,339	19,133,011
Conventional	5,558,687	-	-	5,558,687
	21,941,205	873,154	1,877,339	24,691,698

10.14.2 Islamic Conventional

10.14.3 Credit loss allowance / reversal net of fair value adjustment taken to the profit and loss account

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	-----Rupees in '000-----	
Gross reversals for the period / year	627,104	772,375
Charge for the period / year	(938,200)	(5,506,703)
Fair value adjusted - net	(311,096)	(4,734,328)
Net charge taken to the profit and loss account	-	(93,819)
	(311,096)	(4,828,147)

10.14.4 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at March 31, 2024 amounts to Rs. 881.797 million (2023: Rs. 943.552 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 449.716 million (2023: Rs. 481.211 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

10.15 Islamic financing, related assets and advances - particulars of credit loss allowance

	(Un-audited)		
	March 31, 2024		
	Stage 1	Stage 2	Stage 3
	-----Rupees in '000-----		
Balance as at January 01, 2024	1,499,037	1,446,454	21,435,111
New financing	367,538	683,700	-
Financing derecognised or repaid	(710,449)	(389,802)	(53,184)
Transfer to stage 1	1,297,780	(599,208)	(698,572)
Transfer to stage 2	(97,075)	191,990	(94,915)
Transfer to stage 3	(600,000)	(459,980)	1,059,980
Amounts written off / charged off	257,794	(573,300)	213,309
Changes in risk parameters	120,508	-	292,785
Closing balance	1,877,339	873,154	21,941,205
	(Un-audited) March 31, 2024	(Audited) December 31, 2023	
	-----Rupees in '000-----		
10.16 SBP other refinance schemes			
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	7,870,539	8,005,247	
Islamic Long-Term Financing Facility	1,429,342	1,320,910	
Islamic refinance scheme for payment of wages and salaries	62,197	62,197	
RM EFS - Rupee Based Discounting (TFA)	4,538,650	4,327,627	
Islamic refinance scheme for Renewable Energy	664,875	677,678	
Islamic refinance scheme for combating COVID (IRFCC)	179,070	197,509	
Islamic refinance facility for Modernization of SMEs	62,316	67,654	
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)	93,828	47,836	
Islamic Credit Guarantee Scheme For Women Entrepreneur	44,124	35,187	
	14,944,941	14,741,845	

10.16 SBP other refinance schemes

	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
11 PROPERTY AND EQUIPMENT		----- Rupees in '000 -----	
Capital work-in-progress	11.1	2,124,620	1,491,445
Property and equipment		11,224,005	11,081,857
		13,348,625	12,573,302
11.1 Capital work-in-progress			
Advances to suppliers and contractors		933,897	300,722
Advance for acquiring properties and office premises		1,190,723	1,190,723
		2,124,620	1,491,445
		(Un-audited)	
		March 31, 2024	March 31, 2023
		----- Rupees in '000 -----	
11.2 Additions to property and equipment			
The following additions have been made to Property and equipment during the period:			
Capital work-in-progress		-	335,629
Property and equipment			
Furniture and fixture		190,166	93,770
Electrical office and computer equipment		307,262	273,435
Vehicles		18,971	6,870
		516,399	374,075
Total		516,399	709,704
11.3 Disposal of property and equipment			
The net book value of Property and equipment disposed off during the period is as follows:			
Furniture and fixture		-	1,416
Electrical office and computer equipment		-	2,878
Total		-	4,294
		(Un-audited)	
		March 31, 2024	
		Buildings	Others
		-----Rupees in '000-----	
		(Audited)	
		December 31, 2023	
		Buildings	Others
12 RIGHT-OF-USE ASSETS			
At January 1			
Cost		7,693,776	-
Accumulated Depreciation		(4,127,509)	-
Net Carrying amount		3,566,267	-
		7,693,776	6,129,251
		(4,127,509)	(3,231,869)
		3,566,267	2,897,382
		3,566,267	6,129,251
		-	-
		(382,826)	(895,640)
		3,408,229	3,566,267
		3,408,229	6,129,251
		-	-
		(382,826)	(895,640)
		3,408,229	3,566,267

	(Un-audited)	(Audited)
	March 31, 2024	December 31, 2023
	-----Rupees in '000-----	
13 INTANGIBLE ASSETS		
Computer software	823,626	616,201
Core deposits	20,050	20,590
Membership and Subscription	39,925	38,397
Goodwill	2,944,297	2,944,297
	3,827,898	3,619,485

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

13.1 Additions to intangible assets

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

Directly purchased	263,744	107,704
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13.2 Disposals of intangible assets - net book value

There were no disposals of intangible assets during the period

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

14 DEFERRED TAX ASSETS

Deductible temporary differences on

- Credit loss allowance against investments
- Credit loss allowance against non-performing Islamic financing, related assets and advances
- Ijarah financing and related assets

	161,754	161,754
	5,782,979	5,516,884
	68	18,802
	5,944,801	5,697,440

Taxable temporary differences on

- Fair value adjustments relating to net assets acquired upon amalgamation
- Surplus on revaluation of investment
- Surplus on revaluation of property and equipment
- Surplus on revaluation of non-banking assets
- Accelerated tax depreciation
- Others

	(304,173)	(337,060)
	(2,297,456)	(3,080,546)
	(1,321,558)	(1,365,244)
	(33,473)	(33,473)
	(646,357)	(553,466)
	(26,210)	(92,117)
	(4,629,227)	(5,461,906)
	1,315,574	235,534

	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
-----Rupees in '000-----			
15 OTHER ASSETS			
Profit / return accrued in local currency		32,323,165	22,877,808
Profit / return accrued in foreign currency		24,313	8,205
Advances, deposits, advance rent and other prepayments		1,588,059	2,637,121
Non-banking assets acquired in satisfaction of claims		1,451,695	1,452,789
Takaful claim receivable		79,188	22,570
Receivable against takaful and registration charges		250,076	310,102
Receivable against First WAPDA Sukuk		50,000	50,000
Acceptances		1,984,850	3,966,916
Others		894,475	957,467
		38,645,821	32,282,978
Less: Credit loss allowance held against other assets	15.2	(921,326)	(921,326)
Other assets - Net of credit loss allowance		37,724,495	31,361,652
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	68,827	68,313
Other assets - total		37,793,322	31,429,965
15.1 Market value of non-banking assets acquired in satisfaction of claims		1,214,760	1,215,340
15.2 Credit loss allowance held against other assets			
Advances, deposits, advance rent & other prepayments		54,371	54,371
Non banking assets acquired in satisfaction of claims		305,762	305,762
Others		561,193	561,193
	15.2.1	921,326	921,326
15.2.1 Movement in Credit loss allowance held against other assets			
Opening balance		921,326	764,955
Charge for the period / year		-	156,571
Reversals during the period / year		-	(200)
Closing balance		921,326	921,326
16 BILLS PAYABLE			
In Pakistan		3,051,096	5,125,177
Outside Pakistan		-	-
		3,051,096	5,125,177

(Un-audited)	(Audited)
March 31, 2024	December 31, 2023

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

17 DUE TO FINANCIAL INSTITUTIONS

Secured

Due to State Bank of Pakistan

Acceptances from SBP under Mudaraba

Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)

Islamic Export Finance Scheme - Rupee based discounting

Acceptances for financial assistance

Acceptances under Islamic Export Refinance Scheme

Islamic Long-Term Financing Facility

Islamic refinance scheme for Renewable Energy

Islamic refinance scheme for combating COVID (IRFCC)

Islamic Refinance Scheme for Modernization of SMEs

Islamic refinance scheme for Facility of Storage of

Agricultural Produce (IFFSAP)

Islamic Credit Guarantee Scheme for Women

Entrepreneur

Musharakah Acceptance

Refinance facility for Islamic Mortgage

Total secured

Unsecured

Wakalah Acceptance

Musharakah Acceptance

Total unsecured

96,207,123	30,694,154
7,569,755	7,746,700
4,843,233	4,600,946
4,525,177	4,413,497
2,631,500	3,554,100
951,091	957,745
617,058	639,712
166,667	80,374
54,606	60,271
40,523	43,264
41,338	14,166
117,648,071	52,804,929
6,415,000	2,500,000
3,250,686	3,354,127
127,313,757	58,659,056
2,000,000	2,000,000
1,700,000	-
3,700,000	2,000,000
131,013,757	60,659,056

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	March 31, 2024			December 31, 2023		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total

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

Customers						
Current deposits	154,777,329	7,639,539	162,416,868	173,239,773	7,973,255	181,213,028
Savings deposits	115,962,383	3,727,587	119,689,970	119,740,262	3,796,970	123,537,232
Term deposits	191,261,717	8,234,473	199,496,190	188,301,494	8,389,258	196,690,752
Margin deposits	11,125,417	107,608	11,233,025	12,948,577	111,218	13,059,795
	473,126,846	19,709,207	492,836,053	494,230,106	20,270,701	514,500,807
Financial Institutions						
Current deposits	645,763	9,821	655,584	713,949	11,551	725,500
Savings deposits	2,245,774	-	2,245,774	6,415,172	-	6,415,172
Term deposits	784,970	-	784,970	899,300	-	899,300
Margin deposits	146	-	146	146	-	146
	3,676,653	9,821	3,686,474	8,028,567	11,551	8,040,118
	476,803,499	19,719,028	496,522,527	502,258,673	20,282,252	522,540,925

19 LEASE LIABILITIES	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
-----Rupees in '000-----			
Outstanding amount at the start of the period / year		4,252,295	3,559,675
Additions during the period / year		224,788	1,564,525
Lease payments including interest		(425,000)	(1,797,604)
Interest expense		253,043	925,699
Outstanding amount at the end of the period / year	19.1	<u>4,305,126</u>	<u>4,252,295</u>
19.1 Liabilities Outstanding			
Not later than one year		38,189	37,720
Later than one year and upto five years		836,218	825,956
Over five years		3,430,720	3,388,619
Total at the period / year end		<u>4,305,126</u>	<u>4,252,295</u>

19.2 The Bank enters in to lease agreements with terms and conditions mainly included rent escalation usually at 10% p.a, sub-letting of the property at discretion of the Bank, alterations to the premises as per business requirement, termination of the agreement with notice period, agreement period, renewal of agreement usually at same terms with change in monthly rent, escalation clause and termination of the agreement. Discount rate ranges between 8.5% to 17.5% (2023: 12.19% to 17.5%).

20 SUBORDINATED SUKUK	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
-----Rupees in '000-----			
ADT-1 Sukuk Issue I	20.1	2,000,000	2,000,000
ADT-1 Sukuk Issue II	20.1.2	1,000,000	850,000
		<u>3,000,000</u>	<u>2,850,000</u>

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

20.1.1 Salient features of the ADT-1 sukuk issue I are as follows:

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

20.1.2 Salient features of the ADT-1 sukuk issue II are as follows:

Amount	Rs. 1,000 million.
Issue Date	February 21, 2024
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A'
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 1 Month KIBOR + 2.5%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.
Call option	The Bank may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

21	OTHER LIABILITIES	Note	(Un-audited)	(Audited)
			March 31, 2024	December 31, 2023
			-----Rupees in '000-----	
	Profit / return payable in local currency		8,730,106	8,137,173
	Profit / return payable in foreign currencies		183,472	271,448
	Accrued expenses		1,810,083	2,077,161
	Deferred Murabahah Income Financing, IERS and Others		1,178,260	1,111,958
	Payable to defined benefit plan		4,677	4,677
	Payable to defined contribution plan		64,874	40,121
	Defined benefit plan liabilities		496,044	428,941
	Security deposits against Ijarah		416,725	421,586
	Credit loss allowance against off-balance sheet obligations	21.1	85,975	85,975
	Acceptances		1,984,850	3,966,916
	Current taxation (provisions less payments)		3,367,217	2,281,081
	Provision against other tax liabilities		353,374	327,185
	Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts		11,523	313,494
	Sundry creditors		889,742	1,595,515
	Payable to brokers against purchase of shares - net		536	536
	Charity payable		75,775	29,550
	Retention money payable		85,466	63,047
	Provision for Workers' Welfare Fund		894,994	768,887
	Dividend Payable		1,140,777	201,599
	Clearing and settlement accounts		67,314	40,087
	Others		598,829	805,588
			22,440,613	22,972,525

	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
-----Rupees in '000-----			
21.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		85,975	85,975
Exchange adjustment		-	-
Charge for the period / year		-	-
Reversals		-	-
Amount written off		-	-
Closing balance		85,975	85,975
22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus on revaluation of:			
- Securities measured at FVOCI / AFS - Debt	9.1	4,472,437	5,939,520
- Securities measured at FVOCI / AFS - Equity		-	347,308
- Property and equipment		2,697,058	2,786,212
- Non-banking assets acquired in satisfaction of claims	15	68,827	68,313
		7,238,322	9,141,353
Deferred tax liability on surplus on revaluation of:	14		
- Securities measured at FVOCI / AFS - Debt		(2,191,494)	(2,910,365)
- Securities measured at FVOCI / AFS - Equity		-	(170,181)
- Property and equipment		(1,321,558)	(1,365,244)
- Non-banking assets acquired in satisfaction of claims		(33,473)	(33,473)
		(3,546,525)	(4,479,263)
		3,691,797	4,662,090
23 CONTINGENCIES AND COMMITMENTS			
- Guarantees	23.1	3,874,643	5,375,308
- Commitments	23.2	210,355,300	251,509,280
- Other contingent liabilities	23.3	720,593	720,593
		214,950,536	257,605,181
23.1 Guarantees:			
Performance guarantees		2,936,721	4,086,053
Other guarantees		937,922	1,289,255
		3,874,643	5,375,308
23.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		25,832,980	24,399,492
Commitments in respect of:			
- Shariah compliant alternative of forward foreign exchange contracts	23.2.1	108,960,820	100,971,691
Commitments for acquisition of:			
- property and equipment		745,676	1,105,974
- intangible assets		215,700	65,782
Other commitments			
- commitments in respect of financing	23.2.2	74,600,124	124,966,341
		210,355,300	251,509,280

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

23.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions

Purchase	54,662,522	54,353,067
Sale	54,298,298	46,618,624
	108,960,820	100,971,691

23.2.2 The Bank makes commitments to extend shariah compliant Islamic financing (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

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

23.3 Other contingent liabilities

Suit filed for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt
Tax Contingencies

1,804	1,804
718,789	718,789
720,593	720,593

24 PROFIT / RETURN EARNED

Profit earned on:

	(Unaudited) March 31, 2024	March 31, 2023
-----Rupees in '000-----		
Financing	12,084,508	8,201,042
Investments	16,945,303	7,505,138
Placements	665,427	810,638
Others	56,507	46,524
	29,751,745	16,563,342

24.1 Profit (calculated using effective profit rate method) recognised on:

Financial assets measured at amortised cost	12,806,442	9,058,204
Financial assets measured at FVOCI / AFS	16,945,303	7,505,138
	29,751,745	16,563,342

25 PROFIT / RETURN EXPENSED

Deposits and other accounts	14,071,314	7,503,291
Due to financial institutions	4,847,293	1,877,467
Cost of foreign currency swaps against foreign currency deposits	352,437	20,606
Amortisation of lease liability against right of use assets	253,044	112,480
Subordinated Sukuk	175,356	140,509
	19,699,444	9,654,353

25.1 Profit expense calculated using effective profit rate method
Other financial liabilities

5,022,649	2,017,976
14,676,795	7,636,377
19,699,444	9,654,353

		(Unaudited)	
Note	March 31, 2024	March 31, 2023	
-----Rupees in '000-----			
26	FEE AND COMMISSION INCOME		
	Card related fees	331,977	209,365
	Commission on trade	127,806	68,738
	Commission on arrangement with financial institutions	29,515	18,824
	Investment banking fees	52,867	1,022
	Commission on bancatakaful	8,672	19,619
	Guarantees related fee	15,909	14,209
	Consumer finance related fees	2,185	3,465
	Branch banking customer fees	39,168	15,306
	Commission on remittances including home remittances	13,281	9,282
	Commission on cash management	6,016	3,710
	Others	1,415	3,398
		628,811	366,938
27	GAIN ON SECURITIES - NET		
	Realized	-	2,237
	Unrealized - Measured at FVTPL	216,248	-
		216,248	2,237
27.1	Realized gain on:		
	Federal Government Shariah Compliant Securities	-	2,237
27.2	Net gain / loss on financial assets / liabilities measured at FVTPL:		
	Designated upon initial recognition	-	-
	Mandatorily measured at FVTPL	216,248	-
		216,248	-
	Net gain / (loss) on financial assets / liabilities measured at amortised cost	-	-
	Net gain / (loss) on financial assets measured at FVOCI / AFS	-	2,237
	Net gain / (loss) on investments in equity instruments designated at FVOCI / AFS	-	-
		-	2,237
		216,248	2,237
28	OTHER INCOME - NET		
	Recoveries against previously expensed items	3,622	-
	Gain on termination of financing	37,164	40,853
	Gain on sale of property and equipment	61	451
	Others	1,487	902
		42,334	42,206

(Unaudited)

	March 31, 2024	March 31, 2023
	-----Rupees in '000-----	
29 OPERATING EXPENSES		
Total compensation expense	2,002,010	1,725,942
Property expense		
Rent & taxes	121,124	52,240
Takaful cost	-	541
Utilities cost	230,541	131,061
Security (including guards)	224,812	127,463
Repair & maintenance (including janitorial charges)	110,843	66,235
Depreciation	173,269	123,849
Depreciation on right-of-use assets	382,826	230,667
	1,243,415	732,056
Information technology expenses		
Software maintenance	145,450	113,574
Hardware maintenance	53,466	75,485
Depreciation	99,101	78,314
Amortization	53,619	25,504
Network charges	86,254	67,968
	437,890	360,845
Other operating expenses		
Directors' fees and allowances	6,480	2,540
Fees and allowances to Shariah Board	7,750	5,538
Legal & professional charges	46,858	28,019
Travelling & conveyance	62,397	31,870
NIFT clearing charges	11,275	7,369
Depreciation	101,882	64,589
Depreciation on non-banking assets	580	567
Entertainment expense	60,711	22,101
Training & development	13,248	12,378
Postage & courier charges	14,020	20,554
Communication	79,218	52,024
Stationery & printing	109,361	94,227
Marketing, advertisement & publicity	59,419	68,501
Repairs and maintenance	55,488	64,936
Takaful, tracker and other charges on car Ijarah - net of income	42,332	-
Takaful / Insurance	109,418	84,431
Fee and subscription	196,010	88,645
Vehicle running and maintenance	134,521	108,874
Donations	44,508	-
Auditors' remuneration	7,937	5,015
Amortization	1,712	1,448
CDC and share registrar services	3,040	2,773
Brokerage and commission	7,408	5,172
Stamp duty, registration & verification charges	16,362	9,900
Others	12,986	12,740
	1,204,921	794,211
	4,888,236	3,613,054
30 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	127	2,354

		(Unaudited)	
Note	March 31, 2024	March 31, 2023	
-----Rupees in '000-----			
31	CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET		
	Credit loss allowance against Due from financial institutions	72	(810)
	Reversal of credit loss allowance for diminution in value of investments	(2)	-
9.6.1			
	Credit loss allowance against Islamic financing and related assets and advances - net	311,096	837,848
10.14.3		8,989	3,430
	Other credit loss allowance / (reversal) / write offs - net	320,155	840,468
		<u>320,155</u>	<u>840,468</u>
32	TAXATION		
	Current	3,344,552	567,046
	Deferred	(253,128)	799,475
		<u>3,091,424</u>	<u>1,366,521</u>
33	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit after taxation for the period	<u>3,215,628</u>	<u>1,794,314</u>
		----- Number of shares -----	
	Weighted average number of ordinary shares	<u>1,108,703,299</u>	<u>1,108,703,299</u>
		----- Rupees -----	
	Basic and diluted EPS	<u>2.9004</u>	1.6184
33.1	There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2024 and March 31, 2023, therefore diluted earning per share has not been presented separately.		
34	FAIR VALUE MEASUREMENTS		
	The fair value of quoted securities other than those classified as held to maturity or investments in associates and subsidiary, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost less impairment losses. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.		
	The fair value of unquoted Shariah compliant securities, fixed term financing, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.		
34.1	Fair value of financial assets		
	The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:		
	Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.		
	Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).		

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

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

(Unaudited)			
March 31, 2024			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	908,829	-	6,820	915,649
GoP Ijara Sukuk	-	296,316,726	-	296,316,726
Non-Government Shariah compliant securities	30,882,750	4,142,167	-	35,024,917

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	3,159,900	3,159,900
Non-banking assets acquired in satisfaction of claims	-	-	1,214,760	1,214,760

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	54,662,522	-	54,662,522
Shariah compliant alternative of forward sale of foreign exchange	-	54,298,298	-	54,298,298

(Audited)			
December 31, 2023			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	680,293	-	6,820	687,113
GoP Ijara Sukuk	-	277,867,398	-	277,867,398
Non-Government Shariah compliant Securities	30,851,279	4,665,794	-	35,517,073

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,951,679	6,951,679
Non-banking assets acquired in satisfaction of claims	-	-	1,215,340	1,215,340

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	54,353,067	-	54,353,067
Shariah compliant alternative of forward sale of foreign exchange	-	46,618,624	-	46,618,624

Valuation techniques used in determination of fair values within level 1

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
Listed securities (Shares and Sukuks)	The valuation has been determined through closing rates on Pakistan Stock Exchange.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
GoP Ijarah Sukuks	The fair value of GoP Ijarah Sukuk are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
Non-Government Shariah compliant Securities	Non-Government Shariah compliant Securities are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

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

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

35 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Segment Details with respect to Business Activities

(Un-audited)					
March 31, 2024					
Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total	
----- Rupees in '000 -----					
Net profit / return	12,596,471	(12,357,869)	9,934,226	(120,527)	10,052,301
Inter segment revenue - net	(12,450,076)	22,987,509	(10,278,006)	(259,427)	-
Total other income	731,496	436,249	200,210	221,420	1,589,375
Total income	877,891	11,065,889	(143,570)	(158,534)	11,641,676
Segment direct expenses	40,891	2,697,859	188,363	2,087,356	5,014,469
Inter segment expense allocation	24,730	1,616,545	321,591	(1,962,866)	-
Total expenses	65,621	4,314,404	509,954	124,490	5,014,469
Credit loss allowance	-	1,605,446	(1,266,729)	(18,562)	320,155
Profit / (loss) before tax	812,270	5,146,039	613,205	(264,462)	6,307,052

(Un-audited)					
March 31, 2024					
Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total	
----- Rupees in '000 -----					
Balance Sheet					
Assets					
Cash & Bank balances	2,635,028	33,522,002	-	-	36,157,030
Investments	326,887,179	-	-	5,370,113	332,257,292
Net inter segment placements	-	442,206,897	-	-	442,206,897
Due from financial institutions	16,211,724	-	-	-	16,211,724
Islamic financing and related assets - performing	-	32,702,865	212,577,178	7,482,448	252,762,491
- non-performing - net	-	996,571	(198,632)	-	797,939
Others	-	-	-	59,693,648	59,693,648
Total Assets	345,733,931	509,428,335	212,378,546	72,546,209	1,140,087,021
Liabilities					
Due to financial institutions	110,847,300	3,250,686	16,915,771	-	131,013,757
Subordinated sukuk	-	-	-	3,000,000	3,000,000
Deposits & other accounts	1,585,627	494,936,900	-	-	496,522,527
Net inter segment acceptances	233,254,276	-	194,864,430	14,088,191	442,206,897
Others	46,728	11,240,749	598,346	17,911,012	29,796,835
Total liabilities	345,733,931	509,428,335	212,378,547	34,999,203	1,102,540,016
Equity	-	-	-	37,547,005	37,547,005
Total Equity & liabilities	345,733,931	509,428,335	212,378,547	72,546,208	1,140,087,021
Contingencies & Commitments	108,960,820	-	29,707,623	76,282,093	214,950,536

(Un-audited)					
March 31, 2023					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
Profit & Loss	----- Rupees in '000 -----				
Net profit / return	6,233,898	(5,022,204)	5,820,304	(123,009)	6,908,989
Inter segment revenue - net	(6,695,053)	12,823,817	(6,227,797)	99,033	-
Total other income	381,446	299,536	15,661	75,123	771,766
Total Income	(79,709)	8,101,149	(391,832)	51,147	7,680,755
Segment direct expenses	38,900	1,860,547	144,511	1,635,494	3,679,452
Inter segment expense allocation	12,780	731,457	192,413	(936,650)	-
Total expenses	51,680	2,592,004	336,924	698,844	3,679,452
Credit loss allowance	810	71,008	763,291	5,359	840,468
Profit / (loss) before tax	(132,199)	5,438,137	(1,492,047)	(653,056)	3,160,835
(Audited)					
December 31, 2023					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
Balance Sheet	----- Rupees in '000 -----				
Assets					
Cash & Bank balances	1,476,310	41,184,735	-	-	42,661,045
Investments	306,999,736	-	-	7,084,136	314,083,872
Net inter segment placements	-	456,924,234	-	-	456,924,234
Due from financial institutions	16,502,138	-	-	-	16,502,138
Islamic financing and related assets - performing	-	32,950,449	183,437,696	10,423,626	226,811,771
- non-performing - net	-	1,631,568	1,750,949	-	3,382,517
Others	-	-	-	51,424,553	51,424,553
Total Assets	324,978,184	532,690,986	185,188,645	68,932,315	1,111,790,130
Liabilities					
Due to financial institutions	39,607,651	3,354,127	17,697,278	-	60,659,056
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	6,145,015	516,395,910	-	-	522,540,925
Net inter segment acceptances	279,132,859	-	167,064,813	10,726,562	456,924,234
Others	92,659	12,940,949	426,554	18,889,835	32,349,997
Total liabilities	324,978,184	532,690,986	185,188,645	32,466,397	1,075,324,212
Equity	-	-	-	36,465,918	36,465,918
Total Equity & liabilities	324,978,184	532,690,986	185,188,645	68,932,315	1,111,790,130
Contingencies & Commitments	100,971,691	-	29,774,800	126,858,690	257,605,181

36 RELATED PARTY TRANSACTIONS

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

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

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

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	-----Rupees in '000-----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	31,628,501	28,516,942
Eligible Additional Tier 1 (ADT 1) Capital	3,000,000	2,850,000
Total Eligible Tier 1 Capital	34,628,501	31,366,942
Eligible Tier 2 Capital	9,753,106	10,586,929
Total Eligible Capital (Tier 1 + Tier 2)	44,381,607	41,953,871
Risk Weighted Assets (RWAs):		
Credit Risk	140,679,347	123,694,507
Market Risk	3,674,125	2,747,987
Operational Risk	50,109,659	49,939,650
Total	194,463,130	176,382,144
Common Equity Tier 1 Capital Adequacy ratio	16.26%	16.17%
Tier 1 Capital Adequacy Ratio	17.81%	17.78%
Total Capital Adequacy Ratio	22.82%	23.79%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital Conservation Buffer (CCB) (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

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

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	-----Rupees in '000-----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	34,628,501	31,366,942
Total Exposures	730,708,557	661,785,605
Leverage Ratio	4.74%	4.74%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	256,150,542	315,027,109
Total Net Cash Outflow	64,976,754	90,466,918
Liquidity Coverage Ratio	394.22%	348.22%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	513,614,211	524,268,955
Total Required Stable Funding	175,089,092	170,271,142
Net Stable Funding Ratio	293.34%	307.90%

- 37.2 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time has been placed on the Bank's website. The link to the full disclosures is available at www.bankislami.com.pk/investor-relations

38 GENERAL

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

These condensed interim unconsolidated financial statements are prepared on revised format as per the directives issued by SBP vide BPRD circular No. 2 of 2023. Consequently, corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassifications during the period except as disclosed below:

Items	Transfer from	Transfer to	As at December 31, 2023 --- Rupees in '000 ---
Statement of Financial Position:			
Right-of-use assets	Property and Equipment (formerly Fixed Assets)	Statement of Financial Position	3,566,267
Lease Liabilities	Other Liabilities	Statement of Financial Position	4,252,295

39 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue on April 25, 2024 by the Board of Directors of the Bank.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Condensed Interim
Consolidated Financial Statements
of
BankIslami Pakistan Limited
For the Quarter Ended
March 31, 2024

BankIslami Pakistan Limited

Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2024

		(Un-audited)	(Audited)
	Note	March 31, 2024	December 31, 2023
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	33,624,337	41,287,071
Balances with other banks	7	2,534,895	1,376,176
Due from financial institutions - net	8	16,211,724	16,502,138
Investments - net	9	332,257,292	314,083,872
Islamic financing, related assets and advances - net	10	253,560,430	230,194,288
Property and equipment	11	13,349,677	12,574,354
Right-of-use assets	12	3,408,229	3,566,267
Intangible assets	13	3,874,909	3,666,496
Deferred tax assets	14	1,190,488	110,448
Other assets - net	15	37,793,594	31,430,237
Total Assets		697,805,575	654,791,347
LIABILITIES			
Bills payable	16	3,051,096	5,125,177
Due to financial institutions	17	131,013,757	60,659,056
Deposits and other accounts	18	496,522,522	522,540,920
Lease liabilities	19	4,305,126	4,252,295
Subordinated sukuk	20	3,000,000	2,850,000
Deferred tax liabilities		-	-
Other liabilities	21	22,460,377	22,992,289
		660,352,878	618,419,737
NET ASSETS		37,452,697	36,371,610
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		4,800,091	4,800,091
Surplus on revaluation of assets - net of tax	22	3,682,732	4,653,025
Unappropriated profit		17,961,883	15,910,503
		37,452,697	36,371,610
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

-Sd-
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-Sd-
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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

For the Quarter ended March 31, 2024

	Note	March 31, 2024	March 31, 2023
----- Rupees in '000 -----			
Profit / return earned	24	29,751,745	16,563,342
Profit / return expensed	25	19,699,444	9,654,353
Net Profit / return		10,052,301	6,908,989
OTHER INCOME			
Fee and commission income	26	628,811	366,938
Dividend income		-	-
Foreign exchange income / (loss)		400,011	146,349
Income from shariah compliant forward and future contracts		301,971	214,036
Gain on securities - net	27	216,248	2,237
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Other income - net	28	42,334	42,206
Total other income		1,589,375	771,766
Total Income		11,641,676	7,680,755
OTHER EXPENSES			
Operating expenses	29	4,888,236	3,613,054
Workers' Welfare Fund		126,106	64,044
Other charges	30	127	2,354
Total non-markup / profit expenses		5,014,469	3,679,452
Share of profit / (loss) from associate - net of tax		-	-
Profit before credit loss allowance		6,627,207	4,001,303
Credit loss allowance and write offs - net Extra ordinary / unusual items	31	320,155	840,468
		-	-
PROFIT BEFORE TAXATION		6,307,052	3,160,835
Taxation	32	3,091,424	1,366,521
PROFIT AFTER TAXATION		3,215,628	1,794,314
ATTRIBUTABLE TO:			
Equity holders of the Holding Company		3,215,628	1,794,314
Non-controlling interest		-	-
		3,215,628	1,794,314
----- Rupees -----			
Basic / diluted earnings per share	33	2.9004	1.6184

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

For the Quarter ended March 31, 2024

	March 31, 2024	March 31, 2023
	----- Rupees in '000 -----	
Profit after taxation for the period	3,215,628	1,794,314
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	(748,212)	(319,556)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of equity investments - net of tax	-	-
Movement in surplus on revaluation of property and equipment - net of tax	(548)	-
Movement in surplus on revaluation of non-banking assets - net of tax	548	368
	-	368
Total comprehensive income	2,467,416	1,475,126
Total comprehensive income attributable to:		
Equity holders of the Holding Company	2,467,416	1,475,126
Non controlling interest	-	-
	2,467,416	1,475,126

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

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DIRECTOR

BankIslami Pakistan Limited

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

For the Quarter ended March 31, 2024

	Share capital	Discount on issue of shares	Statutory reserve*	Surplus on revaluation of		Unappropriated profit	Total
				Investments	Property & Equipment / Non-Banking Assets		
Rupees in '000							
Opening Balance as at January 1, 2023	11,087,033	(79,042)	2,591,071	1,122,191	1,637,031	10,432,660	26,790,944
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	-	1,794,314
Other comprehensive income / (loss) for the quarter ended March 31, 2023 - net of tax:							
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	(319,556)	-	-	(319,556)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	368	-	368
Total other comprehensive income - net of tax	-	-	-	(319,556)	368	-	(319,188)
Share of profit from Associate for the period from October 01, 2022 to December 31, 2022	-	-	-	-	-	94,672	94,672
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(25,387)	25,387	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(39)	39	-
Transactions with owners, recorded directly in equity							
Cash dividend to shareholders for the year 2022 @ Re. 1 per share	-	-	-	-	-	(1,108,703)	(1,108,703)
Opening Balance as at April 1, 2023	11,087,033	(79,042)	2,591,071	802,635	1,611,973	11,238,369	27,252,039
Profit after taxation for the period from April 01, 2023 to December 31, 2023	-	-	-	-	-	-	8,721,262
Other comprehensive income / (loss) - net of tax:							
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	2,265,660	-	-	2,265,660
Movement in surplus on revaluation of investments in equity instruments - net of tax	-	-	-	128,922	-	-	128,922
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	(33,459)	(33,459)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	(19,163)	-	(19,163)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	(3,420)	-	(3,420)
Total other comprehensive income - net of tax	-	-	-	2,394,582	(22,583)	(33,459)	2,338,540
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(101,395)	101,395	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(129)	129	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	(32,058)	32,058	-
Transfer to statutory reserve	-	-	2,209,020	-	-	(2,209,020)	-
Transactions with owners, recorded directly in equity							
First Interim cash dividend to shareholders for the year 2023 @ Rs. 1.75 per share	-	-	-	-	-	(1,940,231)	(1,940,231)
Opening Balance as at January 01, 2024	11,087,033	(79,042)	4,800,091	3,197,217	1,455,808	15,910,503	36,371,610
Impact of initial application of IFRS 9 as at January 01, 2024	-	-	-	(177,127)	-	(100,499)	(277,626)
Restated balance as at January 01, 2024	11,087,033	(79,042)	4,800,091	3,020,090	1,455,808	15,810,004	36,093,984
Profit after taxation for the quarter ended March 31, 2024	-	-	-	-	-	-	3,215,628
Other comprehensive income / (loss) for the quarter ended March 31, 2024 - net of tax:							
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	-	(748,212)	-	-	(748,212)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(44,920)	44,920	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(34)	34	-
Transactions with owners, recorded directly in equity							
Cash dividend to shareholders for the year 2023 @ Re. 1 per share	-	-	-	-	-	(1,108,703)	(1,108,703)
Closing Balance as at March 31, 2024	11,087,033	(79,042)	4,800,091	2,271,878	1,410,854	17,961,883	37,452,697

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

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

-Sd-
PRESIDENT /
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-Sd-
CHAIRMAN

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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the Quarter ended March 31, 2024

	Note	March 31, 2024	March 31, 2023
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		6,307,052	3,160,835
Less: Dividend income		-	-
		6,307,052	3,160,835
Adjustments for non-cash charges and other items:			
Net Profit / return		(10,052,301)	(6,908,989)
Depreciation on property and equipment		374,252	266,752
Depreciation on non-banking assets	29	580	567
Depreciation on right-of-use assets	12	382,826	230,667
Amortization		55,331	26,952
Depreciation on operating Ijarah assets		5,072	5,654
Amortisation of lease liability against right-of-use assets		253,044	112,480
Credit loss allowance and write offs - net		320,155	840,468
Unrealized gain on revaluation of investments classified as FVTPL	31	(216,248)	-
Charge for defined benefit plan		67,103	-
(Gain) / loss on sale / disposal of property and equipment	28	(61)	451
		(8,810,247)	(5,424,998)
		(2,503,195)	(2,264,163)
Decrease / (increase) in operating assets			
Due from financial institutions		290,322	5,957,503
Securities classified as FVTPL		216,248	-
Islamic financing and related assets and advances - net		(24,222,285)	(40,279,751)
Other assets (excluding advance taxation)		2,518,497	(738,905)
		(21,197,218)	(35,061,153)
(Decrease) / increase in operating liabilities			
Bills payable		(2,074,081)	(630,199)
Due to financial institutions		70,354,701	52,201,608
Deposits and other accounts		(26,018,398)	(4,970,356)
Other liabilities (excluding current taxation)		(3,129,287)	1,582,643
		39,132,935	48,183,696
		15,432,522	10,858,380
Profit / return received		20,290,280	10,719,600
Profit / return paid		(19,194,486)	(8,599,055)
Income tax paid		(2,258,416)	(2,061,716)
Net cash flow from operating activities		14,269,900	10,917,209
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		(18,916,131)	(21,716,081)
Investments in property and equipment		(1,149,575)	(556,178)
Investments in intangible assets		(263,744)	(104,704)
Proceeds from disposal of property and equipment		61	83,129
Net cash used in investing activities		(20,329,389)	(22,293,834)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(169,525)	-
Payments of lease obligations against right-of-use assets		(425,001)	(186,805)
Proceeds from issuance of subordinated sukuk		150,000	-
Net cash (used in) / generated from financing activities		(444,526)	(186,805)
Increase / (decrease) in cash and cash equivalents		(6,504,015)	(11,563,430)
Cash and cash equivalents at the beginning of the period		42,663,247	42,020,859
Cash and cash equivalents at the end of the period		36,159,232	30,457,429

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

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OFFICER

-Sd-
CHAIRMAN

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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

Notes to and Forming Part of the Condensed Interim Consolidated Financial Statements (Un-Audited)

For the Quarter ended March 31, 2024

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

1.1 BankIslami Pakistan Limited (Holding Company or the Bank)

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

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

The Holding Company is operating through 451 branches including 60 sub-branches as at March 31, 2024 (2023: 440 branches including 60 sub-branches). The registered office of the Holding Company is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Holding Company are quoted on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the Holding Company's long-term rating to 'AA-' and maintained short-term rating at 'A1' with stable outlook.

On August 18, 2023, JS Bank Limited increased its shareholding in the Holding Company from 7.79% to 50.24% by acquiring shares from existing shareholders of the Holding Company through Share Purchase Agreement (SPA), effectively making BankIslami Pakistan Limited a subsidiary of JS Bank Limited. The shareholding in the Holding Company was further increased to 75.12% on August 25, 2023 by way of acquiring Holding Company's shares through a public offer.

1.2 Subsidiary Company

1.2.1 My Solutions Corporation Limited - 100 percent holding

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of and directives issued under the Banking Companies Ordinance (BCO), 1962, 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 BCO, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 2 dated February 9, 2023 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

2.3 The SBP, through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these condensed interim consolidated financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these condensed interim consolidated financial statements. However, investments and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.4 The Holding Company provides financing mainly through Murabahah, Ijarah, Istisna, Musharakah, Diminishing Musharakah, Muswammah and other Islamic modes.

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

2.5 Basis of Consolidation

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

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

Material intra-group balances and transactions are eliminated.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Holding Company for the year ended December 31, 2023 except for changes resulting from adoption of following:

- IFRS 9 - Financial Instruments

3.1 Impact of adoption of IFRS 9 - Financial Instruments:

Effective from January 1, 2024, the Holding Company has adopted IFRS 9 - Financial Instruments, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

The State Bank of Pakistan (SBP) vide its BPRD Circular No. 03 of 2022 has provided detailed instructions (the Application Instructions) on implementation of IFRS 9 (the Standard) to ensure smooth and consistent implementation of the standard across banks. The Standard will replace the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes revised guidance on the classification and measurement of financial instruments, a new Expected Credit Loss (ECL) model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

The Holding Company has adopted IFRS 9 with modified retrospective approach for restatement i.e. changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively, however, the Holding Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and financial liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. These changes and impacts for the Holding Company are discussed below:

Classification and measurement of financial assets

The Standard contains three principal classification categories for financial assets i.e. (a) measured at amortised cost, (b) fair value through other comprehensive income ("FVOCI") and (c) Fair value through profit or loss ("FVTPL"). This classification is generally based, except equity instruments and derivatives, on the business model in which a financial asset is managed and objective is achieved by both collecting contractual cash flows

and selling financial assets. The Standard elaborates classification and measurement of financial assets that depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at FVTPL regardless of the business model in which they are held. The Holding Company's business model in which financial assets are held will determine whether the financial assets are to be measured at amortized cost, FVOCI or FVTPL. The Holding Company has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity Securities

Equity instruments are generally measured as FVTPL unless the Holding Company elects for FVOCI at initial recognition.

For equity shares held as available-for-sale (AFS) with surplus / deficit recorded in OCI, the Holding Company may elect these equity shares as FVOCI. However, in accordance with requirements of the Standard, fair value gain or losses recognized in OCI will not be recycled to profit and loss account on de-recognition of these securities.

For those equity shares currently held as AFS with gains and losses recorded in OCI for which FVOCI election is not made, will be measured at FVTPL, with mark to market impacts recorded in profit and loss account for future periods. The surplus/ deficit related to these securities currently presented in equity, will be reclassified to retained earnings, with no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value under the Standard.

Debt securities and Islamic Financing and related assets

Those debt securities that are currently classified as AFS and pass the SPPI test, are expected to be measured at FVOCI under the Standard as the Holding Company's business model is to hold the assets to collect contractual cash flows and sell those investment. Debt securities currently classified as HTM and pass the SPPI test are expected to be measured at amortized cost under IFRS 9 as the Holding Company's business model is to hold the assets to collect contractual cash flows.

Certain debt instruments that do not meet the SPPI criteria shall be measured at FVTPL regardless of the business model in which they are held.

For certain debt securities which are currently classified as AFS and the Holding Company has decided to designate the same under the Held to Collect Business Model with the intention to collect the future cash flows on initial recognition as permitted under the standard, the mark to market gain / (loss) pertaining to these securities will be reversed from the surplus / deficit and adjusted against the book value of securities at initial recognition. This will have an impact on the overall retained earnings which will be consolidated in the opening retained earnings adjustment under IAS 8 (modified retrospective application criteria) in addition to the ECL impact.

Impairment and measurement of ECL

The impairment requirements apply to financial assets measured at amortized cost and FVOCI (other than equity instruments), Ijarah / Diminishing Musharaka receivables, and certain financing commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is

required for ECL resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

Financial assets where 12-month ECL is recognized are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

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

Based on the requirements of the Standard and SBP's Application Instructions, the Holding Company has performed an ECL assessment considering the key elements such as assessment of Significant Increase in Credit Risk (SICR), Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Holding Company expects to receive, including any form of collateral.

- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.

For the purpose of calculation of ECL, the Holding Company has used 10 years' data till 31 December 2023.

Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Holding Company uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of the Standard has stabilized, Stage 1 and Stage 2 provisions would be made as per the Standard's ECL criteria and Stage 3 provisions would be made considering higher of the Standard's ECL or provision computed under existing requirements of Prudential Regulations (PRs) issued by SBP on a segment basis.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PRs. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective PR for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

Islamic financing related fee

Islamic financing origination / commitment fees that are regarded as compensation to the financier for an ongoing involvement with the acquisition of a financial instrument would be recognized over the life of the related financing. However, if the commitment expires without the financier making the financing, the fee would be recognized as revenue earned.

Additional requirements and exceptions introduced by SBP Instructions

SBP has enforced the application of Standard in its entirety except for some exceptions and additional requirements. A high-level comparison of such exceptions that are relevant to the Holding Company is as follows:

(i) Use of Fair Value Option for financial assets

Standard allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different bases. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.

(ii) Unquoted equity securities

SBP has advised banks to measure investment in unquoted equity securities at lower of cost or breakup value till 31, December 2023.

In case where the breakup value of such securities is less than the cost, the difference of the cost and the breakup value will be classified as loss and provided for by charging it to the Profit and Loss account.

(iii) Rebuttable presumptions about default and SICR

Standard includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under the Standard as mentioned in Annexure-C of BPRD Circular no 3 of 2022. However, banks are free to choose more stringent days past due criteria.

(iv) Income recognition on impaired assets

The banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of PRs issued by SBP.

(v) Impact of Provisions on Regulatory Capital

The banks are allowed to include provisions for Stage 1 and Stage 2 in Tier 2 capital up to a limit of 1.25% of total credit risk-weighted assets. In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, banks, which choose to apply transitional arrangement, may implement this arrangement in accordance with SBP's Guideline for absorption of ECL for Capital Adequacy Ratio (CAR) purposes as mentioned in Annexure-C of BPRD Circular No. 3 of 2022.

Governance, ownership and responsibilities

The Holding Company has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Holding Company's Risk Management Department has developed models/methodologies for PD, LGD and Credit Conversion Factors (CCF). These models shall be validated on annual basis considering the following:

- Quantitative Validation: ECL model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

The Risk Department will define the staging criteria for the new impairment model and take ownership of all models, methodologies and the ECL calculation approach. Additionally, the Risk department will also take the ownership of the impact of ECL on Holding Company's capital.

The Holding Company's Finance Department will perform ECL calculation. As a result, the department will then assess the financial impact, meet the financial reporting requirements and further monitor the impact on the financial ratios. Risk Management Department shall also present quarterly progress report to its Board Risk Management Committee.

The IT Department shall identify, prepare and extract the data required for the risk parameters modelling and ECL calculations. IT department shall also support project owners for system development and upgrades.

3.1.1 Reconciliation of balances reported under local regulations and IFRS 9

(a) A reconciliation between the carrying amounts under local regulations to the balances reported under IFRS 9 as of January 1, 2024 is as follows:

Local regulations classification		Reclassification	Re-measurement		IFRS 9		
Category	Amount		ECL	Others	Amount	Category	
----- Rupees in '000 -----							
Financial Assets							
Cash and balances with treasury banks	Cash and balances with treasury banks	41,287,071	-	-	41,287,071	Amortized cost	
Balances with other banks	Balances with other banks	1,376,176	-	(4,238)	1,371,938	Amortized cost	
Due from financial institutions - net	Due from financial institutions	16,502,138	-	(20)	16,502,118	Amortized cost	
Investments							
-Held for Trading							
Debt instruments	Held for Trading	-	-	-	-	Fair Value Through Profit or Loss	
-Available for sale							
Debt instruments	Available for sale	313,384,471	(50,000)	(132)	313,334,339	Fair Value Through other comprehensive Income	
		-	50,000	-	50,000	Fair Value Through Profit or Loss	
Equity instruments	Available for sale	699,401	(692,581)	-	6,820	Fair Value Through other comprehensive Income	
		-	692,581	-	692,581	Fair Value Through Profit or Loss	
Islamic financing, related assets and Advances - net	Islamic financing, related assets and Advances - net	230,194,288	-	(4,931,434)	4,391,459	229,654,313	Amortized cost
Total Financial Assets		603,443,546	-	(4,935,824)	4,391,459	602,899,180	
Non Financial Assets							
Deferred tax assets - net		110,448	-	-	266,739	377,187	
Total Non - Financial Assets		110,448	-	-	266,739	377,187	
Total Assets		603,553,993	-	(4,935,824)	4,658,198	603,276,367	
Financial Liabilities							
Due to financial institutions	Due to financial institutions	60,659,056	-	-	-	60,659,056	Amortized cost
Deposits and other accounts	Deposit and other accounts	522,540,920	-	-	-	522,540,920	Amortized cost
Sub-ordinated sukuk	Sub-ordinated sukuk	2,850,000	-	-	-	2,850,000	Amortized cost
	Provision against off balance sheet obligations	85,975	-	-	-	85,975	Amortized cost
Total liabilities		586,135,951	-	-	-	586,135,951	
Net Impact on the statement of financial position as at January 1, 2024 upon adoption of IFRS 9					Rupees in '000		
ECL Charge					(4,935,824)		
Reversal of general provision on Islamic financing, related assets and advances as at December 31, 2023					4,391,459		
Deferred tax impact					266,739		
					(277,626)		

(b) The impact of transition to IFRS 9 on retained earnings and unrealized gain on revaluation of available for sale investments as at January 01, 2024 is as follows:

	January 01, 2024 Rupees in '000'
Retained earnings	
Opening balance under local regulations (January 01, 2024)	15,910,503
Recognition of IFRS 9 ECLs	(4,935,692)
Reversal of general provision	4,391,459
Reclassification of investments from FVOCI to FVTPL on adoption of IFRS 9	347,308
Adjustment in gain / (loss) in FV due to expected credit loss	(132)
Deferred tax in relation to the above	96,558
Opening balance under IFRS 9 (January 01, 2024)	15,810,004
Unrealized gain on revaluation of Available-for-sale investments	
Opening balance under local regulations (January 01, 2024)	3,197,217
Reclassification of surplus on equity investments	(347,308)
Deferred tax in relation to the above	170,181
Opening balance under IFRS 9 (January 01, 2024)	3,020,090
Total impact on equity due to adopting IFRS 9	(277,626)

(c) The following table reconciles the aggregate opening credit loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9.

Impairment allowance for:	Credit loss provision at January 1, 2024	ECL	General Provision Reversal	Remeasurement	ECLs under IFRS 9 at January 1, 2024
	A	B	C	D = (B+C)	E = (A+D)
Rupees in '000					
Islamic financing, related assets and advances - now classified at amortized cost under IFRS 9	23,840,627	4,931,434	(4,391,459)	539,975	24,380,602
Balances with other banks	-	4,238	-	4,238	4,238
Due from financial institutions	17,820	20	-	20	17,840
Held to maturity investment now classified at amortized cost under IFRS 9	92,145	-	-	-	92,145
Available-for-sale investments now classified at FVOCI under IFRS 9	260,347	132	-	132	260,479
Contingent liability in respect of guarantees and other commitments	85,975	-	-	-	85,975
Total	24,296,914	4,935,824	(4,391,459)	544,365	24,841,279

(d) The following table contains the details of classification of financial assets under IFRS 9 as compared to existing classification of financial assets of the Holding Company as at January 1, 2024. The amounts are gross of ECL provision and revaluation gains / losses:

Category	Classification as on December 31, 2023	New classification on adopting IFRS 9 as on January 01, 2024				Total	
		At Amortized Cost	At Cost	At Fair Value through OCI (without recycling)	At Fair Value through OCI (with recycling)		At Fair Value through P&L
Rupees in '000							
Cash and balances with treasury banks	41,287,071	41,287,071	-	-	-	41,287,071	
Balances with other banks	1,376,176	1,376,176	-	-	-	1,376,176	
Due from financial institutions	16,211,724	16,211,724	-	-	-	16,211,724	
Islamic Investments							
Available-for-Sale							
Federal Government Shariah Compliant Securities	272,237,369	-	-	272,237,369	-	272,237,369	
Non-Government Shariah Compliant Securities	35,243,462	-	-	35,193,462	50,000	35,243,462	
Shares	336,073	-	-	-	336,073	336,073	
Mudaraba certificates	9,200	-	-	-	9,200	9,200	
Foreign securities	6,820	-	6,820	-	-	6,820	
Associate	1,123,432	-	1,123,432	-	-	1,123,432	
Conventional Investments							
Available-for-Sale							
Shares	591,680	-	-	-	591,680	591,680	
Non-Government Debt Securities	224,467	-	-	224,467	-	224,467	
Foreign securities	1,155,350	-	-	-	1,155,350	1,155,350	
Held to maturity							
Non-Government Debt Securities	92,145	92,145	-	-	-	92,145	
Associates	474,169	-	474,169	-	-	474,169	
Islamic financing, related assets and advances	254,034,915	254,034,915	-	-	-	254,034,915	
Other financial assets	-	-	-	-	-	-	
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts	-	-	-	-	-	-	
Total	624,404,053	313,002,031	1,597,601	6,820	307,655,298	2,142,303	624,404,053

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

There are certain interpretations and amendments that are mandatory for the Holding Company's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any significant effect on the Holding Company's operations and therefore not detailed in these condensed interim consolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods from the dates mentioned below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized
- Amendments to IAS 21- Lack of Exchangeability	January 01, 2025

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2023, except below which were a result of adoption of IFRS 9:

- (a) Classification of financial assets as amortised cost, FVOCI and FVTPL
- (b) Measurement of ECL

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Holding Company are consistent with those disclosed in the audited annual consolidated financial statements for the year ended December 31, 2023.

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	-----Rupees in '000 -----	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
- Local currency	10,215,206	11,227,889
- Foreign currency	1,093,075	1,319,857
	11,308,281	12,547,746
With the State Bank of Pakistan in:		
- Local currency current account	17,843,696	21,500,242
- Foreign currency deposit accounts:		
- Cash reserve account	974,870	969,037
- Special cash reserve account	1,170,326	1,206,364
- US dollar clearing account	107,126	38,902
	2,252,322	2,214,303
With National Bank of Pakistan in:		
- Local currency current account	2,218,418	5,021,445
Prize Bonds	1,620	3,335
Less: Credit loss allowance held against cash and balances with treasury banks	-	-
Cash and balances with treasury banks - net of credit loss allowance	33,624,337	41,287,071
7 BALANCES WITH OTHER BANKS		
In Pakistan:		
- In current accounts	9	9
- In deposit accounts	2,347	2,344
	2,356	2,353
Outside Pakistan:		
- In current accounts	2,383,115	1,186,902
- In deposit accounts	162,651	186,921
	2,545,766	1,373,823
Less: Credit loss allowance held against balances with other banks	(13,227)	-
Balances with other banks - net of credit loss allowance	2,534,895	1,376,176

Note	(Un-audited)	(Audited)
	March 31, 2024	December 31, 2023

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

8 DUE FROM FINANCIAL INSTITUTIONS - NET

Unsecured

Bai Muajjal Receivable			
-from Other Financial Institutions	8.1	16,211,816	16,502,138
Other placements		17,820	17,820
		16,229,636	16,519,958
Less: Credit loss allowance held against due from financial institutions	8.2	(17,912)	(17,820)
Due from financial institutions - net of credit loss allowance		16,211,724	16,502,138

- 8.1 The average return on this product ranges between 20.91% to 22.92% (2023: 22.05% to 22.35%) per annum. The balances have maturities ranging between 18 days to 270 days (2023: 6 days to 110 days).

8.2 Due from financial institutions - Particulars of credit loss allowance

(Un-audited)	
March 31, 2024	
Due from financial institutions	Credit loss allowance held

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

Domestic

Performing	Stage 1	16,211,816	92
Under performing	Stage 2	-	-
Non-performing	Stage 3		
- Substandard		-	-
- Doubtful		-	-
- Loss		17,820	17,820
		17,820	17,820
Total		16,229,636	17,912

- 8.2.1 The Holding Company does not hold overseas classified due from financial institutions

	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
----- Rupees in '000 -----			
9 INVESTMENTS - NET			
Investments - Islamic	9.1	332,257,292	314,083,872
Investments - Conventional (relating to amalgamated entity)	9.2		
		332,257,292	314,083,872

9.1 Islamic Investments by type	Note	(Un-audited)				(Audited)			
		Cost / Amortized cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
		March 31, 2024				December 31, 2023			
----- Rupees in '000 -----									
FVTPL / Held for trading									
Shares		680,293	-	216,248	896,541	-	-	-	-
Modaraba certificates		12,288	-	-	12,288	-	-	-	-
Non-Government Shariah Compliant Securities		50,000	-	-	50,000	-	-	-	-
		742,581	-	216,248	958,829	-	-	-	-
FVOCI / Available for sale securities									
Federal Government Shariah Compliant Securities		291,905,181	-	4,411,545	296,316,726	272,237,369	-	5,630,029	277,867,398
Shares		-	-	-	-	336,073	-	344,220	680,293
Modaraba certificates		-	-	-	-	9,200	-	3,088	12,288
Non-Government Shariah Compliant Securities		34,950,035	(36,010)	60,892	34,974,917	35,243,462	(35,880)	309,491	35,517,073
Foreign securities		6,820	-	6,820	6,820	6,820	-	6,820	6,820
		326,862,036	(36,010)	4,472,437	331,298,463	307,832,924	(35,880)	6,286,828	314,083,872
Associate		1,139,406	(1,139,406)	-	-	1,123,432	(1,123,432)	-	-
Total Islamic investments		328,744,023	(1,175,416)	4,688,685	332,257,292	308,956,356	(1,159,312)	6,286,828	314,083,872
9.2 Conventional Investments by type									
FVTPL / Held for trading									
Shares	9.2.1	-	-	-	-	-	-	-	-
Foreign securities	9.2.1	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
FVOCI / Available for sale securities									
Shares	9.2.1	-	-	-	-	591,680	(591,680)	-	-
Non-Government Debt Securities		224,467	(224,467)	-	-	224,467	(224,467)	-	-
Foreign securities	9.2.1	-	-	-	-	1,155,350	(1,155,350)	-	-
		224,467	(224,467)	-	-	1,971,497	(1,971,497)	-	-
Amortised Cost / Held to maturity securities									
Non-Government Debt Securities		92,145	(92,145)	-	-	92,145	(92,145)	-	-
Associates		474,169	(474,169)	-	-	474,169	(474,169)	-	-
Total conventional investments		790,781	(790,781)	-	-	2,537,811	(2,537,811)	-	-

9.2.1 These are fully provided equity securities related to amalgamated entity and are reclassified from FVOCI to FVTPL as at January 01, 2024.

Name of Investee Company	No. of shares held
Riverstone Consultancy (Private) Limited (Shares)	3,985,000
New Horizon Exploration and Production Limited (Shares)	61,600,000
Pakistan Export Finance Guarantee Agency Limited (Shares)	568,044
Evolvement Capital Limited (Foreign securities)	5,400,000

9.3	Details of investment in associates	As at	Holding %	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
							----- Rupees in '000 -----		
	Unlisted								
	Islamic								
	Shakarganj Food Products Limited	December 31, 2023	36.38	Pakistan	10,369,137	6,772,301	3,905,535	43,909	10,336
	Conventional								
	KASB Funds Limited	December 31, 2015	43.89	Pakistan	46,465	32,465	23,640	(66,241)	(65,679)
	KASB Capital Limited	December 31, 2016	21.78	Mauritius	\$652,864	\$135,428	-	\$(34,084)	\$(34,084)
	9.4 Investments given as collateral								
							----- Rupees in '000 -----		
	Federal Government Securities								
	9.5 Credit loss allowance for diminution in value of investments								
	9.5.1 Opening balance								
	Impact of adoption of IFRS 9								
	Charge / (reversal)								
	Charge for the period / year								
	Reversals for the period / year								
	Amounts written off								
	Impact of reclassification of equity securities from FVOCI to FVTPL								
	Closing Balance								
	9.6 Particulars of credit loss allowance against debt securities								
	Category of classification								
	Domestic								
	Performing Stage 1								
	Underperforming Stage 2								
	Non-performing Stage 3								
	- Substandard								
	- Doubtful								
	- Loss								
	Total								
	9.6.1 The Holding Company does not hold overseas classified debt securities.								

	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
----- Rupees in '000 -----			
10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET			
Islamic financing and related assets - net	10.1	253,501,473	230,129,817
Advances (relating to amalgamated entity) - net	10.2	58,957	64,471
		253,560,430	230,194,288

10.1 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non Performing		Total	
	(Un-audited) March 31, 2024	(Audited) December 31, 2023	(Un-audited) March 31, 2024	(Audited) December 31, 2023	(Un-audited) March 31, 2024	(Audited) December 31, 2023
----- Rupees in '000 -----						
In Pakistan						
- Running Musharakah	10.9	103,418,867	100,625,553	1,445,141	1,444,955	104,864,008
- Diminishing Musharakah financing and related assets - Others	10.3	64,513,581	46,055,344	3,306,933	3,529,814	67,820,514
- Diminishing Musharakah - Housing		22,332,666	23,553,066	2,305,695	2,019,821	24,638,361
- Istisna financing and related assets	10.4 & 10.10	24,045,459	20,455,759	3,548,321	3,630,366	27,593,780
- Diminishing Musharakah financing and related assets - Auto		16,215,344	16,380,932	642,388	538,620	16,857,732
- Murabahah financing and related assets	10.5 & 10.11	16,525,695	16,073,181	390,795	397,002	16,916,490
- Musawamah financing and related assets / Tijarah	10.6	4,591,591	3,781,236	4,899,333	5,024,205	9,490,924
- Investment Agency Wakalah		2,730,590	2,730,590	-	-	2,730,590
- Murabahah against Bills		63,333	671,556	199,474	192,048	262,807
- Ijarah financing under IFAS 2 and related assets	10.7	279,756	288,755	161,024	161,958	440,780
- Financing against Bills		563,206	209,100	-	-	563,206
- Cardh-e-Hasana		45,662	48,226	122,131	121,025	167,793
- Musharakah financing		-	-	159,222	160,000	159,222
- Past Due Acceptance		-	155,972	-	-	-
- Net investment in Ijarah financing in Pakistan		79,190	85,343	-	-	79,190
- Housing finance portfolio - others		19,086	24,091	-	-	19,086
- Salam	10.8	30,001	-	-	-	30,001
Islamic financing and related assets - gross		255,454,027	231,138,704	17,180,457	17,219,814	272,634,484
Credit loss allowance against advances						
- Specific	10.13	-	-	(16,382,518)	(13,837,297)	(16,382,518)
- General	10.13	(2,750,493)	(4,391,404)	-	-	(2,750,493)
		(2,750,493)	(4,391,404)	(16,382,518)	(13,837,297)	(19,133,011)
Islamic financing and related assets - net of credit loss allowance		252,703,534	226,747,300	797,939	3,382,517	253,501,473

(Un-audited)	
March 31, 2024	
Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----	

10.1.1 Islamic financing, related assets - Category of classification

Domestic			
Performing	Stage 1	247,993,168	1,877,339
Underperforming	Stage 2	7,460,859	873,154
Non-performing	Stage 3		
Substandard		1,493,608	893,060
Doubtful		2,113,910	2,024,940
Loss		13,572,939	13,464,518
		17,180,457	16,382,518
		272,634,484	19,133,011

10.1.1.1 The Holding Company does not hold overseas Islamic financing and related assets.

Performing		Non Performing		Total	
(Un-audited) March 31, 2024	(Audited) December 31, 2023	(Un-audited) March 31, 2024	(Audited) December 31, 2023	(Un-audited) March 31, 2024	(Audited) December 31, 2023

10.2 ADVANCES

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

- Loans, cash credits, running finances, etc. - In Pakistan*	-	5,569	4,374,045	4,424,625	4,374,045	4,430,194
- Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan	-	-	684,295	684,295	684,295	684,295
- Net investment in finance lease - In Pakistan	-	-	559,304	561,908	559,304	561,908
Advances - gross	-	5,569	5,617,644	5,670,828	5,617,644	5,676,397
Credit loss allowance against advances						
- Specific	-	-	(5,558,687)	(5,611,871)	(5,558,687)	(5,611,871)
- General	-	(55)	-	-	-	(55)
	-		(5,558,687)	(5,611,871)	(5,558,687)	(5,611,926)
Advances - net of credit loss allowance	-	5,514	58,957	58,957	58,957	64,471
Fair value adjustment	-	-	-	-	-	-
Advances - net of credit loss allowance and fair value adjustment	-	5,514	58,957	58,957	58,957	64,471

* This represents non-interest bearing performing financing facilities amounting to Rs. Nil (2023: Rs. 5,569 million).

(Un-audited) March 31, 2024	
Outstanding amount	Credit loss allowance held

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

10.2.1 Advances - Category of classification

Domestic			
Performing	Stage 1	-	-
Underperforming	Stage 2	-	-
Non-performing	Stage 3	-	-
- Substandard		-	-
- Doubtful		-	-
- Loss		-	-
		5,617,644	5,558,687
		5,617,644	5,558,687
		5,617,644	5,558,687

10.2.1.1 The Holding Company does not hold overseas advances.

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
	-----Rupees in '000 -----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	64,306,889	46,307,161
Advance against Diminishing Musharakah financing	3,513,625	3,277,997
	67,820,514	49,585,158
10.4 Istisna financing and related assets		
Istisna financing	8,071,634	7,662,635
Advance against Istisna financing	19,522,146	16,423,490
Istisna inventories	-	-
	27,593,780	24,086,125
10.5 Murabahah financing and related assets		
Murabahah financing	7,947,372	8,945,251
Deferred murabahah income	2,424,774	1,663,483
Advances against Murabaha financing	1,655,831	1,469,521
Murabaha Inventories	4,888,513	4,391,928
	16,916,490	16,470,183
10.6 Musawamah financing and related assets / Tijarah		
Musawamah financing	5,623,434	6,174,291
Advance against Musawamah financing	105,571	123,620
Musawamah inventories	3,761,919	2,507,530
	9,490,924	8,805,441
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	425,349	435,282
Advance against Ijarah financing	15,431	15,431
	440,780	450,713
10.8 Salam		
Salam financing	-	-
Advance against Salam	30,001	-
Salam inventories	-	-
	30,001	-
10.9		
Running musharakah financing and related assets includes financing amounting to Rs. 1,970.332 million (2023: Rs. 2,403 million) under Islamic Export Refinance Scheme.		
10.10		
Istisna financing and related assets includes financing amounting to Rs. 228.793 million (2023: Rs. 264.6 million) and advance amounting to Rs. 692.550 million (2023: Rs. 1,016.5 million) under Islamic Export Refinance Scheme.		
10.11		
Murabahah financing and related assets includes financing amounting to Rs. 0.061 million (2023: Rs.0.061 million) under Islamic Export Refinance Scheme.		

(Un-audited)	(Audited)
March 31, 2024	December 31, 2023

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

10.12 Particulars of Islamic financing and related assets and advances - gross

In local currency	276,616,492	251,850,511
In foreign currency	1,635,636	2,184,404
	278,252,128	254,034,915

10.13 Islamic financing and related assets and advances include Rs. 22,798.101 million (2023: Rs. 22,890.642 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification

	(Un-audited)		(Audited)	
	March 31, 2024		December 31, 2023	
	Non-performing Islamic financing, related assets and advances	Credit loss allowance	Non-performing Islamic financing, related assets and advances	Credit loss allowance
	----- Rupees in '000 -----			
Domestic				
Other Assets Especially Mentioned (OAEM)	371,739	-	393,831	-
Substandard	1,121,869	893,060	1,009,194	235,164
Doubtful	2,113,910	2,024,940	2,170,850	871,469
Loss	19,190,583	19,023,205	19,316,767	18,342,535
	22,426,362	21,941,205	22,496,811	19,449,168
Total	22,798,101	21,941,205	22,890,642	19,449,168

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

10.14 Particulars of credit loss allowance against Islamic financing, related assets and advances

	(Un-audited)			(Audited)		
	March 31, 2024			December 31, 2023		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Balance as at January 01, 2024	19,449,168	4,391,459	23,840,627	16,119,131	2,987,168	19,106,299
Impact of adoption of IFRS 9	1,985,943	(1,445,968)	539,975	-	-	-
Charge for the period / year	559,898	378,302	938,200	4,006,703	1,500,000	5,506,703
Reversals for the period / year	(53,804)	(573,300)	(627,104)	(676,666)	(95,709)	(772,375)
	506,094	(194,998)	311,096	3,330,037	1,404,291	4,734,328
Amount written off	-	-	-	-	-	-
Closing balance	21,941,205	2,750,493	24,691,698	19,449,168	4,391,459	23,840,627
Islamic	16,382,518	2,750,493	19,133,011	13,837,297	4,391,404	18,228,701
Conventional	5,558,687	-	5,558,687	5,611,871	55	5,611,926
	21,941,205	2,750,493	24,691,698	19,449,168	4,391,459	23,840,627
In local currency	21,941,205	2,750,493	24,691,698	19,449,168	4,391,459	23,840,627
In foreign currency	-	-	-	-	-	-
	21,941,205	2,750,493	24,691,698	19,449,168	4,391,459	23,840,627

10.14.1 Details of credit loss allowances held against Islamic financing and related assets

		(Un-audited)			
		March 31, 2024			
		Stage 3	Stage 2	Stage 1	Total
		-----Rupees in '000-----			
	Balance as at January 01, 2024	21,435,111	1,446,454	1,499,037	24,380,602
	Charge for the period	559,898	-	378,302	938,200
	Reversals for the period	(53,804)	(573,300)	-	(627,104)
31	Amount written off	506,094	(573,300)	378,302	311,096
	Closing balance	21,941,205	873,154	1,877,339	24,691,698
		16,382,518	873,154	1,877,339	19,133,011
10.14.2	Islamic	5,558,687	-	-	5,558,687
	Conventional	21,941,205	873,154	1,877,339	24,691,698

		(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
		-----Rupees in '000-----	
10.14.3	Credit loss allowance / reversal net of fair value adjustment taken to the profit and loss account	627,104	772,375
	Gross reversals for the period / year	(938,200)	(5,506,703)
	Charge for the period / year	(311,096)	(4,734,328)
	Fair value adjusted - net	-	(93,819)
	Net charge taken to the profit and loss account	(311,096)	(4,828,147)

10.14.4 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Holding Company has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at March 31, 2024 amounts to Rs. 881.797 million (2023: Rs. 943.552 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 449.716 million (2023: Rs. 481.211 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

10.15 Islamic financing, related assets and advances - particulars of credit loss allowance

		(Un-audited)		
		March 31, 2024		
		Stage 1	Stage 2	Stage 3
		-----Rupees in '000-----		
10.15.1	Balance as at January 01, 2024	1,499,037	1,446,454	21,435,111
	New financing	367,538	683,700	-
	Financing derecognised or repaid	(710,449)	(389,802)	(53,184)
	Transfer to stage 1	1,297,780	(599,208)	(698,572)
	Transfer to stage 2	(97,075)	191,990	(94,915)
	Transfer to stage 3	(600,000)	(459,980)	1,059,980
	Amounts written off / charged off	257,794	(573,300)	213,309
	Changes in risk parameters	-	-	-
	Closing balance	1,877,339	873,154	21,941,205
		7,870,539	1,429,342	8,005,247
		1,429,342	62,197	1,320,910
		62,197	4,538,650	62,197
		4,538,650	664,875	4,327,627
		664,875	179,070	677,678
		179,070	62,316	197,509
		62,316	93,828	67,654
		93,828	44,124	47,836
		44,124	14,944,941	35,187
		14,944,941	14,741,845	

10.16 SBP other refinance schemes

		(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
		-----Rupees in '000-----	
	Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	7,870,539	8,005,247
	Islamic Long-Term Financing Facility	1,429,342	1,320,910
	Islamic refinance scheme for payment of wages and salaries	62,197	62,197
	RM EFS - Rupee Based Discounting (TFA)	4,538,650	4,327,627
	Islamic refinance scheme for Renewable Energy	664,875	677,678
	Islamic refinance scheme for combating COVID (IRFCC)	179,070	197,509
	Islamic refinance facility for Modernization of SMEs	62,316	67,654
	Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)	93,828	47,836
	Islamic Credit Guarantee Scheme For Women Entrepreneur	44,124	35,187
		14,944,941	14,741,845

	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
----- Rupees in '000 -----			
11 PROPERTY AND EQUIPMENT			
Capital work-in-progress	11.1	2,124,620	1,491,445
Property and equipment		11,225,057	11,082,909
		13,349,677	12,574,354
11.1 Capital work-in-progress			
Advances to suppliers and contractors		933,897	300,722
Advance for acquiring properties and office premises		1,190,723	1,190,723
		2,124,620	1,491,445
		(Un-audited)	
		March 31, 2024	March 31, 2023
----- Rupees in '000 -----			
11.2 Additions to property and equipment			
The following additions have been made to Property and equipment during the period:			
Capital work-in-progress		-	335,629
Property and equipment			
Furniture and fixture		190,166	93,770
Electrical office and computer equipment		307,262	273,435
Vehicles		18,971	6,870
		516,399	374,075
Total		516,399	709,704
11.3 Disposal of property and equipment			
The net book value of Property and equipment disposed off during the period is as follows:			
Furniture and fixture		-	1,416
Electrical office and computer equipment		-	2,878
Total		-	4,294

	(Un-audited)			(Audited)		
	March 31, 2024			December 31, 2023		
	Buildings	Others	Total	Buildings	Others	Total
-----Rupees in '000-----						
12 RIGHT-OF-USE ASSETS						
At January 1						
Cost	7,693,776	-	7,693,776	6,129,251	-	6,129,251
Accumulated Depreciation	(4,127,509)	-	(4,127,509)	(3,231,869)	-	(3,231,869)
Net Carrying amount	3,566,267	-	3,566,267	2,897,382	-	2,897,382
Additions during the period / year	224,788	-	224,788	1,564,525	-	1,564,525
Deletions during the period / year	-	-	-	-	-	-
Depreciation Charge for the period / year	(382,826)	-	(382,826)	(895,640)	-	(895,640)
Net Carrying amount at the end of period / year	3,408,229	-	3,408,229	3,566,267	-	3,566,267

	(Un-audited)	(Audited)
	March 31, 2024	December 31, 2023
	-----Rupees in '000-----	
13 INTANGIBLE ASSETS		
Computer software	824,479	617,054
Core deposits	19,197	19,737
Membership and Subscription	39,925	38,397
Goodwill	2,991,308	2,991,308
	3,874,909	3,666,496

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

13.1 Additions to intangible assets

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

Directly purchased	263,744	107,704
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13.2 Disposals of intangible assets - net book value

There were no disposals of intangible assets during the period

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

14 DEFERRED TAX ASSETS

Deductible temporary differences on

- Credit loss allowance against investments
- Credit loss allowance against non-performing Islamic financing, related assets and advances
- Ijarah financing and related assets

	36,668	36,668
	5,782,979	5,516,884
	68	18,802
	5,819,715	5,572,354

Taxable temporary differences on

- Fair value adjustments relating to net assets acquired upon amalgamation
- Surplus on revaluation of investment
- Surplus on revaluation of property and equipment
- Surplus on revaluation of non-banking assets
- Accelerated tax depreciation
- Others

	(304,173)	(337,060)
	(2,297,456)	(3,080,546)
22	(1,321,558)	(1,365,244)
22	(33,473)	(33,473)
	(646,357)	(553,466)
	(26,210)	(92,117)
	(4,629,227)	(5,461,906)
	1,190,488	110,448

	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
-----Rupees in '000-----			
15 OTHER ASSETS			
Profit / return accrued in local currency		32,323,165	22,877,808
Profit / return accrued in foreign currency		24,313	8,205
Advances, deposits, advance rent and other prepayments		1,588,233	2,637,295
Non-banking assets acquired in satisfaction of claims		1,451,695	1,452,789
Takaful claim receivable		79,188	22,570
Receivable against takaful and registration charges		250,076	310,102
Receivable against First WAPDA Sukuk		50,000	50,000
Trade debts		532	532
Acceptances		1,984,850	3,966,916
Others		894,041	957,033
		38,646,093	32,283,250
Less: Credit loss allowance held against other assets	15.2	(921,326)	(921,326)
Other assets - net of credit loss allowance		37,724,767	31,361,924
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	68,827	68,313
Other assets - total		37,793,594	31,430,237
15.1 Market value of non-banking assets acquired in satisfaction of claims		1,214,760	1,215,340
15.2 Credit loss allowance held against other assets			
Advances, deposits, advance rent & other prepayments		54,371	54,371
Non banking assets acquired in satisfaction of claims		305,762	305,762
Others		561,193	561,193
	15.2.1	921,326	921,326
15.2.1 Movement in Credit loss allowance held against other assets			
Opening balance		921,326	764,955
Charge for the period / year		-	156,571
Reversals during the period / year		-	(200)
Closing balance		921,326	921,326
16 BILLS PAYABLE			
In Pakistan		3,051,096	5,125,177
Outside Pakistan		-	-
		3,051,096	5,125,177

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

17 DUE TO FINANCIAL INSTITUTIONS

Secured

Due to State Bank of Pakistan

Acceptances from SBP under Mudaraba

Refinance facility for Islamic Temporary Economic

Refinance Facility (TERF)

Islamic Export Finance Scheme - Rupee based discounting

Acceptances for financial assistance

Acceptances under Islamic Export Refinance Scheme

Islamic Long-Term Financing Facility

Islamic refinance scheme for Renewable Energy

Islamic refinance scheme for combating COVID (IRFCC)

Islamic Refinance Scheme for Modernization of SMEs

Islamic refinance scheme for Facility of Storage of

Agricultural Produce (IFFSAP)

Islamic Credit Guarantee Scheme for Women

Entrepreneur

Musharakah Acceptance

Refinance facility for Islamic Mortgage

Total secured

Unsecured

Wakalah Acceptance

Musharakah Acceptance

Total unsecured

96,207,123	30,694,154
7,569,755	7,746,700
4,843,233	4,600,946
4,525,177	4,413,497
2,631,500	3,554,100
951,091	957,745
617,058	639,712
166,667	80,374
54,606	60,271
40,523	43,264
41,338	14,166
117,648,071	52,804,929
6,415,000	2,500,000
3,250,686	3,354,127
127,313,757	58,659,056
2,000,000	2,000,000
1,700,000	-
3,700,000	2,000,000
131,013,757	60,659,056

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	March 31, 2024			December 31, 2023		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	154,777,329	7,639,539	162,416,868	173,239,773	7,973,255	181,213,028
Savings deposits	115,962,378	3,727,587	119,689,965	119,740,262	3,796,970	123,537,232
Term deposits	191,261,717	8,234,473	199,496,190	188,301,494	8,389,258	196,690,752
Margin deposits	11,125,417	107,608	11,233,025	12,948,577	111,218	13,059,795
	473,126,841	19,709,207	492,836,048	494,230,106	20,270,701	514,500,807
Financial Institutions						
Current deposits	645,763	9,821	655,584	713,949	11,551	725,500
Savings deposits	2,245,774	-	2,245,774	6,415,167	-	6,415,167
Term deposits	784,970	-	784,970	899,300	-	899,300
Margin deposits	146	-	146	146	-	146
	3,676,653	9,821	3,686,474	8,028,562	11,551	8,040,113
	476,803,494	19,719,028	496,522,522	502,258,668	20,282,252	522,540,920

19 LEASE LIABILITIES	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
-----Rupees in '000-----			
Outstanding amount at the start of the period / year		4,252,295	3,559,675
Additions during the period / year		224,788	1,564,525
Lease payments including interest		(425,000)	(1,797,604)
Interest expense		253,043	925,699
Outstanding amount at the end of the period / year	19.1	4,305,126	4,252,295
19.1 Liabilities Outstanding			
Not later than one year		38,189	37,720
Later than one year and upto five years		836,218	825,956
Over five years		3,430,720	3,388,619
Total at the period / year end		4,305,126	4,252,295

19.2 The Holding Company enters into lease agreements with terms and conditions mainly included rent escalation usually at 10% p.a, sub-letting of the property at discretion of the Holding Company, alterations to the premises as per business requirement, termination of the agreement with notice period, agreement period, renewal of agreement usually at same terms with change in monthly rent, escalation clause and termination of the agreement. Discount rate ranges between 8.5% to 17.5% (2023: 12.19% to 17.5%).

20 SUBORDINATED SUKUK	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
-----Rupees in '000-----			
ADT-1 Sukuk Issue I	20.1	2,000,000	2,000,000
ADT-1 Sukuk Issue II	20.1.2	1,000,000	850,000
		3,000,000	2,850,000

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

20.1.1 Salient features of the ADT-1 sukuk issue I are as follows:

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

20.1.2 Salient features of the ADT-1 sukuk issue II are as follows:

Amount	Rs. 1,000 million.
Issue Date	February 21, 2024
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A'
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 1 Month KIBOR + 2.5%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding Company inline with SBP's guidelines of pool management.
Call option	The Holding Company may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

21	OTHER LIABILITIES	Note	(Un-audited)	(Audited)
			March 31, 2024	December 31, 2023
-----Rupees in '000-----				
	Profit / return payable in local currency		8,730,106	8,137,172
	Profit / return payable in foreign currencies		183,472	271,448
	Accrued expenses		1,826,279	2,093,357
	Deferred Murabahah Income Financing, IERS and Others		1,178,260	1,111,958
	Payable to defined benefit plan		4,677	4,677
	Payable to defined contribution plan		64,874	40,121
	Defined benefit plan liabilities		496,044	428,941
	Security deposits against Ijarah		416,960	421,821
	Credit loss allowance against off-balance sheet obligations	21.1	85,975	85,975
	Acceptances		1,984,850	3,966,916
	Current taxation (provisions less payments)		3,356,733	2,270,597
	Provision against other tax liabilities		353,374	327,185
	Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts		11,523	313,494
	Sundry creditors		889,742	1,595,515
	Payable to brokers against purchase of shares - net		536	536
	Charity payable		75,775	29,550
	Retention money payable		85,466	63,047
	Provision for Workers' Welfare Fund		894,994	768,887
	Dividend Payable		1,140,777	201,599
	Clearing and settlement accounts		67,314	40,087
	Others		612,646	819,406
			22,460,377	22,992,289

	Note	(Un-audited)	(Audited)
		March 31, 2024	December 31, 2023
-----Rupees in '000-----			
21.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		85,975	85,975
Exchange adjustment		-	-
Charge for the period / year		-	-
Reversals		-	-
Amount written off		-	-
Closing balance		85,975	85,975
22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus on revaluation of:			
- Securities measured at FVOCI / AFS - Debt	9.1	4,472,437	5,939,520
- Securities measured at FVOCI / AFS - Equity		-	347,308
- Property and equipment		2,687,993	2,777,147
- Non-banking assets acquired in satisfaction of claims	15	68,827	68,313
		7,229,257	9,132,288
Deferred tax liability on surplus on revaluation of:	14		
- Securities measured at FVOCI / AFS - Debt		(2,191,494)	(2,910,365)
- Securities measured at FVOCI / AFS - Equity		-	(170,181)
- Property and equipment		(1,321,558)	(1,365,244)
- Non-banking assets acquired in satisfaction of claims		(33,473)	(33,473)
		(3,546,525)	(4,479,263)
		3,682,732	4,653,025
23 CONTINGENCIES AND COMMITMENTS			
- Guarantees	23.1	3,874,643	5,375,308
- Commitments	23.2	210,355,300	251,509,280
- Other contingent liabilities	23.3	720,593	720,593
		214,950,536	257,605,181
23.1 Guarantees:			
Performance guarantees		2,936,721	4,086,053
Other guarantees		937,922	1,289,255
		3,874,643	5,375,308
23.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		25,832,980	24,399,492
Commitments in respect of:			
- Shariah compliant alternative of forward foreign exchange contracts	23.2.1	108,960,820	100,971,691
Commitments for acquisition of:			
- property and equipment		745,676	1,105,974
- intangible assets		215,700	65,782
Other commitments			
- commitments in respect of financing	23.2.2	74,600,124	124,966,341
		210,355,300	251,509,280

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

23.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions

Purchase	54,662,522	54,353,067
Sale	54,298,298	46,618,624
	108,960,820	100,971,691

23.2.2 The Holding Company makes commitments to extend shariah compliant Islamic financing (including to related parties) in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

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

23.3 Other contingent liabilities

Suit filed for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt	1,804	1,804
Tax Contingencies	718,789	718,789
	720,593	720,593

24 PROFIT / RETURN EARNED

	(Unaudited)	
	March 31, 2024	March 31, 2023
-----Rupees in '000-----		
Profit earned on:		
Financing	12,084,508	8,201,042
Investments	16,945,303	7,505,138
Placements	665,427	810,638
Others	56,507	46,524
	29,751,745	16,563,342

24.1 Profit (calculated using effective profit rate method) recognised on:

Financial assets measured at amortised cost	12,806,442	9,058,204
Financial assets measured at FVOCI / AFS	16,945,303	7,505,138
	29,751,745	16,563,342

25 PROFIT / RETURN EXPENSED

Deposits and other accounts	14,071,314	7,503,291
Due to financial institutions	4,847,293	1,877,467
Cost of foreign currency swaps against foreign currency deposits	352,437	20,606
Amortisation of lease liability against right of use assets	253,044	112,480
Subordinated Sukuk	175,356	140,509
	19,699,444	9,654,353

25.1 Profit expense calculated using effective profit rate method

Other financial liabilities	5,022,649	2,017,976
	14,676,795	7,636,377
	19,699,444	9,654,353

(Unaudited)

Note	March 31, 2024	March 31, 2023
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-----Rupees in '000-----

26 FEE AND COMMISSION INCOME

Card related fees	331,977	209,365
Commission on trade	127,806	68,738
Commission on arrangement with financial institutions	29,515	18,824
Investment banking fees	52,867	1,022
Commission on bancatakaful	8,672	19,619
Guarantees related fee	15,909	14,209
Consumer finance related fees	2,185	3,465
Branch banking customer fees	39,168	15,306
Commission on remittances including home remittances	13,281	9,282
Commission on cash management	6,016	3,710
Others	1,415	3,398
	628,811	366,938

27 GAIN ON SECURITIES - NET

Realized	-	2,237
Unrealized - Measured at FVTPL	216,248	-
	216,248	2,237

27.1 Realized gain on:

Federal Government Shariah Compliant Securities	-	2,237
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27.2 Net gain / loss on financial assets / liabilities measured at FVTPL:

Designated upon initial recognition	-	-
Mandatorily measured at FVTPL	216,248	-
	216,248	-

Net gain / (loss) on financial assets / liabilities measured at amortised cost	-	-
Net gain / (loss) on financial assets measured at FVOCI / AFS	-	2,237
Net gain / (loss) on investments in equity instruments designated at FVOCI / AFS	-	-
	-	2,237
	216,248	2,237

28 OTHER INCOME - NET

Recoveries against previously expensed items	3,622	-
Gain on termination of financing	37,164	40,853
Gain on sale of property and equipment	61	451
Others	1,487	902
	42,334	42,206

		(Unaudited)	
		March 31, 2024	March 31, 2023
		-----Rupees in '000-----	
29	OPERATING EXPENSES		
	Total compensation expense	2,002,010	1,725,942
	Property expense		
	Rent & taxes	121,124	52,240
	Takaful cost	-	541
	Utilities cost	230,541	131,061
	Security (including guards)	224,812	127,463
	Repair & maintenance (including janitorial charges)	110,843	66,235
	Depreciation	173,269	123,849
	Depreciation on right-of-use assets	382,826	230,667
		1,243,415	732,056
	Information technology expenses		
	Software maintenance	145,450	113,574
	Hardware maintenance	53,466	75,485
	Depreciation	99,101	78,314
	Amortization	53,619	25,504
	Network charges	86,254	67,968
		437,890	360,845
	Other operating expenses		
	Directors' fees and allowances	6,480	2,540
	Fees and allowances to Shariah Board	7,750	5,538
	Legal & professional charges	46,858	28,019
	Travelling & conveyance	62,397	31,870
	NIFT clearing charges	11,275	7,369
	Depreciation	101,882	64,589
	Depreciation on non-banking assets	580	567
	Entertainment expense	60,711	22,101
	Training & development	13,248	12,378
	Postage & courier charges	14,020	20,554
	Communication	79,218	52,024
	Stationery & printing	109,361	94,227
	Marketing, advertisement & publicity	59,419	68,501
	Repairs and maintenance	55,488	64,936
	Takaful, tracker and other charges on car Ijarah - net of income	42,332	-
	Takaful / Insurance	109,418	84,431
	Fee and subscription	196,010	88,645
	Vehicle running and maintenance	134,521	108,874
	Donations	44,508	-
	Auditors' remuneration	7,937	5,015
	Amortization	1,712	1,448
	CDC and share registrar services	3,040	2,773
	Brokerage and commission	7,408	5,172
	Stamp duty, registration & verification charges	16,362	9,900
	Others	12,986	12,740
		1,204,921	794,211
		4,888,236	3,613,054
30	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	127	2,354

		(Unaudited)	
Note	March 31, 2024	March 31, 2023	
-----Rupees in '000-----			
31	CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET		
		72	(810)
		(2)	-
	9.5.1		
		311,096	837,848
	10.14.3	8,989	3,430
		320,155	840,468
32	TAXATION		
		3,344,552	567,046
		(253,128)	799,475
		3,091,424	1,366,521
33	BASIC AND DILUTED EARNINGS PER SHARE		
		3,215,628	1,794,314
		----- Number of shares -----	
		1,108,703,299	1,108,703,299
		----- Rupees -----	
	33.1	2.9004	1.6184

33.1 There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2024 and March 31, 2023, therefore diluted earning per share has not been presented separately.

34 FAIR VALUE MEASUREMENTS

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

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

34.1 Fair value of financial assets

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

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

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

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

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

(Unaudited)			
March 31, 2024			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	908,829	-	6,820	915,649
GoP Ijara Sukuk	-	296,316,726	-	296,316,726
Non-Government Shariah compliant securities	30,882,750	4,142,167	-	35,024,917

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	3,159,900	3,159,900
Non-banking assets acquired in satisfaction of claims	-	-	1,214,760	1,214,760

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	54,662,522	-	54,662,522
Shariah compliant alternative of forward sale of foreign exchange	-	54,298,298	-	54,298,298

(Audited)			
December 31, 2023			
Level 1	Level 2	Level 3	Total

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	680,293	-	6,820	687,113
GoP Ijara Sukuk	-	277,867,398	-	277,867,398
Non-Government Shariah compliant Securities	30,851,279	4,665,794	-	35,517,073

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,951,679	6,951,679
Non-banking assets acquired in satisfaction of claims	-	-	1,215,340	1,215,340

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	54,353,067	-	54,353,067
Shariah compliant alternative of forward sale of foreign exchange	-	46,618,624	-	46,618,624

Valuation techniques used in determination of fair values within level 1

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
Listed securities (Shares and Sukuks)	The valuation has been determined through closing rates on Pakistan Stock Exchange.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
GoP Ijarah Sukuks	The fair value of GoP Ijarah Sukuk are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
Non-Government Shariah compliant Securities	Non-Government Shariah compliant Securities are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

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

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

35 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Segment Details with respect to Business Activities

(Un-audited)					
March 31, 2024					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	12,596,471	(12,357,869)	9,934,226	(120,527)	10,052,301
Inter segment revenue - net	(12,450,076)	22,987,509	(10,278,006)	(259,427)	-
Total other income	731,496	436,249	200,210	221,420	1,589,375
Total income	877,891	11,065,889	(143,570)	(158,534)	11,641,676
Segment direct expenses	40,891	2,697,859	188,363	2,087,356	5,014,469
Inter segment expense allocation	24,730	1,616,545	321,591	(1,962,866)	-
Total expenses	65,621	4,314,404	509,954	124,490	5,014,469
Credit loss allowance	-	1,605,446	(1,266,729)	(18,562)	320,155
Profit / (loss) before tax	812,270	5,146,039	613,205	(264,462)	6,307,052
----- Rupees in '000 -----					
(Un-audited)					
March 31, 2024					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Balance Sheet					
Assets					
Cash & Bank balances	2,635,028	33,524,204	-	-	36,159,232
Investments	326,887,179	-	-	5,370,113	332,257,292
Net inter segment placements	-	442,206,897	-	-	442,206,897
Due from financial institutions	16,211,724	-	-	-	16,211,724
Islamic financing and related assets - performing	-	32,702,865	212,577,178	7,482,448	252,762,491
- non-performing - net	-	996,571	(198,632)	-	797,939
Others	-	-	-	59,616,897	59,616,897
Total Assets	345,733,931	509,430,537	212,378,546	72,469,458	1,140,012,472
Liabilities					
Due to financial institutions	110,847,300	3,250,686	16,915,771	-	131,013,757
Subordinated sukuk	-	-	-	3,000,000	3,000,000
Deposits & other accounts	1,585,627	494,936,895	-	-	496,522,522
Net inter segment acceptances	233,254,276	-	194,864,430	14,088,191	442,206,897
Others	46,728	11,242,956	598,345	17,928,570	29,816,599
Total liabilities	345,733,931	509,430,537	212,378,546	35,016,761	1,102,559,775
Equity	-	-	-	37,452,697	37,452,697
Total Equity & liabilities	345,733,931	509,430,537	212,378,546	72,469,458	1,140,012,472
----- Rupees in '000 -----					
Contingencies & Commitments	108,960,820	-	29,707,623	76,282,093	214,950,536

(Un-audited)					
March 31, 2023					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
Profit & Loss	----- Rupees in '000 -----				
Net profit / return	6,233,898	(5,022,204)	5,820,304	(123,009)	6,908,989
Inter segment revenue - net	(6,695,053)	12,823,817	(6,227,797)	99,033	-
Total other income	381,446	299,536	15,661	75,123	771,766
Total Income	(79,709)	8,101,149	(391,832)	51,147	7,680,755
Segment direct expenses	38,900	1,860,547	144,511	1,635,494	3,679,452
Inter segment expense allocation	12,780	731,457	192,413	(936,650)	-
Total expenses	51,680	2,592,004	336,924	698,844	3,679,452
Credit loss allowance	810	71,008	763,291	5,359	840,468
Profit / (loss) before tax	(132,199)	5,438,137	(1,492,047)	(653,056)	3,160,835

(Audited)					
December 31, 2023					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
Balance Sheet	----- Rupees in '000 -----				
Assets					
Cash & Bank balances	1,476,310	41,186,937	-	-	42,663,247
Investments	306,999,736	-	-	7,084,136	314,083,872
Net inter segment placements	-	456,924,234	-	-	456,924,234
Due from financial institutions	16,502,138	-	-	-	16,502,138
Islamic financing and related assets - performing	-	32,950,449	183,437,696	10,423,626	226,811,771
- non-performing - net	-	1,631,568	1,750,949	-	3,382,517
Others	-	-	-	51,347,802	51,347,802
Total Assets	324,978,184	532,693,188	185,188,645	68,855,564	1,111,715,581
Liabilities					
Due to financial institutions	39,607,651	3,354,127	17,697,278	-	60,659,056
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	6,145,015	516,395,905	-	-	522,540,920
Net inter segment acceptances	279,132,859	-	167,064,813	10,726,562	456,924,234
Others	92,659	12,943,156	426,554	18,907,392	32,369,761
Total liabilities	324,978,184	532,693,188	185,188,645	32,483,954	1,075,343,971
Equity	-	-	-	36,371,610	36,371,610
Total Equity & liabilities	324,978,184	532,693,188	185,188,645	68,855,564	1,111,715,581
Contingencies & Commitments	100,971,691	-	29,774,800	126,858,690	257,605,181

36 RELATED PARTY TRANSACTIONS

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

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

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

	(Un-audited)					(Audited)				
	March 31, 2024					December 31, 2023				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
Due from financial institutions - net										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	3,233,725	-	-	-	-
Repaid during the period / year	-	-	-	-	-	(3,233,725)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	-	1,597,601	-	-	-	-	1,536,962	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed-off during the period / year	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	15,974	-	-	-	-	60,639	-
Closing balance	-	-	-	1,613,575	-	-	-	-	1,597,601	-
Credit loss allowance held against investments	-	-	-	(1,613,575)	-	-	-	-	(1,597,601)	-
Islamic financing and related assets										
Opening balance	-	-	422,999	480,187	248,878	-	-	372,910	480,187	700,001
Addition during the period / year	-	-	77,632	200,000	206,730	-	-	226,783	903,910	4,461,960
Repaid during the period / year	-	-	(23,194)	(200,778)	(45,624)	-	-	(65,187)	(903,910)	(4,071,736)
Transfer in / (out) - net	-	-	(8,494)	-	-	-	-	(121,507)	-	(841,298)
Closing balance	-	-	468,933	479,409	409,984	-	-	422,999	480,187	248,878
Credit loss allowance held against Islamic financing and related assets	-	-	-	(473,409)	-	-	-	-	(480,187)	-
Other assets										
Profit receivable on financings	-	-	556	-	6,291	-	-	443	-	5,019
Due to financial institutions - net										
Opening balance	-	-	-	-	-	-	-	-	-	-
Additions during the period / year	29,000,000	-	-	-	-	161,865,000	-	-	-	-
Settled during the period / year	(29,000,000)	-	-	-	-	(161,865,000)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Subordinated sukuk										
Opening balance	-	-	485	-	1,120	-	-	1,015	-	-
Issued / purchased during the period / year	-	-	-	-	142,315	-	-	-	-	-
Redemption / sold during the period / year	-	-	-	-	-	-	-	-	-	-
Transfer in / (out)	-	-	-	-	-	-	-	(530)	-	1,120
Closing balance	-	-	485	-	143,435	-	-	485	-	1,120
Deposits and other accounts										
Opening balance	-	5,741	72,646	29,503	6,182,706	-	2,745	32,443	12,186	1,776,697
Received during the period / year	-	195,822	296,998	699,423	21,676,765	-	3,128,053	879,694	2,157,630	30,791,160
Withdrawn during the period / year	-	(161,816)	(277,274)	(727,671)	(23,164,647)	-	(3,125,331)	(839,085)	(2,140,297)	(29,438,336)
Transfer in / (out) - net	-	-	(9,722)	-	-	-	274	(376)	(16)	3,033,175
Closing balance	-	39,747	82,648	1,255	4,674,624	-	5,741	72,646	29,503	6,182,706
Other Liabilities										
Profit / return payable	-	368	456	3	82,300	-	3	333	13	126,064
Dividend Payable	832,812	117,373	39	-	28,070	-	169,317	-	-	-
Other liabilities	-	-	-	-	62	-	-	10	-	132
Meeting fee / remuneration payable	-	400	-	-	-	-	2,000	-	-	-

	(Un-audited)					(Un-audited)				
	March 31, 2024					March 31, 2023				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
Income										
Profit / return earned	-	-	6,949	-	13,917	-	-	3,737	15,824	26,752
Other income	-	-	16	22	-	-	-	4,017	-	-
Expense										
Profit / return expended	21,810	1,032	787	51	184,064	-	7	398	6	73,443
Other administrative expenses	10	1,118	8,601	-	46,973	-	-	743	-	11,615
Meeting fee / remuneration	-	6,480	126,033	-	-	-	2,780	85,247	-	-
Contribution to employees provident fund	-	-	-	-	66,693	-	-	-	-	44,932
Charge for employees gratuity fund	-	-	-	-	67,103	-	-	-	-	48,276
Donation paid	-	-	-	-	10,000	-	-	-	-	-

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
-----Rupees in '000-----		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	31,496,247	28,431,699
Eligible Additional Tier 1 (ADT 1) Capital	3,000,000	2,850,000
Total Eligible Tier 1 Capital	34,496,247	31,281,699
Eligible Tier 2 Capital	9,744,590	10,583,630
Total Eligible Capital (Tier 1 + Tier 2)	44,240,837	41,865,329
Risk Weighted Assets (RWAs):		
Credit Risk	140,679,347	123,430,567
Market Risk	3,674,125	2,747,987
Operational Risk	49,939,650	49,951,475
Total	194,293,122	176,130,029
Common Equity Tier 1 Capital Adequacy ratio	16.21%	16.14%
Tier 1 Capital Adequacy Ratio	17.75%	17.76%
Total Capital Adequacy Ratio	22.77%	23.77%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital Conservation Buffer (CCB) (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

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

	(Un-audited) March 31, 2024	(Audited) December 31, 2023
-----Rupees in '000-----		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	34,496,247	31,281,699
Total Exposures	730,634,008	661,760,663
Leverage Ratio	4.72%	4.73%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	256,150,542	315,027,109
Total Net Cash Outflow	64,976,754	90,466,918
Liquidity Coverage Ratio	394.22%	348.22%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	513,492,172	524,275,019
Total Required Stable Funding	175,091,189	170,272,796
Net Stable Funding Ratio	293.27%	307.90%

- 37.2 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time has been placed on the Holding Company's website. The link to the full disclosures is available at www.bankislami.com.pk/investor-relations

38 GENERAL

- 38.1** Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these condensed interim consolidated financial statements, except for captions of the Consolidated Statement of Financial Position and Consolidated Profit and Loss Account.
- 38.2** These condensed interim consolidated financial statements are presented in Pakistani Rupees, which is the Holding Company's functional and presentation currency.
- 38.3** The figures in these condensed interim consolidated financial statements have been rounded off to the nearest thousand rupee.
- 38.4** Due to non-availability of approved interim financial results of Shakarganj Food Products Limited (associated company) for the period ended March 31, 2024, these condensed interim consolidated financial statements do not include share of profit from associate.
- 38.5 Corresponding figures**

These condensed interim consolidated financial statements are prepared on revised format as per the directives issued by SBP vide BPRD circular No. 2 of 2023. Consequently, corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassifications during the period except as disclosed below:

Items	Transfer from	Transfer to	As at December 31, 2023 ---- Rupees in '000 ----
Statement of Financial Position:			
Right-of-use assets	Property and Equipment (formerly Fixed Assets)	Statement of Financial Position	3,566,267
Lease Liabilities	Other Liabilities	Statement of Financial Position	4,252,295

39 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on April 25, 2024 by the Board of Directors of the Holding Company.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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