

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2023



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Al Baraka Bank (Pakistan) Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al Baraka Bank (Pakistan) Limited (the Bank) as at June 30, 2023 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to and forming part of the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures for the quarters ended June 30, 2023 and June 30, 2022 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

Scope of Review

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

Conclusion

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

The engagement partner on the review resulting in this independent auditor's review report is **Junaid Mesia**.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: August 25, 2023
UDIN: RR202310611Yaidy2UHR

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	30 June 2023	31 December 2022
Note	----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
ASSETS		
Cash and balances with treasury banks	8 20,594,725	16,569,661
Balances with other banks	9 2,136,194	1,939,954
Due from financial institutions	10 4,000,000	-
Investments	11 115,385,105	109,899,905
Islamic financing and related assets - net	12 84,071,039	86,057,049
Fixed assets	13 3,977,741	3,975,501
Intangible assets	14 1,297,239	1,305,295
Deferred tax assets	15 2,897,291	2,653,775
Other assets	16 12,829,878	11,266,630
	247,189,212	233,667,770
LIABILITIES		
Bills payable	17 6,267,484	5,376,942
Due to financial institutions	18 12,733,556	12,950,001
Deposits and other accounts	19 196,328,441	185,049,169
Subordinated debt	20 4,624,241	4,624,241
Deferred tax liabilities	-	-
Other liabilities	21 10,954,244	11,062,688
	230,907,966	219,063,041
NET ASSETS	<u>16,281,246</u>	<u>14,604,729</u>
REPRESENTED BY		
Share capital - net	14,500,490	14,500,490
Reserves	1,118,709	760,280
Surplus on revaluation of assets	22 54,999	176,411
Accumulated profits / (losses)	607,048	(832,452)
	<u>16,281,246</u>	<u>14,604,729</u>
CONTINGENCIES AND COMMITMENTS	23	

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2023

	Half year ended		Quarter ended		
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	
Note -----(Rupees in '000)-----					
Profit / return earned	24	16,960,335	9,984,427	9,189,020	5,672,073
Profit / return expensed	25	(10,711,466)	(6,377,590)	(5,742,367)	(3,708,322)
Net profit / return		<u>6,248,869</u>	<u>3,606,837</u>	<u>3,446,653</u>	<u>1,963,751</u>
Other income					
Fee and commission income	26	461,681	502,879	224,012	244,493
Dividend income		2,474	4,611	270	150
Foreign exchange income		451,307	422,952	106,951	264,521
Gain on securities - net	27	3,234	18,493	586	(374)
Other income	28	6,495	14,605	5,144	8,836
Total other income		<u>925,191</u>	<u>963,540</u>	<u>336,963</u>	<u>517,626</u>
Total income		<u>7,174,060</u>	<u>4,570,377</u>	<u>3,783,616</u>	<u>2,481,377</u>
Other expenses					
Operating expenses	29	(3,666,991)	(3,073,955)	(1,911,687)	(1,568,522)
Workers' Welfare Fund		(60,426)	(23,974)	(33,610)	(12,096)
Other charges	30	(9,052)	(54,961)	(40)	(14,000)
Total other expenses		<u>(3,736,469)</u>	<u>(3,152,890)</u>	<u>(1,945,337)</u>	<u>(1,594,618)</u>
Profit before provisions		<u>3,437,591</u>	<u>1,417,487</u>	<u>1,838,279</u>	<u>886,759</u>
Provisions and write offs - net	31	(476,729)	(242,758)	(191,382)	(294,042)
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		<u>2,960,862</u>	<u>1,174,729</u>	<u>1,646,897</u>	<u>592,717</u>
Taxation	32	(1,168,718)	(373,509)	(599,118)	(115,293)
Profit after taxation		<u>1,792,144</u>	<u>801,220</u>	<u>1,047,779</u>	<u>477,424</u>
					----- Rupee -----
Basic / diluted earning per share	33	<u>1.30</u>	<u>0.58</u>	<u>0.76</u>	<u>0.35</u>

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2023

	Half year ended		Quarter ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	----- (Rupees in '000) -----			
Profit after taxation for the period / quarter	1,792,144	801,220	1,047,779	477,424
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(84,606)	(152,908)	165,745	(90,963)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	5,785	2,621	5,785	2,621
Movement in surplus on revaluation of non-banking assets - net of tax	(36,806)	(18,539)	(36,806)	(18,539)
	(31,021)	(15,918)	(31,021)	(15,918)
Total comprehensive income	1,676,517	632,394	1,182,503	370,543

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

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Director

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AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2023

	Share capital	Capital support fund	Discount on issue of shares	Statutory reserve*	Surplus / (deficit) on revaluation of		Accumulated (loss) / profit	Total
					investments	non-banking assets		
(Rupees in '000)								
Balance as at 31 December 2021 (audited)	13,739,628	1,393,628	(632,766)	458,341	198,387	282,717	(2,025,221)	13,414,714
Profit after taxation for the period	-	-	-	-	-	-	801,220	801,220
Other comprehensive (loss) / gain - net of tax	-	-	-	-	(152,908)	(18,539)	2,621	(168,826)
Transfer to statutory reserve	-	-	-	160,244	-	-	(160,244)	-
Balance as at 30 June 2022 (un-audited)	<u>13,739,628</u>	<u>1,393,628</u>	<u>(632,766)</u>	<u>618,585</u>	<u>45,479</u>	<u>264,178</u>	<u>(1,381,624)</u>	<u>14,047,108</u>
Profit after taxation for the period	-	-	-	-	-	-	708,475	708,475
Other comprehensive (loss) / gain - net of tax	-	-	-	-	(218,721)	85,475	(17,608)	(150,854)
Transfer to statutory reserve	-	-	-	141,695	-	-	(141,695)	-
Balance as at 31 December 2022 (audited)	<u>13,739,628</u>	<u>1,393,628</u>	<u>(632,766)</u>	<u>760,280</u>	<u>(173,242)</u>	<u>349,653</u>	<u>(832,452)</u>	<u>14,604,729</u>
Profit after taxation for the period	-	-	-	-	-	-	1,792,144	1,792,144
Other comprehensive (loss) / gain - net of tax	-	-	-	-	(84,606)	(36,806)	5,785	(115,627)
Transfer to statutory reserve	-	-	-	358,429	-	-	(358,429)	-
Balance as at 30 June 2023 (un-audited)	<u>13,739,628</u>	<u>1,393,628</u>	<u>(632,766)</u>	<u>1,118,709</u>	<u>(257,848)</u>	<u>312,847</u>	<u>607,048</u>	<u>16,281,246</u>

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

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2023

	Half year ended	
	30 June 2023	30 June 2022
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,960,862	1,174,729
Less: Dividend income	(2,474)	(4,611)
	<u>2,958,388</u>	<u>1,170,118</u>
Adjustments:		
Depreciation on fixed assets	29 122,715	111,883
Depreciation on right-of-use assets	29 255,041	298,175
Amortisation	29 75,326	77,026
Depreciation on non-banking assets	29 19,681	15,998
Provision and write-offs - net	31 476,729	242,758
Gain on sale of fixed assets - net	28 (930)	(911)
Finance charge on lease liability against right-of-use assets	25 127,607	75,896
Unrealised gain on revaluation of securities classified as held for trading	27 -	(2,532)
Workers' Welfare Fund	60,426	23,974
	<u>1,136,595</u>	<u>842,267</u>
	4,094,983	2,012,385
(Increase) / decrease in operating assets		
Due from financial institutions	(4,000,000)	(4,396,878)
Held-for-trading securities - net	-	2,712,493
Islamic financing and related assets - net	1,520,097	1,738,460
Others assets (excluding advance taxation)	(1,590,305)	(1,017,409)
	(4,070,208)	(963,334)
Increase / (decrease) in operating liabilities		
Bills payable	890,542	569,323
Due to financial institutions	(216,445)	22,859,425
Deposits and other accounts	11,279,272	850,645
Other liabilities	(942,272)	1,275,350
	11,011,097	25,554,743
Income tax paid	(622,953)	(129,700)
Net cash flows generated from operating activities	<u>10,412,919</u>	<u>26,474,094</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(6,203,139)	(31,427,141)
Net investments in held-to-maturity securities	512,848	1,540,890
Dividends received	2,474	4,611
Investments in fixed assets	(215,834)	(205,735)
Proceeds from sale of fixed assets	7,411	30,145
Net cash used in investing activities	<u>(5,896,240)</u>	<u>(30,057,230)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(295,375)	(283,460)
Net cash used in financing activities	<u>(295,375)</u>	<u>(283,460)</u>
Increase / (decrease) in cash and cash equivalents	<u>4,221,304</u>	<u>(3,866,596)</u>
Cash and cash equivalents at the beginning of the period	<u>18,509,615</u>	<u>27,371,984</u>
Cash and cash equivalents at the end of the period	<u><u>22,730,919</u></u>	<u><u>23,505,388</u></u>

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

AL BARAKA BANK (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2023

1. STATUS AND NATURE OF BUSINESS

- 1.1** Al Baraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company. The Bank was granted an Islamic Banking License BL(I)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) on 18 January 2007. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007. Upon merger of the Pakistan branches of Al Baraka Islamic Bank B.S.C. (c) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP on 12 March 2011, effective from close of business on 29 October 2010. The main objective of the Bank is to carry on Islamic banking business in Pakistan in accordance and in conformity with Shariah.

The Bank is a subsidiary of Al Baraka Islamic Bank B.S.C. (c) {parent bank} incorporated and domiciled in Bahrain and a member of Al Baraka Group.

- 1.2** During the year 2016, the shareholders of the Bank in their extra ordinary general meeting held on 22 August 2016 had approved the merger of the Bank with Burj Bank Limited under a "Scheme of Amalgamation" (the Scheme). Further, the State Bank of Pakistan, through its letter no. BPRD (R&P-02)/2016/24373 dated 14 October 2016, had also approved the scheme of amalgamation and granted sanction order for the amalgamation of Ex Burj Bank Limited with and into the Bank. As of the effective date of amalgamation, the entire undertaking of Ex Burj Bank Limited including all the properties, assets and liabilities and all the rights and obligations shall, without any further act, action or deed and notwithstanding the terms of any contract or other document or any rule of law, stood amalgamated with and vested in the Bank and as a consequence, Ex Burj Bank Limited stands amalgamated with and into the Bank.

The Bank's registered office is located at 162, Bangalore Town, Main Sharah-e-Faisal, Karachi. The Bank has 170 branches including 6 sub-branches (31 December 2022: 170 branches including 6 sub-branches) in Pakistan.

- 1.3** Based on the financial statements of the Bank for the year ended 31 December 2022, VIS Credit Rating Company Limited has maintained the long-term rating at 'A+' and short-term rating at 'A-1'.

- 1.4** In order to support the CAR requirements, Al Baraka Islamic Bank, B.S.C (c) (Parent Bank) has injected the temporary Capital Support Fund amounting to Rs 1.394 billion (USD 9 million) which is an allowable capital for the purposes of CAR, MCR and Leverage ratio. This fund can only be remitted back after prior approval of the SBP. In case capital of the Bank is not increased through alternate plans, the said Capital Support Fund will be converted into Share Capital of the Bank. Presently, SBP has allowed the Bank, a timeline extension for the commencement of conversion process of Capital Support Fund into Share Capital till 30 June 2024.

As at 30 June 2023, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs. 14.5 billion and 18.59% respectively.

2 BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the SBP vide BPRD Circular Letter No. 05 dated 22 March 2019 and the requirements of International Accounting Standard 34, "Interim Financial Reporting".

2.1 STATEMENT OF COMPLIANCE

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

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

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

- 2.1.2 These condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2022.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Standards, Interpretations and amendments to published accounting and reporting standards that are effective in the current period:

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

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

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations.

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
- IAS 1 - 'Non-current liabilities with covenants' (amendments)	1 January 2024
- IFRS 16 - 'Sale and leaseback' (amendments)	1 January 2024
- IFRS 9 - 'Financial instruments' *	1 January 2024

The management is in the process of assessing the impact of these amendments on the Bank.

- * As directed by the SBP via BPRD Circular No. 3 of 2022, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after 1 January, 2024 for banks having asset base of less than Rs. 500 billion as at December 31, 2021. SBP via the same circular has finalised the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During the period ended 30 June 2023, the management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalising the impact for initial application of IFRS 9.

The Bank will adopt IFRS 9 in its entirety effective 1 January 2024 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period. The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at 1 January 2024 is reduction in equity of approximately Rs. 827.671 million, representing corresponding impact.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2024 but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not stated in these financial statements.

4 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except for available-for-sale investments, non-banking assets and commitments in respect of foreign exchange forward contracts which have been measured at fair value in accordance with the requirements of SBP and obligation in respect of staff retirement benefits which are carried at present value of the defined benefit obligation less fair value of plan assets.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

6 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

7 FINANCIAL RISK MANAGEMENT

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

8	CASH AND BALANCES WITH TREASURY BANKS	Note	30 June	31 December
			2023	2022
			----- (Rupees in '000) -----	
			(Un-audited)	(Audited)
In hand				
	Local currency		3,945,106	2,879,096
	Foreign currencies		919,034	414,071
			4,864,140	3,293,167
With State Bank of Pakistan in				
	Local currency current account	8.1	12,326,646	11,363,393
	Foreign currency current account	8.2	43,474	59,904
	Foreign currency deposit account	8.3	2,173,632	1,822,851
			14,543,752	13,246,148
With National Bank of Pakistan in				
	Local currency current accounts		1,186,825	30,338
	Local currency deposit accounts		8	8
			1,186,833	30,346
			<u>20,594,725</u>	<u>16,569,661</u>

8.1 These represent local currency current account maintained with the SBP as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in a current account with the SBP at a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.

8.2 This represents foreign currency settlement account maintained with the SBP.

8.3 According to BSD Circular No.15 of 2008, Islamic Banks or Branches are required to maintain Cash Reserves in US \$ equivalent to their total FE-25 deposits on daily basis with the State Bank of Pakistan at 5% and 6% on Cash Reserve Account and Special Cash Reserve Account respectively.

9	BALANCES WITH OTHER BANKS	Note	30 June	31 December
			2023	2022
			----- (Rupees in '000) -----	
			(Un-audited)	(Audited)
In Pakistan				
	In current accounts		600	52,739
	In deposit accounts	9.1	136,643	129,946
			137,243	182,685
Outside Pakistan				
	In current accounts		1,700,690	1,440,015
	In deposit accounts	9.1	298,261	317,254
			1,998,951	1,757,269
			<u>2,136,194</u>	<u>1,939,954</u>

9.1 The expected return on remunerative deposits ranges from 3% to 10% (31 December 2022: 0.08% to 9.50%) per annum.

10	DUE FROM FINANCIAL INSTITUTIONS	Note	30 June	31 December
			2023	2022
			----- (Rupees in '000) -----	
			(Un-audited)	(Audited)
	Musharakah placements	10.1	4,000,000	-

10.1 The expected return on these placements ranges from 20.95% to 22% (31 December 2022: Nil) per annum. These will mature by July 2023.

11 INVESTMENTS

11.1 Investments by type

	30 June 2023 (Un-audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
Note	----- (Rupees in '000) -----							
Available-for-sale securities								
Federal Government securities	109,306,409	-	(332,626)	108,973,783	103,840,636	-	(133,145)	103,707,491
Shares	494,636	(306,753)	7,951	195,834	524,820	(303,313)	5,070	226,577
Non-government debt securities	1,456,377	(111,455)	8,186	1,353,108	1,754,355	(111,455)	10,453	1,653,353
Foreign securities	5,051,475	-	(189,095)	4,862,380	3,985,947	-	(186,311)	3,799,636
	116,308,897	(418,208)	(505,584)	115,385,105	110,105,758	(414,768)	(303,933)	109,387,057
Held-to-maturity securities								
Federal Government securities	11.2 & 11.5	-	-	-	512,848	-	-	512,848
Total investments	116,308,897	(418,208)	(505,584)	115,385,105	110,618,606	(414,768)	(303,933)	109,899,905

11.2 Investments by segments

	30 June 2023 (Un-audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
	----- (Rupees in '000) -----							
Federal Government securities								
Ijarah sukuk	84,816,030	-	(681,743)	84,134,287	79,339,305	-	(527,884)	78,811,421
Bai muajjal	-	-	-	-	512,848	-	-	512,848
Other sukuk	24,490,379	-	349,117	24,839,496	24,501,331	-	394,739	24,896,070
	109,306,409	-	(332,626)	108,973,783	104,353,484	-	(133,145)	104,220,339
Shares								
Listed companies	370,235	(280,599)	7,951	97,587	402,144	(277,159)	5,070	130,055
Unlisted companies	124,401	(26,154)	-	98,247	122,676	(26,154)	-	96,522
	494,636	(306,753)	7,951	195,834	524,820	(303,313)	5,070	226,577
Non-government debt securities								
Unlisted	1,456,377	(111,455)	8,186	1,353,108	1,754,355	(111,455)	10,453	1,653,353
Foreign securities								
Government securities	858,258	-	(10,588)	847,670	679,637	-	(11,311)	668,326
Non-government debt securities	4,193,217	-	(178,507)	4,014,710	3,306,310	-	(175,000)	3,131,310
	5,051,475	-	(189,095)	4,862,380	3,985,947	-	(186,311)	3,799,636
Total investments	116,308,897	(418,208)	(505,584)	115,385,105	110,618,606	(414,768)	(303,933)	109,899,905

	30 June 2023	31 December 2022
	(Un-audited)	(Audited)
11.3 Provision for diminution in value of investments	----- (Rupees in '000) -----	
11.3.1 Opening balance	414,768	456,839
Charge for the period / year	3,440	8,337
Reversal on disposals	-	(50,408)
	3,440	(42,071)
Closing balance	418,208	414,768

11.3.2 Particulars of provision against debt securities

Category of classification	30 June 2023 (Un-audited)		31 December 2022 (Audited)	
	Non-performing investment	Provision	Non-performing investment	Provision
	----- (Rupees in '000) -----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	111,455	111,455	111,455	111,455
	111,455	111,455	111,455	111,455

	Note	30 June 2023	31 December 2022
		(Un-audited)	(Audited)
11.4 Investment given as collateral - at market value			
- Ijarah sukuk	18.5	4,970,000	3,983,200

11.5 There are no securities classified as held-to-maturity as at 30 June 2023.

12 ISLAMIC FINANCING AND RELATED ASSETS - NET

Note	Performing		Non-performing		Total	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	(Rupees in '000)					
- Murabaha financing	1,146,218	1,700,354	2,324,751	2,261,818	3,470,969	3,962,172
- Advance against murabaha financing	415,904	464,353	123,120	105,720	539,024	570,073
- Export refinance under Islamic scheme	4,500	13,500	63,655	63,871	68,155	77,371
- Advance against export refinance under Islamic scheme	5,745,359	5,361,324	157,915	-	5,903,274	5,361,324
- Inventory against export refinance under Islamic scheme	4,000	20,000	-	-	4,000	20,000
- Diminishing musharaka and Ijarah financing	45,410,357	49,548,617	2,730,556	2,448,647	48,140,913	51,997,264
- Advance against diminishing musharaka finance	99,667	636,178	-	-	99,667	636,178
- Running musharaka	3,207,807	2,990,977	-	-	3,207,807	2,990,977
- Tijarah finance	30,779	710,946	850	-	31,629	710,946
- Tijarah Inventory	-	-	7,228	7,228	7,228	7,228
- Advance against tijarah	2,073,188	1,763,088	9,659	-	2,082,847	1,763,088
- Over-due acceptances	63,636	4,002	491,342	494,670	554,978	498,672
- Payment against guarantee	3,776	3,776	56,062	56,062	59,838	59,838
- Payment against documents	72,649	903,334	-	-	72,649	903,334
- Salam financing	60,452	41,583	900	900	61,352	42,483
- Advance against salam	5,338,394	5,029,815	2,568,254	2,607,927	7,906,648	7,637,742
- Salam inventory	20,000	400	69,718	55,685	89,718	56,085
- Financing against bills	-	142	-	-	-	142
- Rahnuma travel services	8,800	-	-	-	8,800	-
- Istasna finance	794,035	314,637	601,555	569,165	1,395,590	883,802
- Advance against istasna	17,380,916	14,451,722	3,202,847	2,995,592	20,583,763	17,447,314
- Istasna inventory	162,024	443,974	105,749	4,720	267,773	448,694
- Qarz-e-Hasna	56,491	58,658	60,292	60,117	116,783	118,775
Islamic financing and related assets - gross	82,098,952	84,461,380	12,574,453	11,732,122	94,673,405	96,193,502
Provisions for non-performing financing						
- Specific	12.3	-	(9,812,853)	(9,717,701)	(9,812,853)	(9,717,701)
- General	12.3	(789,513)	(418,752)	-	(789,513)	(418,752)
Islamic financing and related assets - net of provisions		81,309,439	84,042,628	2,761,600	2,014,421	84,071,039

	30 June 2023	31 December 2022
	(Un-audited)	(Audited)
12.1 Particulars of Islamic financing and related assets (Gross)		
In local currency	93,806,225	95,978,619
In foreign currency	867,180	214,883
	94,673,405	96,193,502

- 12.2 Islamic financing and related assets include Rs. 12,574.453 million (31 December 2022: Rs. 11,732.122 million) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2023 (Un-audited)		31 December 2022 (Audited)	
	Classified Islamic financing and related assets	Provision	Classified Islamic financing and related assets	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	319,887	-	238,507	-
Substandard	831,760	100,416	215,491	27,611
Doubtful	471,417	28,954	191,619	52,007
Loss	10,951,389	9,683,483	11,086,505	9,638,083
	<u>12,574,453</u>	<u>9,812,853</u>	<u>11,732,122</u>	<u>9,717,701</u>

12.3 Particulars of provisions against non-performing Islamic financing and related assets

	30 June 2023 (Un-audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	9,717,701	418,752	10,136,453	9,143,140	277,548	9,420,688
Charge for the period / year	312,472	400,000	712,472	1,210,006	141,204	1,351,210
Reversals for the period / year	(220,223)	(29,239)	(249,462)	(290,016)	-	(290,016)
	92,249	370,761	463,010	919,990	141,204	1,061,194
Charge for the period / year - agriculture financing	2,903	-	2,903	9,562	-	9,562
	95,152	370,761	465,913	929,552	141,204	1,070,756
Amounts written off against provision	-	-	-	(354,991)	-	(354,991)
Closing balance	<u>9,812,853</u>	<u>789,513</u>	<u>10,602,366</u>	<u>9,717,701</u>	<u>418,752</u>	<u>10,136,453</u>

- 12.3.1 The above provision against non-performing Islamic financing and related assets has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 2,267.848 (31 December 2022: Rs. 1,687.842) million. The FSV benefit recognised is not allowed for distribution of cash or stock dividend to shareholders and bonus to employees.

- 12.3.2 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and House Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 544.744 (31 December 2022: Rs. 144.744) million against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

13	FIXED ASSETS	Note	30 June 2023	31 December 2022
			(Un-audited)	(Audited)
----- (Rupees in '000) -----				
	Capital work-in-progress	13.1	283,263	285,843
	Property and equipment		2,108,372	2,086,424
	Right-of-use asset		1,586,106	1,603,234
			<u>3,977,741</u>	<u>3,975,501</u>
13.1	Capital work-in-progress			
	Civil works		282,484	285,254
	Advance to suppliers		779	589
	Advance for purchase of property - related party		251,680	251,680
	Provisions for impairment against advance for purchase of property		(251,680)	(251,680)
			-	-
	Total capital work-in-progress		<u>283,263</u>	<u>285,843</u>

	30 June 2023	30 June 2022
	----- (Rupees in '000) -----	
	----- (Un-audited) -----	
13.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	7,655	45,921
Property and equipment		
Building on leasehold land	9,482	28,556
Furniture and fixture	4,526	3,139
Electrical office and computer equipment	101,247	45,041
Vehicles	35,883	-
	151,138	76,736
Total	<u>158,793</u>	<u>122,657</u>
13.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Building on leasehold land	-	3,445
Furniture and fixture	-	1,275
Electrical office and computer equipment	55	2,955
Vehicles	6,426	21,559
Total	<u>6,481</u>	<u>29,234</u>
	30 June 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-audited)	(Audited)
14 INTANGIBLE ASSETS		
Computer software	159,106	150,654
Advance to suppliers against computer software	124,583	106,279
Core deposits	234,288	269,100
Brand	383,145	383,145
Goodwill	396,117	396,117
	<u>1,297,239</u>	<u>1,305,295</u>
	30 June 2023	30 June 2022
	----- (Rupees in '000) -----	
	----- (Un-audited) -----	
14.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Advance to suppliers against computer software	47,327	40,525
Computer software	48,966	90,081
	<u>96,293</u>	<u>130,606</u>
	30 June 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-audited)	(Audited)
15 DEFERRED TAX ASSETS		
Deductible temporary differences on:		
- Tax losses carried forward	-	338,478
- Post retirement employee benefits	47,241	41,456
- Provision against assets	2,999,910	2,526,014
- Other deductible temporary differences	82,263	46,207
- Deficit on revaluation of investments	247,736	130,691
	3,377,150	3,082,846
Taxable temporary differences on:		
- Surplus on revaluation of non-banking assets	(300,579)	(263,773)
- Accelerated tax depreciation	(179,280)	(165,298)
	(479,859)	(429,071)
	<u>2,897,291</u>	<u>2,653,775</u>

		30 June 2023	31 December 2022
	Note	----- (Rupees in '000) ----- (Un-audited)	(Audited)
16 OTHER ASSETS			
Profit / return accrued in local currency		7,368,016	5,731,273
Profit / return accrued in foreign currency		35,359	22,665
Advances, deposits, advance rent and other prepayments		804,464	703,856
Non-banking assets acquired in satisfaction of claims		1,293,101	1,312,781
Mark to market gain on re-measurement of forward exchange contracts		694,635	452,929
Stamps and stationery		1,984	4,249
Acceptances		1,850,178	2,361,669
Others		317,927	212,994
		<u>12,365,664</u>	<u>10,802,416</u>
Less: Provision held against other assets	16.1	<u>(149,212)</u>	<u>(149,212)</u>
Other assets (net of provision)		12,216,452	10,653,204
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	<u>613,426</u>	<u>613,426</u>
Other assets - total		<u><u>12,829,878</u></u>	<u><u>11,266,630</u></u>
16.1 Provision held against other assets			
Non-performing receivables		148,966	148,966
Others		246	246
		<u>149,212</u>	<u>149,212</u>
17 BILLS PAYABLE			
In Pakistan		<u>6,267,484</u>	<u>5,376,942</u>
18 DUE TO FINANCIAL INSTITUTIONS			
Secured			
Borrowings from State Bank of Pakistan			
- Under Islamic export refinance scheme	18.1	5,879,174	5,310,244
- Under Islamic refinance scheme for payment of salaries and wages		-	125,080
- Under Islamic temporary economic refinance facility for plant and machinery	18.2	1,952,155	1,978,884
- Under Islamic refinance facility for combating COVID-19	18.3	42,959	49,879
- Under Islamic financing facility for renewable energy	18.4	103,481	109,001
- Under Shariah compliant standing ceiling facility	18.5	4,755,787	3,886,913
		<u>12,733,556</u>	<u>11,460,001</u>
Unsecured			
Other Musharaka	18.6	-	1,490,000
		<u>12,733,556</u>	<u>12,950,001</u>
18.1	The range of profit rates on these borrowings is 9% to 17% per annum (31 December 2022: 8% to 10% per annum). The maximum limit approved by SBP to the Bank under Islamic Export Refinance Scheme is Rs. 6.609 billion. These contracts will mature in October 2023.		
18.2	SBP vide its Circular No. 02 of 2020 has introduced an Islamic temporary economic refinance facility to support sustainable economic growth. The facility aims to provide concessionary finance for setting up of new industrial units through purchase of new imported and locally manufactured plant and machinery. The profit rate on these borrowings is 1% (31 December 2022: 1%) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs. 2 billion. These contracts will mature in October 2032.		
18.3	SBP vide its Circular No. 04 of 2020 has introduced an Islamic refinance facility to combat the impact of COVID-19. The facility aims to provide long term finance for purchase of new imported and locally manufactured medical equipments to be used for combating COVID-19 by hospitals and medical centers registered with provincials / federal agencies. The maximum limit approved by SBP to the Bank under this scheme is Rs. 75 million. These contracts will mature in December 2026.		

- 18.4 The profit rate on these borrowings is 2% (31 December 2022: 2%) per annum. SBP vide its Letter No. IH&SMEFD/IFRE/2022-2215 revised the maximum limit for the Bank to Rs. 168 million. Further, these contracts will mature in May 2032.
- 18.5 These represents acceptance of funds by the Bank on Mudaraba basis and are secured against lien of the Bank's investment in Federal Government Securities. The range of profit rates on these borrowings is 21.14% to 21.16% (31 December 2022: 16.26%) per annum and are due to mature by August 2023.
- 18.6 The profit rate on these borrowings is Nil (31 December 2022: 16%) per annum.

19 DEPOSITS AND OTHER ACCOUNTS

	30 June 2023 (Un-audited)			31 December 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	37,473,911	9,686,170	47,160,081	27,397,519	7,477,567	34,875,086
Savings deposits	50,860,423	5,732,636	56,593,059	54,920,776	9,351,938	64,272,714
Term deposits	49,133,189	7,633,045	56,766,234	54,508,615	2,200,361	56,708,976
Others	4,664,027	-	4,664,027	3,299,962	-	3,299,962
	142,131,550	23,051,851	165,183,401	140,126,872	19,029,866	159,156,738
Financial Institutions						
Current deposits	14,025	276,340	290,365	89,991	1,820	91,811
Savings deposits	30,495,003	1,172	30,496,175	24,262,195	925	24,263,120
Term deposits	358,500	-	358,500	1,537,500	-	1,537,500
	30,867,528	277,512	31,145,040	25,889,686	2,745	25,892,431
	172,999,078	23,329,363	196,328,441	166,016,558	19,032,611	185,049,169

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

20 SUBORDINATED DEBT

Tier II mudaraba sukuk - second issue	20.1	1,500,000	1,500,000
Tier II mudaraba sukuk - third issue	20.2	1,735,000	1,735,000
Additional Tier I capital	20.3	1,389,241	1,389,241
		4,624,241	4,624,241

- 20.1 In August 2017, the Bank issued regulatory shariah compliant unsecured, subordinated privately placed Tier-II sukuk (second issue) based on mudaraba of Rs. 1.5 billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II sukuk (second issue) is as follows:

Credit rating	A by VIS Credit Rating Company Limited
Issue date	22 August 2017
Tenor	7 years from the issue date
Maturity date	21 August 2024
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the seventh year
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 month KIBOR + 0.75% per annum.
Call option	The Bank may call Tier-II sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss absorbency	The Tier-II sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-clause	Profit and / or redemption amount can be held back in respect of the Tier-II sukuk, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

- 20.2** In December 2021, the Bank issued regulatory shariah compliant unsecured, subordinated privately placed Tier-II sukuk (third issue) based on mudaraba of Rs. 1.735 billion as instruments of redeemable capital under section 66 of the Companies Act, 2017. A brief description of Tier-II sukuk (third issue) is as follows:

Credit rating	A by VIS Credit Rating Company Limited
Issue date	22 December 2021
Maturity date	21 December 2031
Tenor	10 years from the issue date
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 6 month KIBOR + 1.5% per annum.
Call option	The Bank may call Tier-II sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss absorbency	The Tier-II sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-clause	Profit and / or redemption amount can be held back in respect of the Tier-II sukuk, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

- 20.3** In December 2018, the Bank issued regulatory shariah compliant unsecured, subordinated privately placed Additional Tier-I (ADT-1) capital based on mudaraba of Rs. 1.389 billion. A brief description of Additional Tier-I (ADT-1) capital is as follows:

Credit rating	Not rated
Issue date	26 December 2018
Tenor	Perpetual
Profit payment frequency	Monthly
Redemption	Perpetual
Expected periodic profit amount (mudaraba profit amount)	Mudaraba profit is computed under the general depositors' pool on the basis of Profit Sharing Ratio (PSR) and monthly weightages announced by the Bank. Profit rate is 1 Year KIBOR + 2.50% per annum.
Call option	The Bank may call ADT-1 Capital sukuk with prior approval of SBP after completion of five years from the date of issue.
Loss absorbency	The ADT-1 capital, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a Point of Non-Viability (PONV) trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-clause	Profit and / or redemption amount can be held back in respect of the ADT-1 capital, if such payment will result in a shortfall in the Bank's minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) requirement.

	30 June 2023	31 December 2022
	----- (Rupees in '000) -----	
21 OTHER LIABILITIES	(Un-audited)	(Audited)
Return on deposits and other dues:		
- payable in local currency	2,756,626	2,523,349
- payable in foreign currencies	250,121	16,396
Accrued expenses	806,781	707,235
Current taxation (payments less provisions)	973,403	270,146
Unearned income	60,796	73,696
Advance payments	831,103	833,429
Charity fund balance	38,281	32,200
Security deposits against ijarah	79,766	81,903
Payable in respect of defined benefit plan	62,621	62,621
Takaful payable against ijarah and diminishing musharakah assets	343,355	377,468
Branch adjustment account	157,099	393,226
Acceptances	1,850,178	2,361,669
Lease liability against right-of-use assets	1,765,926	1,695,781
Others	978,188	1,633,569
	<u>10,954,244</u>	<u>11,062,688</u>

	Note	30 June 2023 ----- (Rupees in '000) ----- (Un-audited)	31 December 2022 (Audited)
22 SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of:			
- Available-for-sale securities	11.1	(505,584)	(303,933)
- Non-banking assets acquired in satisfaction of claims	16	613,426	613,426
		107,842	309,493
Deferred tax on surplus / (deficit) on revaluation of:			
- Available-for-sale securities		247,736	130,691
- Non-banking assets acquired in satisfaction of claims		(300,579)	(263,773)
		(52,843)	(133,082)
		<u>54,999</u>	<u>176,411</u>
23 CONTINGENCIES AND COMMITMENTS			
- Guarantees	23.1	15,269,978	14,712,264
- Commitments	23.2	42,141,303	48,500,519
		<u>57,411,281</u>	<u>63,212,783</u>
23.1 Guarantees:			
Financial guarantees		19,136	953,683
Performance guarantees		10,963,468	10,040,818
Other guarantees		4,287,374	3,717,763
		<u>15,269,978</u>	<u>14,712,264</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		13,566,822	11,407,940
Commitments in respect of forward foreign exchange contracts	23.2.1	27,689,260	36,327,164
Commitments for acquisition of operating fixed assets		9,096	4,618
Other commitments	23.2.2	876,125	760,797
		<u>42,141,303</u>	<u>48,500,519</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		20,303,857	23,494,138
Sale		7,385,403	12,833,026
		<u>27,689,260</u>	<u>36,327,164</u>
23.2.1.1 The maturities of the above contracts are spread over a period upto one year.			
23.2.2 Other commitments			
Commitments in respect of financing	23.2.2.1	<u>876,125</u>	<u>760,797</u>
23.2.2.1 These represent commitments that are irrecoverable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
23.3 Other contingencies			
23.3.1 There is no change in the status of contingencies disclosed in notes 22.3 and 22.4 to the annual audited financial statements of the Bank for the year ended 31 December 2022, except for the following:			
23.3.2 In respect of assessments of ex - Burj Bank Limited [now Al Baraka Bank (Pakistan) Limited], the Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice during the current period in respect of tax year 2017 under Section 161(1A) of the Income Tax Ordinance, 2001 requiring the Bank to furnish certain details and information under monitoring proceeding. In response to the notice, the Bank had submitted the requisite information to the DCIR. The DCIR has passed an order under section 161(1) of the Income Tax Ordinance, 2001 demanding Rs. 133.984 million along with a default surcharge of Rs. 104.089 million and a penalty of Rs. 13.398 million on account of non-submission of requested documentary record leading to the default in collection and deposition of advance tax / withholding tax on part of the Appellant. The Bank has filed an appeal against the order, whose proceedings are pending till date. The management of the Bank is confident that the appeals are likely to be decided in favour of the Bank and, hence no provision has been made in these condensed interim financial statements.			

		----- (Un-audited) ----- Half year ended	
		30 June 2023	30 June 2022
		----- (Rupees in '000) -----	
24	PROFIT / RETURN EARNED	Note	
	On:		
	- Islamic financing and related assets - net		7,417,941 5,357,213
	- Investments		9,401,662 4,410,073
	- Due from financial institutions		131,444 143,519
	- Balances with banks		9,288 73,622
			<u>16,960,335</u> <u>9,984,427</u>
	25 PROFIT / RETURN EXPENSED		
	On:		
	- Deposits		9,142,213 5,064,813
	- Borrowings		436,612 696,980
	- Conversion cost against foreign currency deposits / borrowings		237,523 193,069
	- Subordinated debt		439,223 287,156
	- Finance charge on lease liability against right-of-use asset		127,607 75,896
	- SBP Islamic refinance schemes		328,288 59,676
			<u>10,711,466</u> <u>6,377,590</u>
	26 FEE AND COMMISSION INCOME		
	Branch banking customer fees		48,429 47,986
	Consumer finance related fees		89,029 55,392
	Debit card related fees and income		77,916 64,786
	Investment banking fees		12,228 55,920
	Commission on trade		145,975 172,932
	Commission on guarantees		53,169 71,161
	Commission on cash management		6,723 6,397
	Commission on remittances including home remittances		15,090 13,156
	Commission on bancatakaful		2,065 4,690
	Export rebates		- 2,553
	Others		11,057 7,906
			<u>461,681</u> <u>502,879</u>
	27 GAIN ON SECURITIES - NET		
	Realised	27.1	3,234 15,961
	Unrealised - held for trading		- 2,532
			<u>3,234</u> <u>18,493</u>
	27.1 Realised gain / (loss) on:		
	Federal Government securities		2,040 63,891
	Shares		1,194 (47,930)
			<u>3,234</u> <u>15,961</u>
	28 OTHER INCOME		
	Rent on property		5,565 13,694
	Gain on sale of fixed assets - net		930 911
			<u>6,495</u> <u>14,605</u>

	Note	----- (Un-audited) ----- Half year ended	
		30 June	30 June
		2023	2022
		----- (Rupees in '000) -----	
29 OPERATING EXPENSES			
Compensation expense			
Total compensation expense		1,672,244	1,325,769
Property expense			
Rent and taxes		82,798	30,983
Takaful expense		18,441	20,279
Utilities		152,113	125,537
Security (including guards)	29.1	175,577	141,557
Repair and maintenance (including janitorial charges)	29.1	63,801	48,179
Depreciation on fixed assets		34,694	36,249
Depreciation on right-of-use assets		255,041	298,175
Depreciation on non-banking assets		19,681	15,998
Others		3,575	3,775
		805,721	720,732
Information technology expenses			
Software maintenance		168,914	134,540
Hardware maintenance		7,448	32,878
Depreciation on fixed assets		39,122	29,270
Amortisation		40,514	28,452
Network charges		50,337	38,461
Others		73,270	33,925
		379,605	297,526
Other operating expenses			
Directors' fees and allowances		50,600	63,500
Fees and allowances to Shariah Board		3,214	3,706
Legal and professional charges		29,397	64,499
Outsourced services costs	29.1	125,460	90,783
Travelling and conveyance		33,655	21,253
NIFT clearing charges		11,258	8,771
Depreciation on fixed assets		48,899	46,364
Amortisation		34,812	48,574
Takaful and registration of Ijarah		2,160	1,469
Training and development		7,481	2,021
Postage and courier charges		18,571	18,280
Communication		27,016	23,428
Stationery and printing	29.1	83,237	67,532
Marketing, advertisement and publicity		34,607	39,056
Repair and maintenance		37,064	21,418
Auditors' remuneration		8,349	9,091
Depositors' protection		64,848	68,019
Brokerage, commission and bank charges		131,230	100,546
Others		57,563	31,618
		809,421	729,928
		3,666,991	3,073,955

29.1 These amounts include outsourcing services with regards to janitorial services, security services, contractual employees over third party contracts and printing activities.

	Note	----- (Un-audited) ----- Half year ended	
		30 June	30 June
		2023	2022
		----- (Rupees in '000) -----	
30 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		9,052	54,961
		9,052	54,961

		<u>Half year ended</u>	
		<u>30 June</u>	<u>30 June</u>
		<u>2023</u>	<u>2022</u>
Note		----- (Rupees in '000) -----	----- (Un-audited) -----
31	PROVISIONS AND WRITE OFFS - NET		
	Provision / (reversal) for diminution in value of investments	3,440	(45,869)
	Provision against non-performing Islamic financing and related assets	465,913	265,932
	Write off against other assets	7,376	5,837
	Write off against fixed assets	-	16,858
		<u>476,729</u>	<u>242,758</u>
32	TAXATION		
	Current tax - current period	1,326,210	143,779
	Deferred tax - current period	(157,492)	229,730
		<u>1,168,718</u>	<u>373,509</u>
33	BASIC / DILUTED EARNING PER SHARE		
	Profit after taxation for the period	<u>1,792,144</u>	<u>801,220</u>
		-----Number of shares-----	
	Weighted average number of ordinary shares	<u>1,373,962,760</u>	<u>1,373,962,760</u>
		-----Rupees-----	
	Basic / diluted earnings per share	<u>1.30</u>	<u>0.58</u>
33.1	Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at 30 June 2023 and 30 June 2022 which would have any effect on the earnings per share if the option to convert is exercised.		

34 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities 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 debt securities, fixed term loans, 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.

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

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); and

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

34.1 Fair value of financial assets

The following table provides the fair value measurement hierarchy of the Bank's assets:

June 30, 2023 (Un-audited)				
On balance sheet financial instruments	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Financial assets - measured at fair value				
Investments				
Federal Government securities	23,723,215	85,250,568	-	108,973,783
Other securities	-	1,130,886	-	1,130,886
Shares	97,587	-	-	97,587
Foreign securities	4,862,380	-	-	4,862,380
	<u>28,683,182</u>	<u>86,381,454</u>	<u>-</u>	<u>115,064,636</u>
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	20,594,725
Balances with other banks	-	-	-	2,136,194
Due from financial institutions	-	-	-	4,000,000
Investments	-	-	-	320,469
Islamic financing and related assets	-	-	-	84,071,039
Other assets	-	-	-	10,840,487
	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,962,914</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	20,303,857	-	20,303,857
Forward sale of foreign exchange	-	7,385,403	-	7,385,403
	<u>-</u>	<u>27,689,260</u>	<u>-</u>	<u>27,689,260</u>
31 December 2022 (Audited)				
On balance sheet financial instruments	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Financial assets - measured at fair value				
Investments				
Federal Government securities	23,520,350	80,187,141	-	103,707,491
Other securities	-	1,553,353	-	1,553,353
Shares	130,055	-	-	130,055
Foreign securities	3,799,636	-	-	3,799,636
	<u>27,450,041</u>	<u>81,740,494</u>	<u>-</u>	<u>109,190,535</u>
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	16,569,661
Balances with other banks	-	-	-	1,939,954
Due from financial institutions	-	-	-	-
Investments	-	-	-	709,370
Islamic financing and related assets	-	-	-	86,057,049
Other assets	-	-	-	9,266,766
	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,542,800</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	23,494,138	-	23,494,138
Forward sale of foreign exchange	-	12,833,026	-	12,833,026
	<u>-</u>	<u>36,327,164</u>	<u>-</u>	<u>36,327,164</u>

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

34.2 Valuation techniques used in determination of fair values

Particulars	Valuation approach and input used
Federal government securities	The fair value of federal government securities are determined on the basis of rates / prices sourced from Reuters. However, valuation of Pakistan Energy Sukuk is on the basis of rates announced or last traded rates by PSX.
Non-government debt securities	Investment in non-government debt securities denominated in local currency are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP).
Foreign government debt securities	The fair value of overseas Government securities are denominated on the basis of rates taken from Bloomberg / Reuters.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

35 SEGMENT INFORMATION

35.1 Segment details with respect to business activities

30 June 2023 (Un-audited)							
Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total	
(Rupees in '000)							
Profit and loss							
Net profit / return earned	2,757,932	518,881	(2,729,848)	6,118,742	(416,838)	-	6,248,869
Inter segment revenue - net	-	-	10,172,640	-	1,375,540	(11,548,180)	-
Other income	139,334	91,198	237,761	453,941	2,957	-	925,191
Total income	2,897,266	610,079	7,680,553	6,572,683	961,659	(11,548,180)	7,174,060
Segment direct expenses	(273,599)	(167,312)	(3,252,154)	(43,404)	-	-	(3,736,469)
Inter segment expense allocation	(2,205,271)	(221,385)	(2,641,002)	(6,480,522)	-	11,548,180	-
Total expenses	(2,478,870)	(388,697)	(5,893,156)	(6,523,926)	-	11,548,180	(3,736,469)
(Provisions) / reversal	(78,577)	9,351	(19,024)	(3,440)	(385,039)	-	(476,729)
Profit before tax	339,819	230,733	1,768,373	45,317	576,620	-	2,960,862
Statement of financial position							
Cash and balances with treasury banks	121,313	-	5,870,657	14,453,166	149,589	-	20,594,725
Balances with other banks	-	-	-	2,136,194	-	-	2,136,194
Due from financial institutions	-	-	-	4,000,000	-	-	4,000,000
Investments	2,469,389	-	-	112,915,716	-	-	115,385,105
Net inter segment lending	-	-	130,635,844	-	14,963,519	(145,599,363)	-
Islamic financing and related assets - performing	45,209,276	9,965,577	23,845,480	-	2,289,106	-	81,309,439
- non-performing	1,540,449	848,436	372,715	-	-	-	2,761,600
Others	5,276,697	1,811,838	5,587,220	4,867,693	3,458,701	-	21,002,149
Total assets	54,617,124	12,625,851	166,311,916	138,372,769	20,860,915	(145,599,363)	247,189,212
Bills payable	-	-	6,267,484	-	-	-	6,267,484
Due to financial institutions	6,978,648	999,121	-	4,755,787	-	-	12,733,556
Subordinated debt	-	-	-	-	4,624,241	-	4,624,241
Deposits and other accounts	27,985,494	10,101,620	128,142,883	30,098,444	-	-	196,328,441
Net inter segment borrowing	17,236,583	578,095	24,648,958	103,242,826	-	(145,706,462)	-
Others	2,076,581	716,281	5,484,217	124,322	2,552,843	-	10,954,244
Total liabilities	54,277,306	12,395,117	164,543,542	138,221,379	7,177,084	(145,706,462)	230,907,966
Equity	339,818	230,734	1,768,374	151,390	13,683,831	107,099	16,281,246
Total equity and liabilities	54,617,124	12,625,851	166,311,916	138,372,769	20,860,915	(145,599,363)	247,189,212
Contingencies and commitments	18,724,261	10,585,176	199,097	27,902,746	4,204,712	-	61,615,992

30 June 2022 (Un-audited)							
Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total	
(Rupees in '000)							
Profit and loss							
Net profit / return earned	1,418,842	736,505	(1,819,828)	3,518,200	(246,882)	-	3,606,837
Inter segment revenue - net	-	-	5,501,093	-	629,527	(6,130,620)	-
Other income	225,613	107,752	183,479	438,464	8,232	-	963,540
Total income	1,644,455	844,257	3,864,744	3,956,664	390,877	(6,130,620)	4,570,377
Segment direct expenses	(119,297)	(135,828)	(2,857,581)	(40,184)	-	-	(3,152,890)
Inter segment expense allocation	(1,377,672)	(826,775)	-	(3,926,173)	-	6,130,620	-
Total expenses	(1,496,969)	(962,603)	(2,857,581)	(3,966,357)	-	6,130,620	(3,152,890)
(Provisions) / reversal	(95,953)	(101,948)	(90,726)	45,869	-	-	(242,758)
Profit / (loss) before tax	51,533	(220,294)	916,437	36,176	390,877	-	1,174,729

31 December 2022 (Audited)						
Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total
(Rupees in '000)						
Statement of financial position						
Cash and balances with treasury banks	49,952	-	3,259,753	11,441,608	1,818,348	16,569,661
Balances with other banks	-	-	-	1,939,954	-	1,939,954
Due from financial institutions	-	-	-	-	-	-
Investments	3,029,073	-	-	106,870,832	-	109,899,905
Net inter segment lending	-	-	163,802,792	-	10,168,570	(173,971,362)
Islamic financing and related assets - performing	43,035,925	12,278,771	26,638,844	-	2,089,088	84,042,628
- non-performing	1,033,010	628,363	353,048	-	-	2,014,421
Others	5,686,349	1,264,508	5,597,146	3,655,380	2,997,818	19,201,201
Total assets	52,834,309	14,171,642	199,651,583	123,907,774	17,073,824	(173,971,362)
Bills payable	-	-	5,376,942	-	-	5,376,942
Due to financial institutions	6,749,505	823,583	-	5,376,913	-	12,950,001
Subordinated debt	-	-	-	-	4,624,241	4,624,241
Deposits and other accounts	28,701,109	-	156,348,060	-	-	185,049,169
Net inter segment borrowing	14,550,068	13,847,503	27,318,484	118,255,307	-	(173,971,362)
Others	2,901,390	25,716	7,783,499	104,323	247,760	11,062,688
Total liabilities	52,902,072	14,696,802	196,826,985	123,736,543	4,872,001	(173,971,362)
Equity	(67,763)	(525,160)	2,824,598	171,231	12,201,823	14,604,729
Total equity and liabilities	52,834,309	14,171,642	199,651,583	123,907,774	17,073,824	(173,971,362)
Contingencies and commitments	18,247,731	8,494,243	143,646	36,327,164	4,390,406	-

36 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, employee benefit plans and its directors and Key Management Personnel.

The Banks 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 employee 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 financial statements are as follows:

	30 June 2023 (Un-audited)					31 December 2022 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
(Rupees in '000)										
Islamic financing and related assets										
Opening balance	-	-	323,346	-	323,346	-	-	380,424	-	380,424
Addition during the period / year	-	-	54,952	2,500	57,452	-	-	82,532	-	82,532
Repaid during the period / year	-	-	(22,656)	(188)	(22,844)	-	-	(53,468)	-	(53,468)
Transfer in / out	-	-	(22,080)	-	(22,080)	-	-	(86,142)	-	(86,142)
Closing balance	-	-	333,562	2,312	335,874	-	-	323,346	-	323,346
Fixed assets										
Fixed assets	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Provision for impairment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Other assets										
Profit receivable on Islamic financing and related assets	-	-	157	2	159	-	-	85	-	85
Subordinated debt	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241

	30 June 2023 (Un-audited)					31 December 2022 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----										
Deposits and other accounts										
Opening balance	15,310	47,938	44,752	1,178,785	1,286,785	13,845	49,643	46,691	1,093,154	1,203,333
Received during the period / year	1,748	107,980	184,001	6,469,131	6,762,860	1,465	65,156	265,621	11,587,411	11,919,653
Withdrawn during the period / year	-	(99,031)	(187,006)	(6,666,997)	(6,953,034)	-	(66,861)	(255,299)	(11,508,446)	(11,830,606)
Transfer in / out	-	-	(5,369)	(33,311)	(38,680)	-	-	(12,261)	6,666	(5,595)
Closing balance	<u>17,058</u>	<u>56,887</u>	<u>36,378</u>	<u>947,608</u>	<u>1,057,931</u>	<u>15,310</u>	<u>47,938</u>	<u>44,752</u>	<u>1,178,785</u>	<u>1,286,785</u>
Other liabilities										
Return payable on deposits	-	28	329	15,203	15,560	-	40	295	3,554	3,889
Return payable on subordinated debt	139,960	-	-	-	139,960	197,648	-	-	-	197,648
Payable in respect of defined benefit plan	-	-	-	62,621	62,621	-	-	-	62,621	62,621
Other liabilities	-	-	-	657	657	-	-	-	657	657
Non-funded exposure	-	-	-	-	-	-	-	-	-	-

	Half year ended 30 June 2023 (Un-audited)					Half year ended 30 June 2022 (Un-Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----										

Related party transactions during the period**Income**

Profit earned on Islamic financing and related assets	-	-	5,657	54	5,711	-	-	4,667	-	4,667
Fee and commission income	-	-	-	723	723	-	-	-	4,266	4,266

Expense and transactions

Return on deposits expenses	-	5,278	1,739	75,398	82,415	-	313	1,274	41,111	42,698
Salaries, allowances and benefits	-	-	168,565	-	168,565	-	-	141,297	-	141,297
Director fee and other allowances	-	50,600	-	-	50,600	-	63,500	-	-	63,500
Shariah Board fee	-	-	-	3,214	3,214	-	-	-	3,706	3,706
Rent expense	-	-	-	-	-	-	-	-	6,869	6,869
Contribution to defined contribution plan	-	-	-	59,144	59,144	-	-	-	53,368	53,368
Contribution to defined benefit plan	-	-	-	48,620	48,620	-	-	-	44,013	44,013
Return on sub-ordinated loan	136,749	-	-	-	136,749	96,861	-	-	-	96,861

	30 June 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-audited)	(Audited)
37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>14,500,490</u>	<u>13,668,038</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>13,188,448</u>	<u>11,426,288</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>1,389,241</u>	<u>1,389,241</u>
Total Eligible Tier 1 Capital	<u>14,577,689</u>	<u>12,815,529</u>
Eligible Tier 2 Capital	<u>2,824,514</u>	<u>2,453,753</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>17,402,203</u>	<u>15,269,282</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>76,139,287</u>	<u>78,582,866</u>
Market Risk	<u>811,255</u>	<u>1,365,195</u>
Operational Risk	<u>16,667,845</u>	<u>16,667,845</u>
Total	<u>93,618,387</u>	<u>96,615,906</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>14.09%</u>	<u>11.83%</u>
Tier 1 Capital Adequacy Ratio	<u>15.57%</u>	<u>13.26%</u>
Total Capital Adequacy Ratio	<u>18.59%</u>	<u>15.80%</u>

The minimum capital adequacy ratio required by SBP as at 30 June 2023 is 11.50% (31 December 2022: 11.50%).

	30 June 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
Leverage Ratio (LR):		
Eligible Tier-1 Capital	14,577,689	12,815,529
Total Exposures	<u>282,387,888</u>	<u>275,516,707</u>
Leverage Ratio	<u>5.16%</u>	<u>4.65%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	125,341,209	117,370,386
Total Net Cash Outflow	<u>61,368,380</u>	<u>63,752,123</u>
Liquidity Coverage Ratio	<u>204.24%</u>	<u>184.10%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	165,668,204	148,334,072
Total Required Stable Funding	<u>99,249,848</u>	<u>82,406,182</u>
Net Stable Funding Ratio	<u>166.92%</u>	<u>180.00%</u>

38 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison and better presentation. There were no significant reclassifications / restatements during the period.

39 GENERAL

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

40 DATE OF AUTHORISATION

These financial statements were authorised for issue on 17 August 2023 by the Board of Directors of the Bank.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director