

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

		31 March 2024	31 December 2023
	Note	----- (Rupees in '000) ----- (Un-Audited)	(Audited)
ASSETS			
Cash and balances with treasury banks	6	16,389,562	21,877,439
Balances with other banks	7	5,142,272	1,683,007
Due from financial institutions	8	4,876,471	8,098,788
Investments	9	117,576,030	122,881,484
Islamic financing and related assets - net	10	77,461,221	79,755,889
Property and equipment	11	2,745,330	2,726,266
Right-of-use assets	12	1,672,859	1,543,900
Intangible assets	13	1,246,860	1,275,180
Deferred tax assets	14	3,498,910	2,545,871
Other assets	15	14,598,534	12,985,825
Total assets		245,208,049	255,373,649
LIABILITIES			
Bills payable	16	4,335,397	5,646,089
Due to financial institutions	17	7,162,011	7,649,661
Deposits and other accounts	18	199,108,380	207,337,745
Lease Liabilities	19	1,861,068	1,677,081
Subordinated debt	20	4,624,241	4,624,241
Deferred tax liabilities		-	-
Other liabilities	21	9,898,282	10,185,675
Total liabilities		226,989,379	237,120,492
NET ASSETS		18,218,670	18,253,157
REPRESENTED BY			
Share capital - net		14,500,490	14,500,490
Reserves		1,571,998	1,381,115
Surplus on revaluation of assets	22	700,387	793,083
Unappropriated profit		1,445,795	1,578,469
		18,218,670	18,253,157
CONTINGENCIES AND COMMITMENTS	23		

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

Chief Executive Officer

Chief Financial Officer

Chairman

Director

Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2024

		Quarter ended	
		31 March 2024	31 March 2023
Note		----- (Rupees in '000) -----	
Profit / return earned	24	9,131,733	7,771,315
Profit / return expensed	25	(6,124,964)	(4,969,099)
Net profit / return		<u>3,006,769</u>	<u>2,802,216</u>
Other income			
Fee and commission income	26	242,567	237,841
Dividend income		625	2,204
Foreign exchange income		441,175	344,356
Gain on securities - net	27	19,549	2,648
Other income	29	102	1,179
Total other income		704,018	588,228
Total income		<u>3,710,787</u>	<u>3,390,444</u>
Other expenses			
Operating expenses	30	(2,104,606)	(1,755,304)
Workers' Welfare Fund		(37,726)	(26,816)
Other charges	31	(226)	(9,012)
Total other expenses		(2,142,558)	(1,791,132)
Profit before credit loss allowance		<u>1,568,229</u>	<u>1,599,312</u>
Credit loss allowance and write offs - net	32	280,344	(285,347)
Extra ordinary / unusual items		-	-
Profit before taxation		<u>1,848,573</u>	<u>1,313,965</u>
Taxation	33	(894,159)	(569,600)
Profit after taxation		<u>954,414</u>	<u>744,365</u>
----- Rupee -----			
Basic / diluted earning per share	34	0.69	0.54

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

Chief Executive Officer

Chief Financial Officer

Chairman

Director

Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2024

	Quarter ended	
	31 March 2024	31 March 2023
	----- (Rupees in '000) -----	
Profit after taxation for the quarter	954,414	744,365
Other comprehensive income		
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	(60,249)	(250,351)
Total comprehensive income	<u>894,165</u>	<u>494,014</u>

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

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Director

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AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2024

	Share capital	Capital support fund	Discount on issue of shares	Statutory reserve*	Surplus / (deficit) on revaluation of		Accumulated loss	Total
					Investments	Non banking assets		
----- (Rupees in '000) -----								
Balance as at 31 December 2022 (Audited)	13,739,628	1,393,628	(632,766)	760,280	(173,242)	349,653	(832,452)	14,604,729
Profit after taxation for the quarter	-	-	-	-	-	-	744,365	744,365
Other comprehensive loss - net of tax	-	-	-	-	(250,351)	-	-	(250,351)
Transfer to statutory reserve	-	-	-	148,873	-	-	(148,873)	-
Balance as at 31 March 2023 (Un-audited)	13,739,628	1,393,628	(632,766)	909,153	(423,593)	349,653	(236,960)	15,098,743
Profit after taxation for the quarter	-	-	-	-	-	-	2,359,811	2,359,811
Other comprehensive income - net of tax	-	-	-	-	903,829	(36,806)	(72,420)	794,603
Transfer to statutory reserve	-	-	-	471,962	-	-	(471,962)	-
Balance as at 31 December 2023 (Audited)	13,739,628	1,393,628	(632,766)	1,381,115	480,236	312,847	1,578,469	18,253,157
Impact of adoption of IFRS - 9 (note 3.2)					(32,447)		(896,205)	(928,652)
Profit after taxation for the quarter	-	-	-	-	-	-	954,414	954,414
Other comprehensive loss - net of tax	-	-	-	-	(60,249)	-	-	(60,249)
Transfer to statutory reserve	-	-	-	190,883	-	-	(190,883)	-
Balance as at 31 March 2024 (Un-audited)	13,739,628	1,393,628	(632,766)	1,571,998	387,540	312,847	1,445,795	18,218,670

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

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

Chief Executive Officer

Chief Financial Officer

Chairman

Director

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AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2024

		Quarter ended	
		31 March 2024	31 March 2023
Note		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
		1,848,573	1,313,965
		(625)	(2,204)
		<u>1,847,948</u>	<u>1,311,761</u>
Adjustments:			
		(3,076,593)	-
		71,636	61,698
30		130,899	128,687
30		41,256	36,490
30		9,840	9,840
32		(280,344)	285,347
29		209	-
25		69,824	64,776
27		(5,490)	-
		<u>37,726</u>	<u>26,816</u>
		<u>(3,001,037)</u>	<u>613,654</u>
		<u>(1,153,089)</u>	<u>1,925,415</u>
Decrease / (increase) in operating assets			
		3,221,861	-
		11,121,387	-
		806,700	5,570,744
		<u>750,128</u>	<u>(6,263,426)</u>
		<u>15,900,076</u>	<u>(692,682)</u>
(Decrease) / increase in operating liabilities			
		(1,310,692)	(839,914)
		(487,650)	2,832,778
		(8,229,365)	4,743,440
		<u>(629,794)</u>	<u>(562,011)</u>
		<u>(10,657,501)</u>	<u>6,174,293</u>
		6,758,408	-
		(5,985,338)	-
		<u>(706,252)</u>	<u>(269,095)</u>
		<u>4,156,304</u>	<u>7,137,931</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
		(5,930,137)	-
		-	(551,155)
		625	2,204
		(107,146)	(100,632)
		250	-
		<u>(6,036,408)</u>	<u>(649,583)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
		(145,695)	(129,048)
		<u>(145,695)</u>	<u>(129,048)</u>
(Decrease) / Increase in cash and cash equivalents			
		(2,025,799)	6,359,300
		(2,813)	-
		<u>23,560,446</u>	<u>18,509,615</u>
		<u>21,531,834</u>	<u>24,868,915</u>

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

Chief Executive Officer

Chief Financial Officer

Chairman

Director

Director

AL BARAKA BANK (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2024

1. STATUS AND NATURE OF BUSINESS

- 1.1** AlBaraka 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 AlBaraka 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, which is 92.81% (2023: 92.81%) owned by Al Baraka Group B.S.C. (Ultimate Parent).

- 1.2** During the year 2016, the shareholders of the Bank in their extra ordinary general meeting held on 22 August 2016 have approved the merger of the Bank with Burj Bank Limited under a "Scheme of Amalgamation" (the Scheme). Further, State Bank of Pakistan, through its letter no. BPRD (R&P-02)/2016/24373 dated 14 October 2016, has 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, stands amalgamated with and vest 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 (31 December 2023: 170 branches) in Pakistan.

- 1.3** Based on the financial statements of the Bank for the year ended 31 December 2021, VIS credit rating company limited has maintained the long-term rating at 'A+' and short-term rating at 'A1'.
- 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. These funds can only be remitted back after prior approval of 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, timeline extension for the commencement of conversion process of Capital Support Fund into Share Capital till 30 June 2024.

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. 02 dated 09 February 2023 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 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 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 for the financial year ended 31 December 2023.

2.1.3 Amendments to published accounting and reporting standards that are effective in the current period:

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

2.1.3 Standards, interpretations of and amendments to approved accounting 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:

Standards, interpretations or amendments	Effective date (annual periods beginning on or after)
- IAS 21 - Lack of exchangeability (amendments)	01 January 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Bank for the year ended 31 December 2023 except for changes mentioned in notes 3.1 and 3.2.

3.1 Adoption of new forms for the preparation of condensed interim financial statements

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 for banks with asset size less than Rs 500 billion. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. Right of use assets and corresponding lease liability are now presented separately on the face of the statement of financial position. Previously these were presented under property and equipment (previously titled fixed assets) and other liabilities respectively. There is no impact of this change on the condensed interim financial statements.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation. Such reclassification / re-measurements are disclosed in notes to these condensed interim financial statements.

3.2 Adoption of IFRS 9 - 'Financial Instruments'

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

3.2.1 Classification

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS) and Held to maturity (HTM) have been replaced by:

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortised cost

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortised cost. Financial liabilities can also be designated at FVTPL where gains or losses arising from entity's own credit rating risk relating to are required to be presented in other comprehensive income with no reclassification to the profit or loss account. The Bank did not have any financial liability measured at FVTPL.

3.2.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

- i) Hold to Collect (HTC) Business Model: Holding assets in order to collect contractual cash flows
- ii) Hold to Collect and Sell (HTC&S) Business Model: Collecting contractual cash flows and selling financial assets
- iii) Other Business Models: Resulting in classification of financial assets as FVTPL

3.2.3 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set. In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

3.2.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank (including; Islamic financing and related assets, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukuk, cash and balances with treasury banks, balances with other Banks, and other financial assets) are measured at amortised cost if they meet both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Bank's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are / is made, the Bank assesses whether and how the sales are consistent with the HTC objective. This assessment include the reason(s) for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

The aforementioned financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as at FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The aforementioned financial assets if held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following table reconciles their carrying amounts as reported on 31 December 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

	Balances as of 31 December 2023 (Audited)	IFRS 9 Classification	Balances as of 31 December 2023	Balances as of 01 January 2024 - before ECL
Federal Government securities - AFS	104,400,460	FVOCI	104,400,460	104,400,460
Shares - AFS	219,477	FVOCI	98,128	98,128
		FVPL	121,349	121,349
Non-government debt securities - AFS	1,530,794	FVOCI	1,530,794	1,530,794
Foreign securities - AFS	4,828,986	FVOCI	4,828,986	4,828,986

Equity based financial assets

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has decided to classify Rs. 98.127 million out of its its available for sale equity investment portfolio as of 31 December 2023 as FVOCI on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly the Bank has reversed impairment of Rs. 280,599 million on listed equity investment held as at 31 December 2023 and the same has been transferred to deficit on revaluation of investments through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2024 are compared as follows:

Before adoption of IFRS 9

Financial assets	Measurement category	Carrying amount	Measurement category	Carrying amount
Cash and balances with treasury banks	Loans and receivables	21,877,439	Amortised cost	21,877,439
Balances with other banks	Loans and receivables	1,683,007	Amortised cost	1,683,007
Due from financial institutions	Loans and receivables	8,098,788	Amortised cost	8,098,788
Investments	Held-for-trading	11,901,767	Fair value through profit or loss	11,901,767
	Available-for-sale	110,979,717	Fair value through profit or loss	121,350
		-	Fair value through other comprehensive income	110,858,367
Islamic financing and related assets - net	Loans and receivables	79,755,889	Amortised cost	79,755,889
Other assets (financial assets only)	Loans and receivables	11,016,561	Amortised cost	11,016,561
		245,313,168		245,313,168
Due to financial institutions	Held-to-maturity	7,649,661	Amortised cost	7,649,661
Deposits and other accounts	Held-to-maturity	207,337,745	Amortised cost	207,337,745
Subordinated debt	Held-to-maturity	4,624,241	Amortised cost	4,624,241
Other liabilities (financial liabilities only)	Held-to-maturity	9,081,796	Amortised cost	9,081,796
		228,693,443		228,693,443

3.2.5 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like Islamic financing and related assets, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased. The Bank will recognise due to customer and financial institution balances when these funds reach the Bank.

Amortised cost

Financial assets and liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised in the profit or loss. Profit earned / expensed on these assets / liabilities are recognised in the profit or loss account. On derecognition of these financial assets and liabilities, realised gain / loss will be recognised in the profit or loss account.

Fair value through other comprehensive income

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised in the profit or loss account. Profit / dividend income on these assets are recognised in the profit or loss account. On derecognition of these financial assets, realised gain / loss will be recognised in the profit or loss account only in case of debt instruments.

Fair value through profit or loss

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the profit or loss. These assets are subsequently measured at fair value with changes recorded in the profit or loss account. Profit / dividend income on these assets are recognised in the profit or loss account. On derecognition of these financial assets, realised gain / loss will be recognised in the profit or loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

The Bank's revenue recognition policy is consistent with the annual financial statements for the year ended 31 December 2023.

3.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

3.2.7 Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of that financial asset in accordance with IFRS 9, the Bank recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in the profit or loss account. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

3.2.8 Overview of the ECL principles

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all Islamic financing and related assets and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Bank may rebut 30 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2, Stage 3 and purchased or originated credit impaired (POCI), as described below:

Stage 1:	When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the lifetime expected credit losses for these instruments. the Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever is higher.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
Undrawn financing commitments	When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated and presented within other liabilities.
Guarantee and letters of credit contracts	The Bank estimates ECLs based on the BASEL driven credit conversion factor (CCF) for guarantee and letter of credit contracts. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

Effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to a Company in accordance with the contract and the cash flows that the Bank expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Rating Transition Matrix Model of default, particularly for low default portfolios which are based on the Bank's internal risk ratings (i.e. from 1 to 12). PDs for non-Islamic financing and related assets portfolio, the Bank has used PDs on the basis of Rating Transition Matrix for corporate, agri and SME and Roll rate model for retail portfolio and then adjusted TTC PDs by using vasicek Model for IFRS 9 ECL calculations to incorporate forward looking information.
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EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability□
- History of enforceability and recovery.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Forward looking information

In its ECL models, the Bank relies on a range of forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index

The Bank's management has only considered cash recoveries for LGD calculations, whereas liquid securities, and Government of Pakistan guarantees are used as eligible collaterals for EAD calculation.

Definition of default

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

The customer is more than 90 days past due on its contractual payments.

Further the following criteria has been determined for assessment of default:

- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure,
- The Bank sells the credit obligation at a material credit-related economic loss,
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, profit or (where relevant) fees,
- The Bank has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the industry group, and
- The obligor has sought or has been placed in Bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the industry group.

Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations.

The Bank has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of Rs. 928.652 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Financial assets and liabilities

	Balances as of December 31, 2023	Impact due to:				Remeasure-ments	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 01, 2024	IFRS 9 Category
		Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Reclassifica-tions due to business model and SPPI assessments	Reclassifica-tions of profit receivable / payable							
(Rupees in '000)												
ASSETS												
Cash and balances with treasury banks	21,877,439	-	-	-	-	-	-	-	-	-	21,877,439	Amortised cost
Balances with other banks	1,683,007	(526)	-	-	-	-	(526)	(257)	(269)	1,682,738	Amortised cost	
Due from financial institutions	8,098,788	(1,157)	-	-	-	-	(1,157)	(567)	(590)	8,098,198	Amortised cost	
Investments												
- Classified as available for sale	110,979,717	-	(110,979,717)	-	-	-	(110,979,717)	-	(110,979,717)	-		
- Classified as air value through other comprehensive income	-	(1,921)	110,760,240	-	-	-	110,758,319	(941)	110,759,260	110,759,260	FVOCI	
- Classified as held to maturity	-	-	-	-	-	-	-	-	-	-		
- Classified as amortised cost	-	-	-	-	-	-	-	-	-	-	Amortised cost	
- Classified as held for trading	11,901,767	-	(11,901,767)	-	-	-	(11,901,767)	-	(11,901,767)	-		
- Classified as fair value through profit or loss	-	-	12,121,244	-	-	-	12,121,244	-	12,121,244	12,121,244	FVPL	
	122,881,484	(1,921)	-	-	-	-	(1,921)	(941)	(980)	122,880,504		
Islamic financing and related assets - net												
- Gross amount	91,363,465	(1,738,586)	-	-	-	-	(1,738,586)	(851,907)	(886,679)	90,476,786		
- Provisions	(11,607,576)	-	-	-	-	-	-	-	-	(11,607,576)		
	79,755,889	(1,738,586)	-	-	-	-	(1,738,586)	(851,907)	(886,679)	78,869,210	Amortised cost	
Property and equipment	2,726,266	-	-	-	-	-	-	-	-	2,726,266	Outside the scope of IFRS 9	
Right-of-use assets	1,543,900	-	-	-	-	-	-	-	-	1,543,900	Outside the scope of IFRS 9	
Intangible assets	1,275,180	-	-	-	-	-	-	-	-	1,275,180	Outside the scope of IFRS 9	
Deferred tax assets	2,545,871	-	-	-	-	-	-	-	-	2,545,871	Outside the scope of IFRS 9	
Other assets - financial assets	11,016,561	(1,904)	-	-	-	-	(1,904)	(933)	(971)	11,015,590	Amortised cost	
Other assets - non financial assets	1,969,264	-	-	-	-	-	-	-	-	1,969,264	Outside the scope of IFRS 9	
	255,373,649	(1,744,094)	-	-	-	-	(1,744,094)	(854,605)	(889,489)	254,484,160		
LIABILITIES												
Bills payable	5,646,089	-	-	-	-	-	-	-	-	5,646,089	Amortised cost	
Due to financial institutions	7,649,661	-	-	-	-	-	-	-	-	7,649,661	Amortised cost	
Deposits and other accounts	207,337,745	-	-	-	-	-	-	-	-	207,337,745	Amortised cost	
Lease liability against right-of-use assets	1,677,081	-	-	-	-	-	-	-	-	1,677,081	Amortised cost	
Subordinated debt	4,624,241	-	-	-	-	-	-	-	-	4,624,241	Amortised cost	
Other liabilities - financial liabilities	9,081,796	76,794	-	-	-	-	76,794	37,629	39,165	9,120,961	Amortised cost	
Other liabilities - non financial liabilities	1,103,879	-	-	-	-	-	-	-	-	1,103,879	Outside the scope of IFRS 9	
	237,120,492	76,794	-	-	-	-	76,794	37,629	39,165	237,159,657		
NET ASSETS	18,253,157	(1,820,888)	-	-	-	-	(1,820,888)	(892,234)	(928,654)	17,324,503		
REPRESENTED BY												
Share capital - net	14,500,490	-	-	-	-	-	-	-	-	14,500,490	Outside the scope of IFRS 9	
Reserves	1,381,115	-	-	-	-	-	-	-	-	1,381,115	Outside the scope of IFRS 9	
Surplus on revaluation of assets	793,083	(63,622)	-	-	-	-	(63,622)	(31,174)	(32,448)	760,635	Outside the scope of IFRS 9	
Unappropriated profit / (Accumulated losses)	1,578,469	(1,757,266)	-	-	-	-	(1,757,266)	(861,060)	(896,206)	682,263	Outside the scope of IFRS 9	
	18,253,157	(1,820,888)	-	-	-	-	(1,820,888)	(892,234)	(928,654)	17,324,503		

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim financial information is the same as that applied in the preparation of the financial statements for the year ended 31 December 2023.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2023.

	Note	31 March 2024 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2023 ----- (Audited)
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		3,827,908	3,401,846
Foreign currencies		981,628	1,027,373
		4,809,536	4,429,219
With State Bank of Pakistan in			
Local currency current account		8,699,291	14,190,733
Foreign currency current account		28,878	2,184,645
Foreign currency deposit account		2,140,294	-
	6.1	10,868,463	16,375,378
With National Bank of Pakistan in			
Local currency current accounts		711,554	1,072,833
Local currency deposit accounts		9	9
		711,563	1,072,842
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		<u>16,389,562</u>	<u>21,877,439</u>

- 6.1 These include local and foreign currency amounts required to be maintained by the Bank with the SBP under the Banking Companies Ordinance, 1962 and /or stipulated by the SBP. These accounts are non-remunerative in nature.

	Note	31 March 2024 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2023 ----- (Audited)
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		600	600
In deposit accounts	7.1	149,782	146,154
		150,382	146,754
Outside Pakistan			
In current accounts		1,748,465	1,228,153
In deposit accounts	7.1	3,246,238	308,100
		4,994,703	1,536,253
Less: Credit loss allowance held against balances with other banks		(2,813)	-
Balances with other banks - net of credit loss allowance		<u>5,142,272</u>	<u>1,683,007</u>

- 7.1 The expected return on remunerative deposits ranges from 4% to 10% (31 December 2023: 3% to 12%) per annum.

		31 March 2024			31 December 2023			
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total	
8.	DUE FROM FINANCIAL INSTITUTIONS	----- (Rupees in '000) -----						
	Note							
	Unsecured							
	Musharaka placements	8.1	900,000	-	900,000	4,400,000	-	4,400,000
	Wakalah placements	8.2	2,000,000	1,976,927	3,976,927	2,000,000	1,698,788	3,698,788
	Less: Credit loss allowance							
	Stage 1		(456)	-	(456)	-	-	-
	Stage 2		-	-	-	-	-	-
	Stage 3		-	-	-	-	-	-
			(456)	-	(456)	-	-	-
	Due from financial institutions - net of credit loss allowance		2,899,544	1,976,927	4,876,471	6,400,000	1,698,788	8,098,788

- 8.1 The expected return on these placements is 22% (31 December 2023: 22%) per annum. These will mature by April 2024.
- 8.2 The expected return on these local placements ranges from 3.15% to 22% (31 December 2023: 3.1% to 21.25%) per annum. These will mature by April 2024.

9. INVESTMENTS

9.1. Investments by type:

31 March 2024				31 December 2023			
Cost / Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
(Rupees in '000)							
FVPL							
Federal Government securities	786,815	-	(630)	786,185	-	-	-
Shares	321,818	-	(200,783)	121,035	-	-	-
	1,108,633	-	(201,413)	907,220	-	-	-
FVOCI							
Federal Government securities	85,085,871	(533)	524,940	85,610,278	-	-	-
Shares	135,979	(26,154)	-	109,825	-	-	-
Non Government debt securities	1,626,455	(111,551)	(19,175)	1,495,729	-	-	-
Foreign securities	4,934,490	(742)	(145,580)	4,788,168	-	-	-
Others							
- Neelum Jhelum Hydro Power Company Private Limited	918,750	(7)	9,760	928,503	-	-	-
- Pakistan Energy Sukuk	23,346,551	(182)	389,938	23,736,307	-	-	-
	116,048,096	(139,169)	759,883	116,668,810	-	-	-
Held-for-trading securities							
Federal Government securities	-	-	-	11,901,778	-	(11)	11,901,767
Available-for-sale securities							
Federal Government securities	-	-	-	103,334,171	-	1,066,289	104,400,460
Shares	-	-	-	462,607	(306,753)	63,623	219,477
Non-government debt securities	-	-	-	1,663,955	(111,455)	(21,706)	1,530,794
Foreign securities	-	-	-	4,995,552	-	(166,566)	4,828,986
	-	-	-	110,456,285	(418,208)	941,640	110,979,717
Total investments	117,156,729	(139,169)	558,470	117,576,030	122,358,063	(418,208)	122,881,484

9.2 Investments by segments:

- Debt Instruments

Classified / Measured at FVOCI

Federal Government securities

-Ijarah Sukuks

-Others

Non Government debt securities

Foreign securities

31 March 2024				31 December 2023			
Cost/ Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
85,085,871	(533)	524,940	85,610,278	-	-	-	-
24,265,301	(189)	399,698	24,664,810	-	-	-	-
1,626,455	(111,551)	(19,175)	1,495,729	-	-	-	-
4,934,490	(742)	(145,580)	4,788,168	-	-	-	-
115,912,117	(113,015)	759,883	116,558,985	-	-	-	-

Classified / Measured at FVPL

Federal Government securities

-Ijarah Sukuks

786,815	-	(630)	786,185	-	-	-	-
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Equity instruments

Classified / Measured at FVOCI

Shares

Unlisted companies

135,979	(26,154)	-	109,825	-	-	-	-
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- Equity instruments

Classified / Measured at FVPL

Shares

Listed companies

321,818	-	(200,783)	121,035	-	-	-	-
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- Federal Government securities

Ijarah sukuk

Bai muajjal

Other sukuk

-	-	-	-	90,956,972	-	693,144	91,650,116
-	-	-	-	-	-	-	-
-	-	-	-	24,278,977	-	373,134	24,652,111
-	-	-	-	115,235,949	-	1,066,278	116,302,227

- Shares

Listed companies

Unlisted companies

-	-	-	-	338,326	(280,599)	63,623	121,350
-	-	-	-	124,281	(26,154)	-	98,127
-	-	-	-	462,607	(306,753)	63,623	219,477

- Non government debt securities

Unlisted

-	-	-	-	1,663,955	(111,455)	(21,706)	1,530,794
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- Foreign securities

Government securities

Non-government debt securities

-	-	-	-	845,717	-	(4,988)	840,729
-	-	-	-	4,149,835	-	(161,578)	3,988,257
-	-	-	-	4,995,552	-	(166,566)	4,828,986

Total investments

117,156,729	(139,169)	558,470	117,576,030	122,358,063	(418,208)	941,629	122,881,484
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9.3. Particlurs of credit loss allowance - debt securities

	31 March 2024				31 December 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)				(Rupees in '000)			
Federal Government securities	533	-	-	533	-	-	-	-
Non Government debt securities	96	-	111,455	111,551	-	-	-	-
Foreign securities	742	-	-	742	-	-	-	-
Others								
- Neelum Jhelum Hydro Power								
Company Private Limited	7	-	-	7	-	-	-	-
- Pakistan Energy Sukuk	182	-	-	182	-	-	-	-
	1,560	-	111,455	113,015	-	-	-	-

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

9.3.1 Credit loss allowance / provision for diminution in value of investments

Opening balance	418,208	414,768
Reversal for the previous years provision due to IFRS 9 implementation	(280,599)	-
ECL charge on opening investment portfolio	1,921	-
Charge / reversals		
Charge for the quarter / year	97	3,440
Reversal for the quarter / year	(458)	-
	(361)	3,440
Closing balance	139,169	418,208

9.4. Particulars of credit loss allowance against debt securities

		31 March 2024		31 December 2023	
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Provision Held
(Rupees in '000)					
Domestic					
Performing	Stage 1	116,587,477	1,560	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		111,455	111,455	111,455	111,455
		111,455	111,455	111,455	111,455
Total		116,698,932	113,015	111,455	111,455

10. ISLAMIC FINANCING AND RELATED ASSETS - NET

		Performing		Non-performing		Total	
		31 March 2024	31 December 2023	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Note		(Rupees in '000)					
		(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
- Murabaha financing		1,239,632	1,065,019	2,137,866	2,188,671	3,377,498	3,253,690
- Advance against murabaha financing		187,944	256,856	123,120	123,120	311,064	379,976
- Export refinance under Islamic scheme		30,000	33,800	47,505	54,455	77,505	88,255
- Advance against export refinance under Islamic scheme		5,333,600	5,530,095	52,385	63,785	5,385,985	5,593,880
- Inventory against export refinance under Islamic scheme		182,000	25,000	-	-	182,000	25,000
- Diminishing musharaka and Ijarah financing		39,403,925	41,127,171	2,884,977	2,975,793	42,288,902	44,102,964
- Advance against diminishing musharaka finance		151,210	246,856	-	-	151,210	246,856
- Running musharaka		3,832,357	2,577,002	-	-	3,832,357	2,577,002
- Tijarah finance		43,308	-	4,850	4,850	48,158	4,850
- Advance against tijarah		1,496,263	2,250,909	240,459	93,659	1,736,722	2,344,568
- Tijarah Inventory		-	-	10,228	7,228	10,228	7,228
- Over-due acceptances		31,303	31,341	491,342	491,342	522,645	522,683
- Payment against guarantee		3,776	3,776	64,439	64,439	68,215	68,215
- Payment against documents		45,157	1,346,999	-	-	45,157	1,346,999
- Salam financing		27,523	59,946	1,000	10,992	28,523	70,938
- Advance against salam		5,901,318	4,281,197	2,563,317	2,515,129	8,464,635	6,796,326
- Salam inventory		-	-	74,311	55,433	74,311	55,433
- Rahnuma Travel Services		2,900	5,183	-	-	2,900	5,183
- Istasna finance		616,466	1,470,672	580,574	589,264	1,197,040	2,059,936
- Advance against istasna		17,191,437	15,070,036	3,281,831	3,353,640	20,473,268	18,423,676
- Istasna inventory		2,087,242	3,200,534	76,389	72,089	2,163,631	3,272,623
- Qarz-e-Hasna		54,373	56,795	60,438	60,389	114,811	117,184
Islamic financing and related assets - gross		77,861,734	78,639,187	12,695,031	12,724,278	90,556,765	91,363,465
Provisions for non-performing financing							
- Specific	10.3	-	-	-	(10,499,196)	-	(10,499,196)
- General	10.3	(592,374)	(1,108,380)	-	-	(592,374)	(1,108,380)
		(592,374)	(1,108,380)	-	(10,499,196)	(592,374)	(11,607,576)
Credit loss allowance against financing							
- Stage 1		(611,266)	-	-	-	(611,266)	-
- Stage 2		(1,030,421)	-	-	-	(1,030,421)	-
- Stage 3		-	-	(10,861,483)	-	(10,861,483)	-
		(1,641,687)	-	(10,861,483)	-	(12,503,170)	-
Islamic financing and related assets - net of provisions							
		75,627,673	77,530,807	1,833,548	2,225,082	77,461,221	79,755,889

10.1 Particulars of Islamic financing and related assets (Gross)

	31 March 2024	31 December 2023
	(Rupees in '000)	
	(Un-Audited)	(Audited)
In local currency	90,399,570	91,137,695
In foreign currency	157,195	225,770
	<u>90,556,765</u>	<u>91,363,465</u>

10.2 Islamic financing and related assets include Rs. 12,851.902 million (31 December 2023: Rs. 12,724.278 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification	31 March 2024 (Un-Audited)		31 December 2023 (Audited)	
	Classified Islamic financing and related assets	Credit loss allowance / Provision	Classified Islamic financing and related assets	Credit loss allowance
(Rupees in '000)				
Domestic				
Stage 3				
- Other assets especially mentioned	309,474	1,280	246,842	-
- Substandard	425,659	41,587	249,877	31,356
- Doubtful	407,830	139,493	474,612	178,269
- Loss	11,552,068	10,679,123	11,752,947	10,289,571
	<u>12,695,031</u>	<u>10,861,483</u>	<u>12,724,278</u>	<u>10,499,196</u>

10.3 Particulars of credit loss allowance against islamic financing and related assets

	31 March 2024						31 December 2023		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
(Rupees in '000)									
Opening balance	-	-	-	10,499,196	1,108,380	11,607,576	9,717,701	418,752	10,136,453
IFRS 9 Implementation	10,776,522	1,115,362	661,904	(10,499,196)	(316,006)	1,738,586	-	-	-
Charge for the quarter / year	283,957	557,098	90,217	-	-	931,272	1,215,776	750,000	1,965,776
Reversals	(202,088)	(642,039)	(140,855)	-	(200,000)	(1,184,982)	(426,963)	(60,372)	(487,335)
	81,869	(84,941)	(50,638)	-	(200,000)	(253,710)	788,813	689,628	1,478,441
Amounts written off	-	-	-	-	-	-	(12,519)	-	(12,519)
Amounts charged off - agriculture financing	3,092	-	-	-	-	3,092	5,201	-	5,201
Closing balance	10,861,483	1,030,421	611,266	-	592,374	13,095,544	10,499,196	1,108,380	11,607,576

10.3.1 The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 1,877,227 (31 December 2023: Rs. 1,763,004) million. The FSV benefit recognised is not allowed for distribution of cash or stock dividend to shareholders and bonus to employees.

10.3.2 The Bank has maintained a general provision of Rs 592.374 (31 December 2023: Rs. 894.744) 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.

10.3.3 SBP vide its letter SBPHOK-BPRD-BRD-ABP-554885 dated 26th October 2023 has allowed relaxation with respect to classification requirement for outstanding financial facilities against an exposure amounting to Rs. 6,389 million as of March 31, 2024.

10.4 Islamic financing and related assets - Particulars of credit loss allowance / provision

	31 March 2024						31 December 2023		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
(Rupees in '000)									
Opening balance	-	-	-	10,499,196	1,108,380	11,607,576	9,717,701	418,752	10,136,453
IFRS 9 Implementation	10,776,522	1,115,362	661,904	(10,499,196)	(316,006)	1,738,586	-	-	-
Additions	292,786	533,192	82,368	-	-	908,346	1,221,300	750,000	1,971,300
Reversals	(207,825)	(634,190)	(116,949)	-	(200,000)	(1,158,964)	(427,286)	(60,372)	(487,658)
Transfer to stage 1	-	(7,849)	7,849	-	-	-	-	-	-
Transfer to stage 2	-	23,906	(23,906)	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-	-
	84,961	(84,941)	(50,638)	-	(200,000)	(250,618)	794,014	689,628	1,483,642
Amounts written off / charged off	-	-	-	-	-	-	(12,519)	-	(12,519)
Closing balance	10,861,483	1,030,421	611,266	-	592,374	13,095,544	10,499,196	1,108,380	11,607,576

10.5 Islamic financing and related assets - Category of classification

Category of classification		31 March 2024		31 December 2023	
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
(Rupees in '000)					
Domestic					
Performing	Stage 1	54,442,209	1,203,640	-	-
Underperforming	Stage 2	23,419,525	1,030,421	-	-
Non-Performing	Stage 3				
Other assets especially mentioned		309,474	1,280	246,842	-
Substandard		425,659	41,587	249,877	31,356
Doubtful		407,830	139,493	474,612	178,269
Loss		11,552,068	10,679,123	11,752,947	10,289,571
		12,695,031	10,861,483	12,724,278	10,499,196
Total		90,556,765	13,095,544	12,724,278	10,499,196

Note	31 March 2024	31 December 2023
	----- (Rupees in '000) ----- (Un-Audited)	(Audited)
11. PROPERTY AND EQUIPMENT		
Capital work-in-progress	11.1 341,512	295,956
Property and equipment	2,403,818	2,430,310
	<u>2,745,330</u>	<u>2,726,266</u>
11.1 Capital work-in-progress		
Advances to suppliers and contractors for:		
- civil works	313,841	295,492
- computer hardware	6,214	464
- vehicles	21,457	-
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>341,512</u>	<u>295,956</u>
	31 March 2024	31 March 2023
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
	(Un-Audited)	(Audited)
11.2 Additions to property and equipment		
The following additions have been made to property and equipment during the quarter:		
Capital work-in-progress	45,556	684
Property and equipment		
Building on leasehold land	1,319	2,052
Furniture and fixture	3,992	743
Electrical office and computer equipment	21,155	15,047
Vehicles	22,181	35,883
	48,647	53,725
Total	<u>94,203</u>	<u>54,409</u>
11.3 Disposal of property and equipment		
The net book value of property and equipment disposed off during the quarter is as follows:		
Building on leasehold land	333	-
Furniture and fixture	112	-
Electrical office and computer equipment	14	-
Total	<u>459</u>	<u>-</u>
	31 March 2024	31 December 2023
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
	(Un-Audited)	(Audited)
12. RIGHT-OF-USE ASSETS		
Cost	2,785,148	3,618,310
Accumulated Depreciation	(1,241,248)	(2,015,076)
Opening net carrying amount	<u>1,543,900</u>	<u>1,603,234</u>
Additions during the quarter / year	256,180	553,440
Depreciation charge during the quarter / year	(130,899)	(518,438)
Derecognition during the quarter / year	-	(93,175)
Modification during the quarter / year	3,678	(1,161)
Closing net carrying amount	<u>1,672,859</u>	<u>1,543,900</u>

		31 March 2024	31 December 2023
		----- (Rupees in '000) -----	
		(Un-Audited)	(Audited)
13. INTANGIBLE ASSETS			
Computer software		132,730	143,458
Advance to suppliers against computer software		153,518	153,560
Core deposits		181,350	198,900
Brand		383,145	383,145
Goodwill		396,117	396,117
		<u>1,246,860</u>	<u>1,275,180</u>
		31 March 2024	31 March 2023
		----- (Rupees in '000) -----	
		(Un-Audited)	
13.1 Additions to intangible assets			
The following additions have been made to intangible assets during the quarter:			
Advance to suppliers against computer software		8,269	47,756
Computer software		12,977	-
		<u>21,246</u>	<u>47,756</u>
		31 March 2024	31 December 2023
		----- (Rupees in '000) -----	
		(Un-Audited)	(Audited)
14. DEFERRED TAX ASSETS			
Deductible temporary differences on:			
- Post retirement employee benefits		122,379	122,379
- Credit loss allowance against assets		4,041,195	3,315,052
- Other deductible temporary differences		132,383	113,897
		<u>4,295,957</u>	<u>3,551,328</u>
Taxable temporary differences on:			
- Surplus on revaluation of investments		(273,650)	(461,399)
- Surplus on revaluation of non-banking assets		(300,579)	(300,579)
- Accelerated tax depreciation		(222,818)	(243,479)
		<u>(797,047)</u>	<u>(1,005,457)</u>
		<u>3,498,910</u>	<u>2,545,871</u>
15. OTHER ASSETS			
Profit / return accrued in local currency		9,976,472	7,617,279
Profit / return accrued in foreign currency		42,664	28,532
Advances, deposits, advance rent and other prepayments		722,849	623,373
Non-banking assets acquired in satisfaction of claims		1,263,580	1,273,420
Stamps and stationery		1,589	1,924
Acceptances		1,042,419	1,867,635
Settlement account with State Bank of Pakistan		779,898	864,924
Others		381,673	322,282
		<u>14,211,144</u>	<u>12,599,369</u>
Less: Credit loss allowance held against other assets	15.1	(226,036)	(226,970)
Other assets (net of credit loss allowance)		<u>13,985,108</u>	<u>12,372,399</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		613,426	613,426
Other assets - total		<u>14,598,534</u>	<u>12,985,825</u>
15.1 Credit loss allowance held against other assets			
Non-performing receivables		<u>224,617</u>	<u>226,724</u>

	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
15.1.1 Movement in credit loss allowance held against other assets			
Opening balance		226,970	149,212
ECL charge on adoption of IFRS 9		1,904	-
Charge for the quarter / year		1,173	77,758
Reversals		(4,011)	-
		(2,838)	77,758
Closing balance		226,036	226,970

16. BILLS PAYABLE

In Pakistan	4,335,397	5,646,089
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	Note	31 March 2024 (Un-Audited)	31 December 2023 (Audited)
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17. DUE TO FINANCIAL INSTITUTIONS

Secured

Borrowings from State Bank of Pakistan			
- Under Islamic export refinance scheme	17.1	5,162,835	5,652,680
- Under Islamic temporary economic refinance facility for plant and machinery	17.2	1,864,189	1,901,331
- Under Islamic refinance facility for combating COVID-19	17.3	34,468	36,039
- Under Islamic financing facility for renewable energy	17.4	81,411	42,433
- Under Islamic refinance and credit guarantee scheme for Women entrepreneurs	17.5	19,108	17,178
		7,162,011	7,649,661

17.1 The range of profit rates on these borrowings is 17% to 18% per annum (31 December 2023: 17% to 18% per annum). The maximum limit approved by SBP to the Bank under Islamic Export Refinance Scheme is Rs. 5.869 billion. These contracts will mature in September 2024.

17.2 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 2023: 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.

17.3 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.

17.4 The profit rate on these borrowings is 2% (31 December 2023: 2%) per annum. The maximum limit approved by SBP to the Bank is Rs. 168 million. Further, these contracts will mature in April 2032.

17.5 SBP vide its IH&SMEFD Circular No. 05 of 2017 has introduced a refinance and credit guarantee scheme to improve access to finance for women entrepreneurs in the underserved areas of the country. The maximum limit approved by SBP to the Bank under this scheme is Rs. 100 million. These contracts will mature in January 2029.

18. DEPOSITS AND OTHER ACCOUNTS

	31 March 2024 (Un-Audited)			31 December 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	41,636,344	8,949,321	50,585,665	46,335,328	9,299,502	55,634,830
Savings deposits	49,970,444	5,186,095	55,156,539	45,175,857	5,959,493	51,135,350
Term deposits	46,750,311	7,948,891	54,699,202	50,297,961	7,757,803	58,055,764
Margin accounts	6,284,506	-	6,284,506	8,781,295	-	8,781,295
	144,641,605	22,084,307	166,725,912	150,590,441	23,016,798	173,607,239
Financial Institutions						
Current deposits	22,499	68,845	91,344	143,469	96,629	240,098
Savings deposits	32,289,981	1,143	32,291,124	33,474,252	1,156	33,475,408
Term deposits	-	-	-	15,000	-	15,000
	32,312,480	69,988	32,382,468	33,632,721	97,785	33,730,506
	176,954,085	22,154,295	199,108,380	184,223,162	23,114,583	207,337,745

	31 March 2024	31 December 2023
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
	(Un-Audited)	(Audited)
19. LEASE LIABILITIES		
Outstanding amount at the start of the quarter / year	1,677,081	1,695,781
Additions during the quarter / year	256,180	553,440
Finance charge for the quarter / year	69,824	219,693
Payments made during the quarter / year	(145,695)	(697,497)
Derecognition during the quarter / year	-	(93,175)
Modifications made during the quarter / year	3,678	(1,161)
Outstanding amount at the end of the quarter / year	1,861,068	1,677,081

19.1 Liabilities Outstanding		
Not later than one year	423,969	387,132
Later than one year and upto five years	1,144,305	1,009,459
Over five years	292,794	280,490
Total at the year end	1,861,068	1,677,081

	Note	31 March 2024	31 December 2023
		----- (Rupees in '000) -----	----- (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.

		31 March 2024	31 December 2023
	Note	----- (Rupees in '000) ----- (Un-Audited)	(Audited)
21. OTHER LIABILITIES			
Return on deposits and other dues:			
- payable in local currency		3,292,623	3,157,342
- payable in foreign currencies		184,522	250,001
Accrued expenses		687,576	872,224
Current taxation (payments less provisions)		1,176,955	986,130
Mark to market loss on re-measurement of forward exchange contracts		156,864	493,523
Unearned Income		65,279	73,512
Advance payments		1,489,498	739,862
Charity fund balance		55,058	58,422
Security deposits against ijarah		73,215	73,718
Payable in respect of defined benefit plan		295,417	286,268
Takaful payable against ijarah and diminishing musharakah assets		278,101	294,557
Branch adjustment account		372,124	179,877
Acceptances		1,042,419	1,867,635
Others		684,583	852,604
Credit loss allowance against off-balance sheet obligations	21.1	44,048	-
		<u>9,898,282</u>	<u>10,185,675</u>

21.1 Credit loss allowance against off-balance sheet obligations

Opening balance	-	-
ECL Charge on adoption of IFRS 9	76,794	-
Charge for the quarter / year	10,067	-
Reversals	(42,813)	-
	(32,746)	-
Amount written off	-	-
Closing balance	<u>44,048</u>	<u>-</u>

		31 March 2024 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2023 (Audited)
22. SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	8.1	-	941,640
- Securities measured at FVOCI-Debt	9.2	759,883	-
- Non-banking assets acquired in satisfaction of claims	13	613,426	613,426
		1,373,309	1,555,066
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		-	(461,404)
- Securities measured at FVOCI-Debt		(372,343)	-
- Non-banking assets acquired in satisfaction of claims		(300,579)	(300,579)
		(672,922)	(761,983)
		<u>700,387</u>	<u>793,083</u>
23 CONTINGENCIES AND COMMITMENTS			
- Guarantees	23.1	12,194,628	13,425,395
- Commitments	23.2	55,296,058	43,424,135
		<u>67,490,686</u>	<u>56,849,530</u>
23.1 Guarantees:			
Financial guarantees		29,688	29,688
Performance guarantees		9,411,736	10,612,398
Other guarantees		2,753,204	2,783,309
		<u>12,194,628</u>	<u>13,425,395</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		16,268,913	16,300,830
Commitments in respect of forward foreign exchange contracts	23.2.1	38,322,964	26,425,287
Commitments for acquisition of operating fixed assets		13,270	10,952
Other commitments	23.2.2	690,911	687,066
		<u>55,296,058</u>	<u>43,424,135</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		23,102,514	19,051,426
Sale		15,220,450	7,373,861
		<u>38,322,964</u>	<u>26,425,287</u>
23.2.1.1 The maturities of the above contracts are spread over the period upto one year.			
23.2.2 Other commitments			
Commitments in respect of financing	23.2.2.1	690,911	687,066
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			
Claims against the Bank not acknowledged as debt		2,487,416	2,687,416
23.4 Tax contingencies			
There is no change in the status of contingencies disclosed in notes 22.3 to the financial statements for the year ended 31 December 2022.			

		Quarter ended	
		31 March 2024	31 March 2023
		(Rupees in '000)	
		(Un-Audited)	
Note			
24.	PROFIT / RETURN EARNED		
	On:		
	- Islamic financing and related assets - net	2,903,717	3,471,261
	- Investments	6,105,835	4,212,135
	- Due from financial institutions	118,458	83,756
	- Balances with banks	3,723	4,163
		<u>9,131,733</u>	<u>7,771,315</u>
24.1	Profit / return earned recognised on:		
	Financial assets measured at amortised cost	3,025,898	-
	Financial assets measured at fair value through profit or loss	91,128	-
	Financial assets measured at fair value through OCI	6,014,707	-
		<u>9,131,733</u>	<u>-</u>
25.	PROFIT / RETURN EXPENSED		
	On:		
	- Deposits	5,203,954	4,451,751
	- Borrowings	71,154	103,537
	- Conversion cost against foreign currency deposits / borrowings	260,824	57,021
	- Subordinated debt	269,754	214,043
	- Finance charge on lease liability against right-of-use asset	69,824	64,776
	- SBP Islamic refinance schemes	249,454	77,971
		<u>6,124,964</u>	<u>4,969,099</u>
25.1	Profit expense calculated using effective profit rate method	<u>6,124,964</u>	<u>-</u>
26.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	31,707	24,598
	Consumer finance related fees	33,439	47,164
	Debit card related fees and income	56,757	38,427
	Investment banking fees	3,805	7,816
	Commission on trade	96,030	70,801
	Commission on guarantees	8,307	32,159
	Commission on cash management	3,655	3,082
	Commission on remittances including home remittances	6,013	7,378
	Commission on bancatakaful	202	845
	Others	2,652	5,571
		<u>242,567</u>	<u>237,841</u>
27.	GAIN ON SECURITIES - NET		
	Realised	14,059	2,648
	Unrealised - measure at FVPL	5,490	-
		<u>19,549</u>	<u>2,648</u>
27.1	Realised gain / (loss) on:		
	Federal Government securities	8,374	1,627
	Shares	5,686	1,021
		<u>14,059</u>	<u>2,648</u>
28.	Net gain / loss on financial assets:		
	- measured at fair value through profit or loss / held-for-trading	5,686	103
	- measured at Fair value through other comprehensive income / available-for-sale	8,374	2,545
		<u>14,059</u>	<u>2,648</u>
29.	OTHER INCOME		
	Rent on property	942	1,351
	Loss on sale of fixed assets - net	(209)	-
	Loss on termination of Islamic financing	(631)	(172)
		<u>102</u>	<u>1,179</u>

	Note	Quarter ended	
		31 March	31 March
		2024	2023
		----- (Rupees in '000) -----	
		----- (Un-Audited) -----	
30. OPERATING EXPENSES			
Total compensation expense		939,609	806,587
Property expense			
Rent and taxes		48,100	43,470
Takaful expense		7,402	9,301
Utilities		89,367	65,963
Security (including guards)	30.1	108,493	85,038
Repair and maintenance (including janitorial charges)	30.1	33,572	30,304
Depreciation		16,159	18,113
Depreciation on right of use assets		130,899	128,687
Depreciation - non banking assets		9,840	9,840
Others		1,788	1,788
		445,620	392,504
Information technology expenses			
Software maintenance		124,092	78,111
Hardware maintenance		3,283	3,215
Depreciation		26,174	19,117
Amortisation		23,706	19,180
Network charges		29,079	23,611
Others		38,300	43,811
		244,634	187,045
Other operating expenses			
Directors' fees and allowances		17,550	18,975
Fees and allowances to Shariah Board		1,160	2,107
Legal and professional charges		20,629	16,901
Outsourced services costs	30.1	88,930	58,277
Travelling and conveyance		19,583	13,165
NIFT clearing charges		5,236	5,941
Depreciation		29,303	24,468
Amortisation		17,550	17,310
Takaful and registration of Ijarah		1,653	681
Training and development		5,307	2,275
Postage and courier charges		16,523	8,313
Communication		14,075	12,819
Stationery and printing	30.1	40,709	37,802
Marketing, advertisement and publicity		59,782	11,909
Repair and maintenance		14,186	16,647
Auditors' remuneration		5,273	4,174
Depositors' protection		36,605	33,801
Brokerage, commission and bank charges		54,840	56,075
Others		25,849	27,528
		474,743	369,168
		2,104,606	1,755,304

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

	Note	Quarter ended	
		31 March	31 March
		2024	2023
		----- (Rupees in '000) -----	
		----- (Un-Audited) -----	
31. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		226	9,012

		Quarter ended		
		31 March 2024	31 March 2023	
Note		----- (Rupees in '000) -----	----- (Un-Audited) -----	
32.	CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
	Provision / (reversal) for diminution in value of investments	8.3.1	-	355
	Write off against other assets		1,582	4,205
	Write off against fixed assets		3,051	-
	Credit loss allowance / (reversal) against other assets		(2,838)	-
	Credit loss allowance / (reversal) against balances with other banks		2,287	-
	Credit loss allowance / (reversal) against due from financial institutions		(701)	-
	Credit loss allowance / (reversal) for diminution in value of investments		(361)	-
	Credit loss allowance / (reversal) against islamic financing and related assets	10.3	(250,618)	280,787
	Credit loss allowance / (reversal) against off balance sheet obligations		(32,746)	-
			<u>(280,344)</u>	<u>285,347</u>
33.	TAXATION			
	Current tax - current year		897,077	300,802
	Deferred tax - current year		(2,918)	268,798
			<u>894,159</u>	<u>569,600</u>
34.	BASIC / DILUTED EARNING PER SHARE			
	Profit after taxation for the quarter		<u>954,414</u>	<u>744,365</u>
			-----Number of shares-----	
	Weighted average number of ordinary shares		<u>1,373,962,760</u>	<u>1,373,962,760</u>
			-----Rupee-----	
	Basic / diluted earnings per share		<u>0.69</u>	<u>0.54</u>
35.	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			
	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).			

35.1 Fair value of financial assets

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

31 March 2024				
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	23,736,307	87,324,966	-	111,061,273
Other securities	-	955,781	-	955,781
Shares	121,035	-	-	121,035
Foreign securities	-	4,788,169	-	4,788,169
	<u>23,857,342</u>	<u>93,068,916</u>	<u>-</u>	<u>116,926,258</u>
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	23,102,514	-	23,102,514
	<u>-</u>	<u>23,102,514</u>	<u>-</u>	<u>23,102,514</u>
Forward sale of foreign exchange	-	15,220,450	-	15,220,450
	<u>-</u>	<u>15,220,450</u>	<u>-</u>	<u>15,220,450</u>
31 December 2023 (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	23,724,572	92,577,655	-	116,302,227
Other securities	-	1,530,794	-	1,530,794
Shares	121,350	-	-	121,350
Foreign securities	-	4,828,986	-	4,828,986
	<u>23,845,922</u>	<u>98,937,435</u>	<u>-</u>	<u>122,783,357</u>
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	19,051,426	-	19,051,426
	<u>-</u>	<u>19,051,426</u>	<u>-</u>	<u>19,051,426</u>
Forward sale of foreign exchange	-	7,373,861	-	7,373,861
	<u>-</u>	<u>7,373,861</u>	<u>-</u>	<u>7,373,861</u>

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

35.2 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 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 securities	The fair value of foreign 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.
Non-banking assets acquired in satisfaction of claims	The fair value of land and building are derived using the sale comparison approach. The sales value is determined by physically analysing the condition of land and building and by ascertaining the current market value of similar land, which is selling in near vicinity. Moreover, for buildings, the valuer has also considered prevailing current cost of construction for relevant type of civil work carried out thereon, wherever required.

The valuations of land and building, mentioned above, are conducted by the valuation experts appointed by the Bank which are also on the panel of the Pakistan Banks' Association (PBA). The valuation experts use a market based approach to arrive at the fair value of the Bank's properties. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these financial statements.

36. SEGMENT INFORMATION

36.1 Segment details with respect to business activities

	31 March 2024 (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	379,752	373,279	(1,779,132)	4,289,376	(256,506)	-	3,006,769
Inter segment revenue - net	-	-	5,642,305	-	1,024,796	(6,667,101)	-
Other income	60,495	73,465	127,543	442,724	(209)	-	704,018
Total Income	440,247	446,744	3,990,716	4,732,100	768,081	(6,667,101)	3,710,787
Segment direct expenses	(104,158)	(112,564)	(1,884,545)	(41,291)	-	-	(2,142,558)
Inter segment expense allocation	(1,665,354)	(219,493)	(1,196,953)	(3,585,301)	-	6,667,101	-
Total expenses	(1,769,512)	(332,057)	(3,081,498)	(3,626,592)	-	6,667,101	(2,142,558)
(Provisions) / Reversal	183,987	(96,493)	18,233	-	174,617	-	280,344
profit / (Loss) before tax	(1,145,278)	18,194	927,451	1,105,508	942,698	-	1,848,573
Statement of Financial Position							
Cash and balances with treasury banks	98,654	-	5,413,317	10,852,472	25,119	-	16,389,562
Balances with other banks	-	-	-	5,142,272	-	-	5,142,272
Due from financial institutions	-	-	-	4,876,472	-	-	4,876,472
Investments	2,449,532	-	-	115,126,498	-	-	117,576,030
Net inter segment lending			109,879,935		16,456,324	(126,336,259)	-
Islamic financing and related assets - performing	45,250,064	9,018,740	18,853,887	-	2,504,982	-	75,627,673
- non-performing	1,020,193	499,700	313,655	-	-	-	1,833,548
Others	3,581,746	878,500	6,383,326	8,066,604	4,852,316	-	23,762,492
Total assets	52,400,189	10,396,940	140,844,120	144,064,318	23,838,741	(126,336,259)	245,208,049
Bills payable	110,020	-	4,225,377	-	-	-	4,335,397
Due to financial institutions	6,259,903	902,108	-	-	-	-	7,162,011
Subordinated debt	-	-	-	-	4,624,241	-	4,624,241
Deposits and other accounts	28,130,243	8,570,442	129,506,307	32,901,388	-	-	199,108,380
Net inter segment borrowing	17,349,814	373,383		108,613,062		(126,336,259)	-
Others	1,695,488	532,812	6,187,158	743,973	2,599,920	-	11,759,351
Total liabilities	53,545,468	10,378,745	139,918,842	142,258,423	7,224,161	(126,336,259)	226,989,380
Equity	(1,145,279)	18,195	925,278	1,805,895	16,614,580	-	18,218,669
Total equity and liabilities	52,400,189	10,396,940	140,844,120	144,064,318	23,838,741	(126,336,259)	245,208,049
Contingencies and commitments	16,873,364	11,910,063	176,037	38,531,222	5,053,587	-	72,544,273

31 March 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	1,324,976	232,457	(1,406,384)	2,937,959	(286,792)	-	2,802,216
Inter segment revenue - net	-	41,886	5,093,388	-	623,290	(5,758,564)	-
Other income	75,942	41,523	122,669	347,919	175	-	588,228
Total Income	1,400,918	315,866	3,809,673	3,285,878	336,673	(5,758,564)	3,390,444
Segment direct expenses	(67,911)	(77,412)	(1,625,536)	(20,273)	-	-	(1,791,132)
Inter segment expense allocation	(883,594)	(131,577)	(1,213,988)	(3,529,404)	-	5,758,563	-
Total expenses	(951,505)	(208,989)	(2,839,524)	(3,549,677)	-	5,758,563	(1,791,132)
Provisions	(100,541)	14,711	(4,653)	(355)	(194,509)	-	(285,347)
(Loss) / profit before tax	348,872	121,588	965,496	(264,154)	142,164	(1)	1,313,965

31 December 2023 (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	87,960	-	5,395,092	16,394,387	-	-	21,877,439
Balances with other banks	-	-	-	1,683,007	-	-	1,683,007
Due from financial institutions	-	-	-	8,098,788	-	-	8,098,788
Investments	2,458,333	-	-	120,423,151	-	-	122,881,484
Net inter segment lending	-	2,778,119	114,925,932	-	12,829,560	(130,533,611)	-
Islamic financing and related assets - performing	44,710,868	9,884,104	20,417,096	-	2,518,739	-	77,530,807
- non-performing	1,319,625	511,813	393,644	-	-	-	2,225,082
Others	4,959,465	1,271,581	5,984,593	4,805,841	4,055,562	-	21,077,042
Total assets	53,536,251	14,445,617	147,116,357	151,405,174	19,403,861	(130,533,611)	255,373,649
Bills payable	-	-	5,646,089	-	-	-	5,646,089
Due to financial institutions	6,721,303	928,358	-	-	-	-	7,649,661
Subordinated debt	-	-	-	-	4,624,241	-	4,624,241
Deposits and other accounts	32,582,761	11,081,545	132,109,431	31,564,008	-	-	207,337,745
Net inter segment borrowing	14,765,408	-	-	115,768,203	-	(130,533,611)	-
Others	2,301,884	947,012	5,425,300	872,159	2,316,401	-	11,862,756
Total liabilities	56,371,356	12,956,915	143,180,820	148,204,370	6,940,642	(130,533,611)	237,120,492
Equity	(2,835,105)	1,488,702	3,935,537	3,200,804	12,463,219	-	18,253,157
Total equity and liabilities	53,536,251	14,445,617	147,116,357	151,405,174	19,403,861	(130,533,611)	255,373,649
Contingencies and commitments	16,800,544	13,232,847	180,052	26,636,088	5,253,587	-	62,103,118

37. 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 year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	31 March 2024 (Un-Audited)					31 December 2023 (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	-	-	439,033	2,088	441,121	-	-	323,346	-	323,346
Addition during the quarter / year	-	-	10,942	-	10,942	-	-	179,092	2,500	181,592
Repaid during the quarter / year	-	-	(14,450)	(114)	(14,564)	-	-	(62,074)	(412)	(62,486)
Transfer in/out	-	-	4,303	-	4,303	-	-	(1,331)	-	(1,331)
Closing balance	-	-	439,828	1,974	441,802	-	-	439,033	2,088	441,121
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	-	-	2,540	19	2,559	-	-	239	2	241
Subordinated debt	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241
Deposits and other accounts										
Opening balance	16,937	60,215	40,466	662,359	779,977	15,310	47,938	44,752	1,178,785	1,286,785
Received during the quarter / year	-	5,317	133,861	800,909	940,087	8,273	131,804	367,805	7,773,529	8,281,411
Withdrawn during the quarter / year	(115)	(7,501)	(116,622)	(741,436)	(865,674)	(6,646)	(119,527)	(366,731)	(8,257,096)	(8,750,000)
Transfer in/out	-	-	7,460	-	7,460	-	-	(5,360)	(32,859)	(38,219)
Closing balance	16,822	58,031	65,165	721,832	861,850	16,937	60,215	40,466	662,359	779,977
Other Liabilities										
Return payable on deposits	-	15	481	13,160	13,656	-	28	359	6,596	6,983
Return payable on Sub-ordinated debt	88,040	-	-	-	88,040	278,975	-	-	-	278,975
Payable in respect of defined benefit plan	-	-	-	173,091	173,091	-	-	-	173,091	173,091
Other liabilities	-	-	-	657	657	-	-	-	657	657
Quarter ended 31 March 2024 (Un-Audited)										
Quarter ended 31 March 2023 (Un-Audited)										
(Rupees in '000)										
Related party transactions during the quarter										
Income										
Profit earned on Islamic financing and related assets	-	-	4,583	30	4,613	-	-	2,592	19	2,611
Fee and commission income	-	-	-	72	72	-	-	-	336	336
Expense and transactions										
Return on deposits expenses	-	349	1,448	24,568	26,365	-	466	770	37,481	38,717
Salaries, allowances and benefits	-	-	147,744	-	147,744	-	-	87,095	-	87,095
Director fee and other allowances	-	17,550	-	-	17,550	-	18,975	-	-	18,975
Shariah Board fee	-	-	-	1,160	1,160	-	-	-	2,107	2,107
Rent expense	-	-	-	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	35,967	35,967	-	-	-	29,558	29,558
Contribution to defined benefit plan	-	-	-	30,073	30,073	-	-	-	24,351	24,351
Return on sub-ordinated loan	83,507	-	-	-	83,507	67,997	-	-	-	67,997

31 March 2024 ----- (Rupees in '000) ----- (Un-Audited)	31 December 2023 ----- (Rupees in '000) ----- (Audited)
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38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	14,500,490	14,500,490
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	15,308,441	14,495,766
Eligible Additional Tier 1 (ADT 1) Capital	1,389,241	1,389,241
Total Eligible Tier 1 Capital	16,697,682	15,885,007
Eligible Tier 2 Capital	2,669,027	2,867,796
Total Eligible Capital (Tier 1 + Tier 2)	19,366,709	18,752,803

Risk Weighted Assets (RWAs):

Credit Risk	70,124,785	73,335,184
Market Risk	1,456,324	2,426,120
Operational Risk	21,208,148	21,257,712
Total	92,789,257	97,019,016

Common Equity Tier 1 Capital Adequacy Ratio

16.50%	14.94%
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Tier 1 Capital Adequacy Ratio

18.00%	16.37%
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Total Capital Adequacy Ratio

20.87%	19.33%
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The minimum capital adequacy ratio required by SBP as at 31 March 2024 is 11.50% (31 December 2023: 11.50%).

Leverage Ratio (LR):

Eligible Tier-1 Capital	16,697,682	15,885,007
Total Exposures	287,093,707	288,551,099
Leverage Ratio	5.82%	5.51%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	128,113,149	138,869,289
Total Net Cash Outflow	62,353,742	64,926,867
Liquidity Coverage Ratio	205.46%	213.89%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	163,485,040	169,467,734
Total Required Stable Funding	80,325,018	78,239,783
Net Stable Funding Ratio	203.53%	216.60%

39. 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.

40. GENERAL

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

41. RECLASSIFICATION

As a result of changes in forms for the preparation of condensed interim financial information issued by SBP as referred in note 3.1 and for better presentation, corresponding figures have been rearranged as follows. There are no other material reclassifications.

Transfer from	Transfer to	(Rupees in '000)
Property and equipment	Right-Of-Use Assets	1,543,900
Other liabilities	Lease Liabilities	1,677,081

42. DATE OF AUTHORISATION

These financial statements were authorised for issue on 23 April 2024 by the Board of Directors of the Bank.

Chief Executive Officer

Chief Financial Officer

Chairman

Director

Director