

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

	30 September 2023	31 December 2022
Note	----- (Rupees in '000) ----- (Un-audited)	(Audited)
ASSETS		
Cash and balances with treasury banks	8 20,910,254	16,569,661
Balances with other banks	9 1,665,038	1,939,954
Due from financial institutions	10 2,000,000	-
Investments	11 121,280,296	109,899,905
Islamic financing and related assets - net	12 78,243,085	86,057,049
Fixed assets	13 4,144,889	3,975,501
Intangible assets	14 1,305,773	1,305,295
Deferred tax assets	15 2,927,846	2,653,775
Other assets	16 15,956,809	11,266,630
	248,433,990	233,667,770
LIABILITIES		
Bills payable	17 6,702,427	5,376,942
Due to financial institutions	18 18,496,607	12,950,001
Deposits and other accounts	19 190,572,607	185,049,169
Subordinated debt	20 4,624,241	4,624,241
Deferred tax liabilities	-	-
Other liabilities	21 10,965,043	11,062,688
	231,360,925	219,063,041
NET ASSETS	<u>17,073,065</u>	<u>14,604,729</u>
REPRESENTED BY		
Share capital - net	14,500,490	14,500,490
Reserves	1,277,568	760,280
Surplus on revaluation of assets	22 52,522	176,411
Accumulated profits / (losses)	1,242,485	(832,452)
	<u>17,073,065</u>	<u>14,604,729</u>
CONTINGENCIES AND COMMITMENTS	23	

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

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

	Note	Nine months ended		Quarter ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
----- (Rupees in '000) -----					
Profit / return earned	24	26,684,888	17,006,314	9,724,553	7,021,887
Profit / return expensed	25	(17,007,359)	(11,199,154)	(6,295,893)	(4,821,564)
Net profit / return		9,677,529	5,807,160	3,428,660	2,200,323
Other income					
Fee and commission income	26	743,850	728,585	282,169	225,706
Dividend income		3,224	7,111	750	2,500
Foreign exchange income		532,729	712,085	81,422	289,133
Gain on securities-net	27	27,278	20,665	24,044	2,172
Other income	28	13,233	24,156	6,738	9,551
Total other income		1,320,314	1,492,602	395,123	529,062
Total income		10,997,843	7,299,762	3,823,783	2,729,385
Other expenses					
Operating expenses	29	(5,617,560)	(4,749,008)	(1,950,569)	(1,675,053)
Workers' Welfare Fund		(92,721)	(38,319)	(32,295)	(14,345)
Other charges	30	(11,918)	(55,312)	(2,866)	(351)
Total other expenses		(5,722,199)	(4,842,639)	(1,985,730)	(1,689,749)
Profit before provisions		5,275,644	2,457,123	1,838,053	1,039,636
Provisions and write offs - net	31	(732,309)	(579,503)	(255,580)	(336,745)
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		4,543,335	1,877,620	1,582,473	702,891
Taxation	32	(1,956,895)	(733,827)	(788,177)	(360,318)
Profit after taxation		2,586,440	1,143,793	794,296	342,573
----- Rupee -----					
Basic / diluted earning per share	33	1.88	0.83	0.58	0.25

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

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

	Nine months ended		Quarter ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	(Rupees in '000)			
Profit after taxation for the period / quarter	2,586,440	1,143,793	794,296	342,573
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(87,083)	(212,499)	(2,477)	(59,591)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	5,785	2,621	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	(36,806)	(18,539)	-	-
	(31,021)	(15,918)	-	-
Total comprehensive income	2,468,336	915,376	791,819	282,982

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

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

	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 2021 (audited)	13,739,628	1,393,628	(632,766)	458,341	198,387	282,717	(2,025,221)	13,414,714
Profit after taxation for the period	-	-	-	-	-	-	1,143,793	1,143,793
Other comprehensive (loss) / gain - net of tax	-	-	-	-	(212,499)	(18,539)	2,621	(228,417)
Transfer to statutory reserve	-	-	-	228,759	-	-	(228,759)	-
Balance as at 30 September 2022 (Un-audited)	13,739,628	1,393,628	(632,766)	687,100	(14,112)	264,178	(1,107,566)	14,330,090
Profit after taxation for the period	-	-	-	-	-	-	365,902	365,902
Other comprehensive (loss) / gain - net of tax	-	-	-	-	(159,130)	85,475	(17,608)	(91,263)
Transfer to statutory reserve	-	-	-	73,180	-	-	(73,180)	-
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 period	-	-	-	-	-	-	2,586,440	2,586,440
Other comprehensive (loss) / gain - net of tax	-	-	-	-	(87,083)	(36,806)	5,785	(99,404)
Transfer to statutory reserve	-	-	-	517,288	-	-	(517,288)	-
Balance as at 30 September 2023 (Un-audited)	13,739,628	1,393,628	(632,766)	1,277,568	(260,325)	312,847	1,242,485	17,091,765

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

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

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

	Nine months ended	
	30 September	30 September
	2023	2022
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,543,335	1,877,620
Less: Dividend income	(3,224)	(7,111)
	<u>4,540,111</u>	<u>1,870,509</u>
Adjustments:		
Depreciation on fixed assets	29 183,775	167,030
Depreciation on right-of-use assets	29 379,286	443,030
Amortisation	29 116,317	119,689
Depreciation on non-banking assets	29 29,521	23,997
Provision and write-offs - net	31 732,309	579,503
Gain on sale of fixed assets - net	28 (1,229)	(5,275)
Finance charges on lease liability against right-of-use assets	25 164,958	133,447
Unrealised gain on revaluation of securities classified as held for trading	27 (22,759)	(3,435)
Workers' Welfare Fund	92,721	38,319
	<u>1,674,899</u>	<u>1,496,305</u>
	6,215,010	3,366,814
(Increase) / decrease in operating assets		
Due from financial institutions	(2,000,000)	(1,096,878)
Held-for-trading securities - net	(5,101,839)	5,830,519
Islamic financing and related assets - net	7,098,571	7,513,079
Others assets (excluding advance taxation)	(4,733,176)	(4,219,245)
	(4,736,444)	8,027,475
Increase / (decrease) in operating liabilities		
Bills payable	1,325,485	(866,579)
Due to financial institutions	5,546,606	12,703,093
Deposits and other accounts	5,523,438	2,878,921
Other liabilities	(611,530)	1,540,667
	11,783,999	16,256,102
Income tax paid	(1,759,239)	(224,722)
Net cash flows generated from operating activities	<u>11,503,326</u>	<u>27,425,669</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(6,978,589)	(35,342,361)
Net investments in held-to-maturity securities	512,848	1,540,890
Dividends received	3,224	7,111
Investments in fixed assets	(482,377)	(228,029)
Proceeds from sale of fixed assets	7,828	34,805
Net cash used in investing activities	<u>(6,937,066)</u>	<u>(33,987,584)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(500,583)	(525,205)
Net cash used in financing activities	<u>(500,583)</u>	<u>(525,205)</u>
Increase / (decrease) in cash and cash equivalents		
	4,065,677	(7,087,120)
Cash and cash equivalents at the beginning of the period	<u>18,509,615</u>	<u>27,371,984</u>
Cash and cash equivalents at the end of the period	<u><u>22,575,292</u></u>	<u><u>20,284,864</u></u>

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

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

1. STATUS AND NATURE OF BUSINESS

- 1.1** Al Baraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company. The Bank was granted an Islamic Banking License BL(I)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) on 18 January 2007. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007. Upon merger of the Pakistan branches of 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 and a member of Al Baraka Group.

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

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

- 1.3** Based on the financial statements of the Bank for the year ended 31 December 2022, VIS Credit Rating Company Limited has maintained the long-term rating at 'A+' and short-term rating at 'A-1'.
- 1.4** In order to support the CAR requirements, Al Baraka Islamic Bank, B.S.C (c) (Parent Bank) has injected the temporary Capital Support Fund amounting to Rs 1.394 billion (USD 9 million) which is an allowable capital for the purposes of CAR, MCR and Leverage ratio. This fund can only be remitted back after prior approval of the SBP. In case capital of the Bank is not increased through alternate plans, the said Capital Support Fund will be converted into Share Capital of the Bank. Presently, SBP has allowed the Bank, a timeline extension for the commencement of conversion process of Capital Support Fund into Share Capital till 30 June 2024.

As at 30 September 2023, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs. 14.5 billion and 19.61% respectively.

2. BASIS OF PRESENTATION

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

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities 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 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
- IAS 1 - Presentation of Financial Statements (amendments)	1 January 2024
- IFRS 16 - Leases (amendments)	1 January 2024
- IFRS 9 - 'Financial instruments' *	1 January 2024

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

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

The Bank will adopt IFRS 9 in its entirety effective 1 January 2024 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period. The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at 1 January 2024 is reduction in equity of approximately Rs. 1,190.961 million, representing corresponding impact.

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

4. BASIS OF MEASUREMENT

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

6. FUNCTIONAL AND PRESENTATION CURRENCY

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

7. FINANCIAL RISK MANAGEMENT

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

		30 September 2023	31 December 2022
	Note	----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
8. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		3,508,075	2,879,096
Foreign currencies		885,233	414,071
		4,393,308	3,293,167
With State Bank of Pakistan in			
Local currency current account	8.1	13,446,647	11,363,393
Foreign currency current account	8.2	68,116	59,904
Foreign currency deposit account	8.3	2,215,690	1,822,851
		15,730,453	13,246,148
With National Bank of Pakistan in			
Local currency current accounts		786,484	30,338
Local currency deposit accounts		9	8
		786,493	30,346
		<u>20,910,254</u>	<u>16,569,661</u>

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

8.2 This represents foreign currency settlement account maintained with SBP.

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

		30 September 2023	31 December 2022
	Note	----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
9. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		600	52,739
In deposit accounts	9.1	120,500	129,946
		121,100	182,685
Outside Pakistan			
In current accounts		1,507,379	1,440,015
In deposit accounts	9.1	36,559	317,254
		1,543,938	1,757,269
		<u>1,665,038</u>	<u>1,939,954</u>

9.1 The expected return on remunerative deposits ranges from 3% to 9% (31 December 2022: 0.08% to 9.50%) per annum.

		30 September 2023	31 December 2022
	Note	----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
10. DUE FROM FINANCIAL INSTITUTIONS			
Wakalah placements	10.1	2,000,000	-

10.1 The expected return on this placement is 20% (31 December 2022: Nil) per annum. This will mature by October 2023.

11. INVESTMENTS

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

11.1 Investments by type

Held-for-trading securities

Federal Government securities	11.2	5,101,839	-	22,759	5,124,598	-	-	-	-
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Available-for-sale securities

Federal Government securities	11.2	109,790,205	-	(323,690)	109,466,515	103,840,636	-	(133,145)	103,707,491
Shares		484,050	(306,753)	23,810	201,107	524,820	(303,313)	5,070	226,577
Non-government debt securities	11.2	1,719,055	(111,455)	9,240	1,616,840	1,754,355	(111,455)	10,453	1,653,353
Foreign securities	11.2	5,091,037	-	(219,801)	4,871,236	3,985,947	-	(186,311)	3,799,636
		117,084,347	(418,208)	(510,441)	116,155,698	110,105,758	(414,768)	(303,933)	109,387,057

Held-to-maturity securities

Federal Government securities	11.2 & 11.5	-	-	-	-	512,848	-	-	512,848
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Total investments

		122,186,186	(418,208)	(487,682)	121,280,296	110,618,606	(414,768)	(303,933)	109,899,905
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Note	30 September 2023 (Un-audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value

11.2 Investments by segments

Federal Government securities

Ijarah sukuk		90,415,491	-	(647,846)	89,767,645	79,339,305	-	(527,884)	78,811,421
Bai muajjal		-	-	-	-	512,848	-	-	512,848
Other sukuk		24,476,553	-	346,915	24,823,468	24,501,331	-	394,739	24,896,070
		114,892,044	-	(300,931)	114,591,113	104,353,484	-	(133,145)	104,220,339

Shares

Listed companies		359,598	(280,598)	23,810	102,810	402,144	(277,159)	5,070	130,055
Unlisted companies		124,452	(26,155)	-	98,297	122,676	(26,154)	-	96,522
		484,050	(306,753)	23,810	201,107	524,820	(303,313)	5,070	226,577

Non government debt securities

Unlisted		1,719,055	(111,455)	9,240	1,616,840	1,754,355	(111,455)	10,453	1,653,353
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Foreign securities

Government securities		863,428	-	(13,457)	849,971	679,637	-	(11,311)	668,326
Non-government debt securities		4,227,609	-	(206,344)	4,021,265	3,306,310	-	(175,000)	3,131,310
		5,091,037	-	(219,801)	4,871,236	3,985,947	-	(186,311)	3,799,636

Total investments

		122,186,186	(418,208)	(487,682)	121,280,296	110,618,606	(414,768)	(303,933)	109,899,905
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30 September 2023
31 December 2022
(Rupees in '000)
(Un-audited) (Audited)

11.3 Provision for diminution in value of investments

11.3.1 Opening balance

414,768 456,839

Charge for the period / year

3,440 8,337

Reversal on disposals

- (50,408)

3,440 (42,071)

Closing balance

418,208 414,768

11.3.2 Particulars of provision against debt securities

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

	Note	30 September 2023 ----- (Rupees in '000) ----- (Un-audited)	31 December 2022 ----- (Rupees in '000) ----- (Audited)
11.4 Investment given as collateral - at market value			
- Ijarah sukuk	18.5	11,428,700	3,983,200

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

12. ISLAMIC FINANCING ANE RELATEE ASSETS - NET

Note	Performing		Non-performing		Total		
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	
	----- (Rupees in '000) -----						
- Murabaha financing	1,119,571	1,700,354	2,257,401	2,261,818	3,376,972	3,962,172	
- Advance against murabaha financing	338,647	464,353	123,120	105,720	461,767	570,073	
- Export refinance under Islamic scheme	28,500	13,500	71,595	63,871	100,095	77,371	
- Advance against export refinance under Islamic scheme	5,303,034	5,361,324	134,425	-	5,437,459	5,361,324	
- Inventory against export refinance under Islamic scheme	163,000	20,000	-	-	163,000	20,000	
- Diminishing musharaka and Ijarah financing	42,282,120	49,548,617	3,036,349	2,448,647	45,318,469	51,997,264	
- Advance against diminishing musharaka finance	147,340	636,178	-	-	147,340	636,178	
- Running musharaka	2,935,696	2,990,977	-	-	2,935,696	2,990,977	
- Tijarah finance	492,265	710,946	850	-	493,115	710,946	
- Tijarah Inventory	22,000	-	7,228	7,228	29,228	7,228	
- Advance against tijarah	1,415,431	1,763,088	105,659	-	1,521,090	1,763,088	
- Over-due acceptances	236,378	4,002	491,342	494,670	727,720	498,672	
- Payment against guarantee	3,776	3,776	64,939	56,062	68,715	59,838	
- Payment against documents	41,529	903,334	-	-	41,529	903,334	
- Salam financing	87,053	41,583	-	900	87,053	42,483	
- Advance against salam	4,860,554	5,029,815	2,542,992	2,607,927	7,403,546	7,637,742	
- Salam inventory	20,000	400	71,748	55,685	91,748	56,085	
- Financing against bills	-	142	-	-	-	142	
- Rahnuma Travel Services	7,183	-	-	-	7,183	-	
- Istasna finance	563,272	314,637	585,364	569,165	1,148,636	883,802	
- Advance against istasna	10,448,329	14,451,722	3,449,600	2,995,592	13,897,929	17,447,314	
- Istasna inventory	5,434,132	443,974	70,789	4,720	5,504,921	448,694	
- Qarz-e-Hasna	59,036	58,658	60,165	60,117	119,201	118,775	
Islamic financing and related assets - gross	76,008,846	84,461,380	13,073,566	11,732,122	89,082,412	96,193,502	
Provisions for non-performing financing							
- Specific	12.3	-	(9,999,011)	(9,717,701)	(9,999,011)	(9,717,701)	
- General	12.3	(840,316)	(418,752)	-	(840,316)	(418,752)	
		(840,316)	(9,999,011)	(9,717,701)	(10,839,327)	(10,136,453)	
Islamic financing and related assets - net of provisions		75,168,530	84,042,628	3,074,555	2,014,421	78,243,085	86,057,049

	30 September 2023 ----- (Rupees in '000) ----- (Un-audited)	31 December 2022 ----- (Rupees in '000) ----- (Audited)
12.1 Particulars of Islamic financing and related assets (Gross)		
In local currency	88,954,368	95,978,619
In foreign currency	128,044	214,883
	89,082,412	96,193,502

12.2 Islamic financing and related assets include Rs. 13,073.566 million (31 December 2022: Rs. 11,732.122 million) which have been placed under non-performing status as detailed below:

Category of classification	30 September 2023 (Un-audited)		31 December 2022 (Audited)	
	Classified Islamic financing and related assets	Provision	Classified Islamic financing and related assets	Provision
	----- (Rupees in '000) -----			
Domestic				
Other assets especially mentioned	329,473	96	238,507	-
Substandard	1,396,293	133,763	215,491	27,611
Doubtful	487,597	39,945	191,619	52,007
Loss	10,860,203	9,825,207	11,086,505	9,638,083
	13,073,566	9,999,011	11,732,122	9,717,701

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

	30 September 2023 (Un-audited)			31 December 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	9,717,701	418,752	10,136,453	9,143,140	277,548	9,420,688
Charge for the period / year	560,141	470,000	1,030,141	1,210,006	141,204	1,351,210
Reversals for the period / year	(279,229)	(48,436)	(327,665)	(290,016)	-	(290,016)
	280,912	421,564	702,476	919,990	141,204	1,061,194
Charge for the period / year - agriculture financing	12,917	-	12,917	9,562	-	9,562
	293,829	421,564	715,393	929,552	141,204	1,070,756
Amounts written off against provision	(12,519)	-	(12,519)	(354,991)	-	(354,991)
Closing balance	9,999,011	840,316	10,839,327	9,717,701	418,752	10,136,453

12.3.1 The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 1,915.706 (31 December 2022: Rs. 1,687.842) million. The FSV benefit recognised is not allowed for distribution of cash or stock dividend to shareholders and bonus to employees.

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

In addition, the Bank has also maintained a general provision of Rs. 614.744 (31 December 2022: Rs. 144.744) million against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

	Note	30 September 2023	31 December 2022
		(Un-audited)	(Audited)
		----- (Rupees in '000) -----	
13. FIXED ASSETS			
Capital work-in-progress	13.1	299,799	285,843
Property and equipment		2,247,676	2,086,424
Right-of-use asset		1,597,414	1,603,234
		4,144,889	3,975,501
13.1 Capital work-in-progress			
Civil works		288,545	285,254
Advance to suppliers		11,254	589
Advance for purchase of property - related party		251,680	251,680
Provisions for impairment against advance for purchase of property		(251,680)	(251,680)
		-	-
Total capital work-in-progress		299,799	285,843
		30 September 2023	30 September 2022
		----- (Rupees in '000) -----	
		----- (Un-audited) -----	
13.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		24,190	39,453
Property and equipment			
Building on leasehold land		11,052	46,146
Furniture and fixture		6,614	3,139
Electrical office and computer equipment		298,070	51,436
Vehicles		35,883	-
		351,619	100,721
Total		375,809	140,174

	30 September 2023	30 September 2022
	----- (Rupees in '000) -----	
	----- (Un-audited) -----	
13.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Building on leasehold land	31	3,445
Furniture and fixture	-	1,276
Electrical office and computer equipment	142	3,250
Vehicles	6,426	21,559
Total	<u>6,599</u>	<u>29,530</u>
	30 September 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-audited)	(Audited)
14. INTANGIBLE ASSETS		
Computer software	159,306	150,654
Advance to suppliers against computer software	150,611	106,279
Core deposits	216,594	269,100
Brand	383,145	383,145
Goodwill	396,117	396,117
	<u>1,305,773</u>	<u>1,305,295</u>
	30 September 2023	30 September 2022
	----- (Rupees in '000) -----	
	(Un-audited)	
14.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Advance to suppliers against computer software	74,584	45,215
Computer software	72,463	90,081
	<u>147,047</u>	<u>135,296</u>
	30 September 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-audited)	(Audited)
15. DEFERRED TAX ASSETS		
Deductible temporary differences on:		
- Tax losses carried forward	-	338,478
- Post retirement employee benefits	47,241	41,456
- Provision against assets	3,037,332	2,526,014
- Other deductible temporary differences	98,088	46,207
- Deficit on revaluation of investments	250,116	130,691
	<u>3,432,777</u>	<u>3,082,846</u>
Taxable temporary differences on:		
- Surplus on revaluation of non-banking assets	(300,579)	(263,773)
- Accelerated tax depreciation	(204,352)	(165,298)
	<u>(504,931)</u>	<u>(429,071)</u>
	<u>2,927,846</u>	<u>2,653,775</u>

		30 September 2023	31 December 2022
	Note	(Rupees in '000)	
		(Un-audited)	(Audited)
16. OTHER ASSETS			
Profit / return accrued in local currency		11,356,375	5,731,273
Profit / return accrued in foreign currency		42,182	22,665
Advances, deposits, advance rent and other prepayments		657,168	703,856
Non-banking assets acquired in satisfaction of claims		1,283,260	1,312,781
Mark to market gain on re-measurement of forward exchange contracts		-	452,929
Stamps and stationery		1,695	4,249
Acceptances		1,842,620	2,361,669
Branch adjustment account		51,188	-
Others		258,107	212,994
		<u>15,492,595</u>	<u>10,802,416</u>
Less: Provision held against other assets	16.1	<u>(149,212)</u>	<u>(149,212)</u>
Other assets (net of provision)		<u>15,343,383</u>	<u>10,653,204</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22	<u>613,426</u>	<u>613,426</u>
Other assets - total		<u><u>15,956,809</u></u>	<u><u>11,266,630</u></u>
16.1 Provision held against other assets			
Non-performing receivables		148,966	148,966
Others		246	246
		<u>149,212</u>	<u>149,212</u>
17. BILLS PAYABLE			
In Pakistan		<u>6,702,427</u>	<u>5,376,942</u>
18. DUE TO FINANCIAL INSTITUTIONS			
Secured			
Borrowings from State Bank of Pakistan			
- Under Islamic export refinance scheme	18.1	5,506,409	5,310,244
- Under Islamic refinance scheme for payment of salaries and wages		-	125,080
- Under Islamic temporary economic refinance facility for plant and machinery	18.2	1,933,052	1,978,884
- Under Islamic refinance facility for combating COVID-19	18.3	41,388	49,879
- Under Islamic financing facility for renewable energy	18.4	100,589	109,001
- Under Shariah compliant standing ceiling facility	18.5	10,915,169	3,886,913
		<u>18,496,607</u>	<u>11,460,001</u>
Unsecured			
Other musharaka	18.6	-	1,490,000
		<u>18,496,607</u>	<u>12,950,001</u>
18.1	The range of profit rates on these borrowings is 16% to 18% per annum (31 December 2022: 8% to 10% per annum). The maximum limit approved by SBP to the Bank under Islamic Export Refinance Scheme is Rs.6.609 billion. These contracts will mature by March 2024.		
18.2	SBP vide its Circular no. 02 of 2020 has introduced an Islamic temporary economic refinance facility to support sustainable economic growth. The facility aims to provide concessionary finance for setting up of new industrial units through purchase of new imported and locally manufactured plant and machinery. The profit rate on these borrowings is 1% (31 December 2022: 1%) per annum. The maximum limit approved by SBP to the Bank under this scheme is Rs. 2 billion. These contracts will mature in October 2032.		
18.3	SBP vide its Circular no. 04 of 2020 has introduced an Islamic refinance facility to combat the impact of COVID-19. The facility aims to provide long term finance for purchase of new imported and locally manufactured medical equipments to be used for combating COVID-19 by hospitals and medical centers registered with provincials / federal agencies. The maximum limit approved by SBP to the Bank under this scheme is Rs. 75 million. These contracts will mature in December 2026.		

- 18.4** The profit rate on these borrowings is 2% (31 December 2022: 2%) per annum. SBP vide its Letter No. IH&SMEFD/IFRE/2022-2215 revised the maximum limit for the Bank to Rs. 168 million from Rs. 100 million in February 2022. Further, these contracts will mature in May 2032.
- 18.5** These represents acceptance of funds by the Bank on Mudaraba basis and are secured against lien of the Bank's investment in Federal Government Securities. The range of profit rates on these borrowings is 22.19% to 22.35% (31 December 2022: 16.26%) per annum and are due to mature by November 2023.
- 18.6** The profit rate on these borrowings is Nil (31 December 2022: 16%) per annum.

19. DEPOSITS AND OTHER ACCOUNTS

	30 September 2023 (Un-audited)			31 December 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	39,295,940	9,572,257	48,868,197	27,397,519	7,477,567	34,875,086
Savings deposits	49,006,768	5,907,171	54,913,939	54,920,776	9,351,938	64,272,714
Term deposits	46,887,146	7,876,353	54,763,499	54,508,615	2,200,361	56,708,976
Others	6,670,837	-	6,670,837	3,299,962	-	3,299,962
	141,860,691	23,355,781	165,216,472	140,126,872	19,029,866	159,156,738
Financial Institutions						
Current deposits	37,981	76,815	114,796	89,991	1,820	91,811
Savings deposits	25,035,660	1,179	25,036,839	24,262,195	925	24,263,120
Term deposits	204,500	-	204,500	1,537,500	-	1,537,500
	25,278,141	77,994	25,356,135	25,889,686	2,745	25,892,431
	167,138,832	23,433,775	190,572,607	166,016,558	19,032,611	185,049,169

	Note	30 September 2023	31 December 2022
		(Un-audited)	(Audited)
----- (Rupees in '000) -----			
20. SUBORDINATED DEBT			
Tier II mudaraba sukuk - second issue	20.1	1,500,000	1,500,000
Tier II mudaraba sukuk - third issue	20.2	1,735,000	1,735,000
Additional Tier I capital	20.3	1,389,241	1,389,241
		4,624,241	4,624,241

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

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

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

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

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

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

	30 September 2023	31 December 2022
Note	----- (Rupees in '000) -----	
	(Un-audited)	(Audited)
21. OTHER LIABILITIES		
Return on deposits and other dues:		
- payable in local currency	3,475,854	2,523,349
- payable in foreign currencies	148,685	16,396
Accrued expenses	886,230	707,235
Current taxation (payments less provisions)	653,469	270,146
Mark to market loss on re-measurement of forward exchange contracts	338,563	-
Unearned Income	83,528	73,696
Advance payments	639,748	833,429
Charity fund balance	49,785	32,200
Security deposits against ijarah	73,895	81,903
Payable in respect of defined benefit plan	62,621	62,621
Takaful payable against ijarah and diminishing musharakah assets	318,494	377,468
Branch adjustment account	-	393,226
Acceptances	1,842,620	2,361,669
Lease liability against right-of-use assets	1,733,622	1,695,781
Others	657,929	1,633,569
	<u>10,965,043</u>	<u>11,062,688</u>

		30 September 2023 ----- (Rupees in '000) ----- (Un-audited)	31 December 2022 ----- (Rupees in '000) ----- (Audited)
22. SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	11.1	(510,441)	(303,933)
- Non-banking assets acquired in satisfaction of claims	14	613,426	613,426
		102,985	309,493
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		250,116	130,691
- Non-banking assets acquired in satisfaction of claims		(300,579)	(263,773)
		(50,463)	(133,082)
		<u>52,522</u>	<u>176,411</u>
23. CONTINGENCIES AND COMMITMENTS			
- Guarantees	23.1	14,597,081	14,712,264
- Commitments	23.2	51,742,668	48,500,519
		<u>66,339,749</u>	<u>63,212,783</u>
23.1 Guarantees:			
Financial guarantees		17,954	953,683
Performance guarantees		11,393,132	10,040,818
Other guarantees		3,185,995	3,717,763
		<u>14,597,081</u>	<u>14,712,264</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		22,879,441	11,407,940
Commitments in respect of forward foreign exchange contracts	23.2.1	27,828,546	36,327,164
Commitments for acquisition of operating fixed assets		3,035	4,618
Other commitments	23.2.2	1,031,646	760,797
		<u>51,742,668</u>	<u>48,500,519</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		20,324,315	23,494,138
Sale		7,504,231	12,833,026
		<u>27,828,546</u>	<u>36,327,164</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	1,031,646	760,797
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 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, except for the following:

In respect of assessments of ex - Burj Bank Limited [now Al Baraka Bank (Pakistan) Limited], the Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice during the current period in respect of tax year 2017 under Section 161(1A) of the Income Tax Ordinance, 2001 requiring the Bank to furnish certain details and information under monitoring proceeding. In response to the notice, the Bank had submitted the requisite information to the DCIR. The DCIR has passed an order under section 161(1) of the Income Tax Ordinance, 2001 demanding Rs. 133.984 million along with a default surcharge of Rs. 104.089 million and a penalty of Rs. 13.398 million on account of non-submission of requested documentary record leading to the default in collection and deposition of advance tax / withholding tax on part of the Appellant. The Bank has filed an appeal against the order, whose proceedings are pending till date. The management of the Bank is confident that the appeals are likely to be decided in favour of the Bank and, hence no provision has been made in these condensed interim financial statements.

		30 September 2023 ----- (Rupees in '000) ----- (Un-audited)	31 December 2022 ----- (Rupees in '000) ----- (Audited)
23.4 Other contingencies			
Claims against the Bank not acknowledged as debt		<u>2,270,778</u>	<u>2,285,605</u>
23.4.1	These mainly represent counter claims by borrowers for damages, claims filed by the former employee(s) of the Bank and other claims related to banking transactions. Based on legal advice and / or internal assessments carried out, management is confident that the matters will be decided in the Bank's favor and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim financial statements.		
		Nine months ended	
		30 September 2023	30 September 2022
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
		----- (Un-audited) -----	----- (Un-audited) -----
24. PROFIT / RETURN EARNED			
On:			
- Islamic financing and related assets - net		10,778,970	8,658,702
- Investments		15,542,143	7,896,114
- Due from financial institutions		347,407	342,150
- Balances with banks		16,368	109,348
		<u>26,684,888</u>	<u>17,006,314</u>
25. PROFIT / RETURN EXPENSED			
On:			
- Deposits		14,158,291	8,714,917
- Borrowings		840,879	1,530,650
- Conversion cost against foreign currency deposits / borrowings		577,270	253,379
- Subordinated debt		693,794	462,784
- Finance charge on lease liability against right-of-use asset		164,958	133,447
- SBP Islamic refinance schemes		572,167	103,977
		<u>17,007,359</u>	<u>11,199,154</u>
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		81,550	70,997
Consumer finance related fees		136,036	92,410
Debit card related fees and income		119,422	104,295
Investment banking fees		21,860	60,219
Commission on trade		243,188	257,527
Commission on guarantees		90,210	93,287
Commission on cash management		9,413	8,389
Commission on remittances including home remittances		22,462	19,918
Commission on bancatakaful		2,413	6,201
Export rebates		-	2,553
Others		17,296	12,789
		<u>743,850</u>	<u>728,585</u>
27. GAIN ON SECURITIES - NET			
Realised	27.1	4,519	17,230
Unrealised - held for trading		22,759	3,435
		<u>27,278</u>	<u>20,665</u>
27.1	Realised gain / (loss) on:		
	Federal Government securities	2,866	65,160
	Shares	1,653	(47,930)
		<u>4,519</u>	<u>17,230</u>
28. OTHER INCOME			
Rent on property		12,004	18,881
Gain on sale of fixed assets - net		1,229	5,275
		<u>13,233</u>	<u>24,156</u>

	Note	Nine months ended	
		30 September 2023	30 September 2022
		----- (Rupees in '000) ----- ----- (Un-audited) -----	
29. OPERATING EXPENSES			
Total compensation expense		2,526,266	2,042,182
Property expense			
Rent and taxes		119,986	44,158
Takaful expense		27,538	50,264
Utilities		286,283	244,722
Security (including guards)	29.1	264,786	213,589
Repair and maintenance (including janitorial charges)	29.1	99,241	71,467
Depreciation		49,172	55,082
Depreciation on right-of-use assets		379,286	443,030
Depreciation on non-banking assets		29,521	23,997
Others		5,363	5,613
		1,261,176	1,151,922
Information technology expenses			
Software maintenance		284,625	190,470
Hardware maintenance		12,169	36,642
Depreciation		62,012	44,289
Amortisation		63,811	46,426
Network charges		74,514	61,156
Others		89,315	77,665
		586,446	456,648
Other operating expenses			
Directors' fees and allowances		80,975	83,500
Fees and allowances to Shariah Board		4,374	6,208
Legal and professional charges		50,631	99,048
Outsourced services costs	29.1	197,272	137,415
Travelling and conveyance		53,474	31,377
NIFT clearing charges		16,432	13,506
Depreciation		72,591	67,659
Amortisation		52,506	73,263
Takaful and registration of Ijarah		6,475	1,875
Training and development		13,104	3,680
Postage and courier charges		25,445	26,109
Communication		41,646	35,400
Stationery and printing	29.1	120,513	114,525
Marketing, advertisement and publicity		58,608	48,861
Repair and maintenance		52,543	34,245
Auditors' remuneration		14,423	13,266
Depositors' protection		97,272	101,402
Brokerage, commission and bank charges		203,108	158,733
Others		82,280	48,184
		1,243,672	1,098,256
		5,617,560	4,749,008

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

	Note	Nine months ended	
		30 September 2023	30 September 2022
		----- (Rupees in '000) ----- ----- (Un-audited) -----	
30. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		11,918	55,312

		Nine months ended	
		30 September 2023	30 September 2022
		----- (Rupees in '000) -----	
		----- (Un-audited) -----	
Note			
31.	PROVISIONS AND WRITE OFFS - NET		
	Provision / (reversal) for diminution in value of investments	11.3.1 3,440	(45,073)
	Provision / (reversal) against non-performing Islamic financing and related assets	12.3 715,393	600,456
	Write off against other assets	13,476	7,262
	Write off against fixed assets	-	16,858
		<u>732,309</u>	<u>579,503</u>
32.	TAXATION		
	Current tax - current period	2,142,562	409,189
	Deferred tax - current period	<u>(185,667)</u>	<u>324,638</u>
		<u>1,956,895</u>	<u>733,827</u>
33.	BASIC / DILUTED EARNING PER SHARE		
	Profit after taxation for the period	<u>2,586,440</u>	<u>1,143,793</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>1.88</u>	<u>0.83</u>
34.	FAIR VALUE MEASUREMENTS		
	The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.		
	The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.		
	In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer Islamic financing and deposits are frequently repriced.		
	The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:		
	Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;		
	Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and		
	Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).		

34.1 Fair value of financial assets

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

30 September 2023 (Un-audited)				
On balance sheet financial instruments	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Financial assets - measured at fair value				
Investments				
Federal Government securities	23,723,215	90,867,898	-	114,591,113
Other securities	-	1,076,840	-	1,076,840
Shares	102,810	-	-	102,810
Foreign securities	4,871,236	-	-	4,871,236
	<u>28,697,261</u>	<u>91,944,738</u>	<u>-</u>	<u>120,641,999</u>
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	20,910,254
Balances with other banks	-	-	-	1,665,038
Due from financial institutions	-	-	-	2,000,000
Investments	-	-	-	638,297
Islamic financing and related assets	-	-	-	78,243,085
Other assets	-	-	-	13,977,548
	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,434,222</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	20,324,315	-	20,324,315
Forward sale of foreign exchange	-	7,504,231	-	7,504,231
	<u>-</u>	<u>27,828,546</u>	<u>-</u>	<u>27,828,546</u>
31 December 2022 (Audited)				
On balance sheet financial instruments	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Financial assets - measured at fair value				
Investments				
Federal Government securities	23,520,350	80,187,141	-	103,707,491
Other securities	-	1,553,353	-	1,553,353
Shares	130,055	-	-	130,055
Foreign securities	3,799,636	-	-	3,799,636
	<u>27,450,041</u>	<u>81,740,494</u>	<u>-</u>	<u>109,190,535</u>
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	16,569,661
Balances with other banks	-	-	-	1,939,954
Due from financial institutions	-	-	-	-
Investments	-	-	-	709,370
Islamic financing and related assets	-	-	-	86,057,049
Other assets	-	-	-	9,266,766
	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,542,800</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	23,494,138	-	23,494,138
Forward sale of foreign exchange	-	12,833,026	-	12,833,026
	<u>-</u>	<u>36,327,164</u>	<u>-</u>	<u>36,327,164</u>

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

34.2 Valuation techniques used in determination of fair values

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

35 SEGMENT INFORMATION

35.1 Segment details with respect to business activities

30 September 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	4,279,830	739,514	(4,261,034)	10,283,765	(1,364,546)	-	9,677,529
Inter segment revenue - net	-	-	15,589,857	-	2,103,829	(17,693,686)	-
Other income	223,296	161,657	370,608	556,343	8,410	-	1,320,314
Total Income	4,503,126	901,171	11,699,431	10,840,108	747,693	(17,693,686)	10,997,843
Segment direct expenses	(417,816)	(256,589)	(4,981,416)	(66,378)	-	-	(5,722,199)
Inter segment expense allocation	(3,583,406)	(338,759)	(4,052,152)	(9,719,635)	-	17,693,952	-
Total expenses	(4,001,222)	(595,348)	(9,033,568)	(9,786,013)	-	17,693,952	(5,722,199)
(Provisions) / Reversal	(322,101)	91,334	(47,301)	(3,441)	(450,800)	-	(732,309)
profit before tax	179,803	397,157	2,618,562	1,050,654	296,893	266	4,543,335
Statement of Financial Position							
Cash and balances with treasury banks	74,456	-	5,096,161	15,444,006	295,631	-	20,910,254
Balances with other banks	-	-	-	1,665,038	-	-	1,665,038
Due from financial institutions	-	-	-	2,000,000	-	-	2,000,000
Investments	2,717,093	-	-	118,563,203	-	-	121,280,296
Net inter segment lending	-	-	126,295,663	-	13,850,926	(140,146,589)	-
Islamic financing and related assets - performing	41,477,778	9,430,632	21,878,506	-	2,381,614	-	75,168,530
- non-performing	1,601,112	1,036,713	436,730	-	-	-	3,074,555
Others	4,990,415	1,447,351	5,665,158	8,758,482	3,473,911	-	24,335,317
Total assets	50,860,854	11,914,696	159,372,218	146,430,729	20,002,082	(140,146,589)	248,433,990
Bills payable	-	-	6,702,427	-	-	-	6,702,427
Due to financial institutions	6,681,102	900,335	-	10,915,170	-	-	18,496,607
Subordinated debt	-	-	-	-	4,624,241	-	4,624,241
Deposits and other accounts	32,113,206	11,301,136	122,326,396	24,831,869	-	-	190,572,607
Net inter segment borrowing	9,627,508	(1,176,198)	23,047,676	108,596,415	-	(140,095,401)	-
Others	2,259,233	492,266	4,676,877	983,833	2,552,834	-	10,965,043
Total liabilities	50,681,049	11,517,539	156,753,376	145,327,287	7,177,075	(140,095,401)	231,360,925
Equity	179,805	397,157	2,618,842	1,103,442	12,825,007	(51,188)	17,073,065
Total equity and liabilities	50,860,854	11,914,696	159,372,218	146,430,729	20,002,082	(140,146,589)	248,433,990
Contingencies and commitments	23,657,645	14,339,103	299,832	28,043,169	4,189,885	-	70,529,634

30 September 2022 (Un-audited)							
Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total	
(Rupees in '000)							
Profit and loss							
Net profit / return earned	2,116,789	1,209,334	(3,312,367)	6,211,470	(418,066)	-	5,807,160
Inter segment revenue - net	-	-	9,137,474	-	1,083,803	(10,221,277)	-
Other income	318,520	141,962	293,158	726,354	12,608	-	1,492,602
Total Income	2,435,309	1,351,296	6,118,265	6,937,824	678,345	(10,221,277)	7,299,762
Segment direct expenses	(182,163)	(208,608)	(4,390,338)	(61,530)	-	-	(4,842,639)
Inter segment expense allocation	(2,133,277)	(1,347,016)	-	(6,740,984)	-	10,221,277	-
Total expenses	(2,315,440)	(1,555,624)	(4,390,338)	(6,802,514)	-	10,221,277	(4,842,639)
Provisions	(292,994)	(212,226)	(118,749)	45,073	(607)	-	(579,503)
Profit / (Loss) before tax	(173,125)	(416,554)	1,609,178	180,383	677,738	-	1,877,620
31 December 2022 (Audited)							
Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total	
(Rupees in '000)							
Statement of Financial Position							
Cash and balances with treasury banks	49,952	-	3,259,753	11,441,608	1,818,348	-	16,569,661
Balances with other banks	-	-	-	1,939,954	-	-	1,939,954
Due from financial institutions	-	-	-	-	-	-	-
Investments	3,029,073	-	-	106,870,832	-	-	109,899,905
Net inter segment lending	-	-	163,802,792	-	10,168,570	(173,971,362)	-
Islamic financing and related assets - performing	43,035,925	12,278,771	26,638,844	-	2,089,088	-	84,042,628
- non-performing	1,033,010	628,363	353,048	-	-	-	2,014,421
Others	5,686,349	1,264,508	5,597,146	3,655,380	2,997,818	-	19,201,201
Total assets	52,834,309	14,171,642	199,651,583	123,907,774	17,073,824	(173,971,362)	233,667,770
Bills payable	-	-	5,376,942	-	-	-	5,376,942
Due to financial institutions	6,749,505	823,583	-	5,376,913	-	-	12,950,001
Subordinated debt	-	-	-	-	4,624,241	-	4,624,241
Deposits and other accounts	28,701,109	-	156,348,060	-	-	-	185,049,169
Net inter segment borrowing	14,550,068	13,847,503	27,318,484	118,255,307	-	(173,971,362)	-
Others	2,901,390	25,716	7,783,499	104,323	247,760	-	11,062,688
Total liabilities	52,902,072	14,696,802	196,826,985	123,736,543	4,872,001	(173,971,362)	219,063,041
Equity	(67,763)	(525,160)	2,824,598	171,231	12,201,823	-	14,604,729
Total equity and liabilities	52,834,309	14,171,642	199,651,583	123,907,774	17,073,824	(173,971,362)	233,667,770
Contingencies and commitments	18,247,731	8,494,243	143,646	36,327,164	4,390,406	-	67,603,190

36 RELATED PARTY TRANSACTIONS

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

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of 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:

	30 September 2023 (Un-audited)					31 December 2022 (Audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----										
Islamic financing and related assets										
Opening balance	-	-	323,346	-	323,346	-	-	380,424	-	380,424
Addition during the period / year	-	-	100,892	2,500	103,392	-	-	82,532	-	82,532
Repaid during the period / year	-	-	(30,892)	(299)	(31,191)	-	-	(53,468)	-	(53,468)
Transfer in / out	-	-	(22,080)	-	(22,080)	-	-	(86,142)	-	(86,142)
Closing balance	-	-	371,266	2,201	373,467	-	-	323,346	-	323,346
Fixed assets										
Fixed assets	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Provision for impairment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Other assets										18,700
Profit receivable on Islamic financing and related assets	-	-	188	2	190	-	-	85	-	85
Subordinated debt	1,389,241	-	-	-	1,389,241	1,389,241	-	-	-	1,389,241
Deposits and other accounts										
Opening balance	15,310	47,938	44,752	1,178,785	1,286,785	13,845	49,643	46,691	1,093,154	1,203,333
Received during the period / year	1,799	121,865	301,837	7,242,264	7,667,765	1,465	65,156	265,621	11,587,411	11,919,653
Withdrawn during the period / year	-	(113,059)	(305,849)	(7,828,263)	(8,247,171)	-	(66,861)	(255,299)	(11,508,446)	(11,830,606)
Transfer in / out	-	-	(5,357)	(33,311)	(38,668)	-	-	(12,261)	6,666	(5,595)
Closing balance	17,109	56,744	35,383	559,475	668,711	15,310	47,938	44,752	1,178,785	1,286,785
Other Liabilities										
Return payable on deposits	-	31	322	8,071	8,424	-	40	295	3,554	3,889
Return payable on Sub-ordinated debt	209,467	-	-	-	209,467	197,648	-	-	-	197,648
Payable in respect of defined benefit plan	-	-	-	62,621	62,621	-	-	-	62,621	62,621
Other liabilities	-	-	-	657	657	-	-	-	657	657
Non-funded exposure	-	-	-	-	-	-	-	-	-	-
----- (Rupees in '000) -----										
	Nine months ended 30 September 2023 (Un-audited)					Nine months ended 30 September 2022 (Un-audited)				
	Parent	Directors	Key management personnel	Other related parties	Total	Parent	Directors	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----										
Related party transactions during the period										
Income										
Profit earned on Islamic financing and related assets	-	-	7,689	76	7,765	-	-	7,506	-	7,506
Fee and commission income	-	-	-	974	974	-	-	-	5,373	5,373
Expense and transactions										
Return on deposits expenses	-	5,352	2,676	99,009	107,037	-	476	2,018	60,931	63,425
Salaries, allowances and benefits	-	-	234,959	-	234,959	-	-	197,536	-	197,536
Director fee and other allowances	-	80,975	-	-	80,975	-	83,500	-	-	83,500
Shariah Board fee	-	-	-	4,374	4,374	-	-	-	6,208	6,208
Rent expense	-	-	-	21,248	21,248	-	-	-	19,644	19,644
Contribution to defined contribution plan	-	-	-	88,631	88,631	-	-	-	78,828	78,828
Contribution to defined benefit plan	-	-	-	72,941	72,941	-	-	-	64,932	64,932
Return on sub-ordinated loan	206,257	-	-	-	206,257	146,094	-	-	-	146,094

	30 September 2023 ----- (Rupees in '000) ----- (Un-audited)	31 December 2022 ----- (Rupees in '000) ----- (Audited)
37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,500,490	13,668,038
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	14,021,841	11,426,288
Eligible Additional Tier 1 (ADT 1) Capital	1,389,241	1,389,241
Total Eligible Tier 1 Capital	15,411,082	12,815,529
Eligible Tier 2 Capital	2,575,317	2,453,753
Total Eligible Capital (Tier 1 + Tier 2)	17,986,399	15,269,282
Risk Weighted Assets (RWAs):		
Credit Risk	72,763,805	78,582,866
Market Risk	2,307,696	1,365,195
Operational Risk	16,667,845	16,667,845
Total	91,739,346	96,615,906
Common Equity Tier 1 Capital Adequacy Ratio	15.28%	11.83%
Tier 1 Capital Adequacy Ratio	16.80%	13.26%
Total Capital Adequacy Ratio	19.61%	15.80%
The minimum capital adequacy ratio required by SBP as at 30 September 2023 is 11.50% (31 December 2022: 11.50%).		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	15,411,082	12,815,529
Total Exposures	293,011,468	275,516,707
Leverage Ratio	5.26%	4.65%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	125,302,417	117,370,386
Total Net Cash Outflow	63,480,889	63,752,123
Liquidity Coverage Ratio	197.39%	184.10%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	158,319,164	148,334,072
Total Required Stable Funding	82,293,130	82,406,182
Net Stable Funding Ratio	192.38%	180.00%

38 CORRESPONDING FIGURES

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

39 GENERAL

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

40 DATE OF AUTHORISATION

These financial statements were authorised for issue on 26 October 2023 by the Board of Directors of the Bank.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director