

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	31 March 2023	31 December 2022
Note	(Rupees in '000)	
	(Un-Audited)	(Audited)
ASSETS		
Cash and balances with treasury banks	6 18,566,881	16,569,661
Balances with other banks	7 6,302,034	1,939,954
Due from financial institutions	-	-
Investments	8 110,011,493	109,899,905
Islamic financing and related assets - net	9 80,205,518	86,057,049
Fixed assets	10 3,995,417	3,975,501
Intangible assets	11 1,316,561	1,305,295
Deferred tax assets	12 2,573,838	2,653,775
Other assets	13 17,516,011	11,266,630
	240,487,753	233,667,770
LIABILITIES		
Bills payable	14 4,537,028	5,376,942
Due to financial institutions	15 15,782,779	12,950,001
Deposits and other accounts	16 189,792,609	185,049,169
Subordinated debt	17 4,624,241	4,624,241
Deferred tax liabilities	-	-
Other liabilities	18 10,652,353	11,062,688
	225,389,010	219,063,041
NET ASSETS	<u>15,098,743</u>	<u>14,604,729</u>
REPRESENTED BY		
Share capital - net	14,500,490	14,500,490
Reserves	909,153	760,280
Surplus on revaluation of assets	19 (73,940)	176,411
Accumulated losses	(236,960)	(832,452)
	<u>15,098,743</u>	<u>14,604,729</u>
CONTINGENCIES AND COMMITMENTS	20	

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director

AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2023

	Note	Quarter ended	
		31 March 2023	31 March 2022
		----- (Rupees in '000) -----	
Profit / return earned	21	7,771,315	4,312,354
Profit / return expensed	22	(4,969,099)	(2,669,268)
Net profit / return		<u>2,802,216</u>	<u>1,643,086</u>
Other income			
Fee and commission income	23	237,669	258,386
Dividend income		2,204	4,461
Foreign exchange income		344,356	158,431
Gain on securities-net	24	2,648	18,867
Other income	25	1,351	5,769
Total other income		<u>588,228</u>	<u>445,914</u>
Total income		<u>3,390,444</u>	<u>2,089,000</u>
Other expenses			
Operating expenses	26	(1,755,304)	(1,505,433)
Workers' Welfare Fund		(26,816)	(11,878)
Other charges	27	(9,012)	(40,961)
Total other expenses		<u>(1,791,132)</u>	<u>(1,558,272)</u>
Profit before provisions		<u>1,599,312</u>	<u>530,728</u>
Provisions and write offs - net	28	(285,347)	51,284
Extra ordinary / unusual items		-	-
Profit before taxation		<u>1,313,965</u>	<u>582,012</u>
Taxation	29	(569,600)	(258,216)
Profit after taxation		<u>744,365</u>	<u>323,796</u>
		----- Rupee -----	
Basic / diluted earning per share	30	<u>0.54</u>	<u>0.24</u>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

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AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2023

	<u>Quarter ended</u>	
	<u>31 March</u> <u>2023</u>	<u>31 March</u> <u>2022</u>
	----- (Rupees in '000) -----	
Profit after taxation for the quarter	744,365	323,796
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in deficit on revaluation of investments - net of tax	(250,351)	(61,945)
Total comprehensive income	<u>494,014</u>	<u>261,851</u>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

Chief Executive Officer

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AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 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	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 quarter	-	-	-	-	-	-	323,796	323,796
Other comprehensive loss - net of tax	-	-	-	-	(61,945)	-	-	(61,945)
Transfer to statutory reserve	-	-	-	64,759	-	-	(64,759)	-
Balance as at 31 March 2022	13,739,628	1,393,628	(632,766)	523,100	136,442	282,717	(1,766,184)	13,676,565
Profit after taxation for the period	-	-	-	-	-	-	1,185,899	1,185,899
Other comprehensive loss - net of tax	-	-	-	-	(309,684)	66,936	(14,987)	(257,735)
Transfer to statutory reserve	-	-	-	237,180	-	-	(237,180)	-
Balance as at 31 December 2022	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	13,739,628	1,393,628	(632,766)	909,153	(423,593)	349,653	(236,960)	15,098,743

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

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

Chief Executive Officer

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AL BARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2023

	Quarter ended	
	31 March 2023	31 March 2022
CASH FLOWS FROM OPERATING ACTIVITIES	Note ----- (Rupees in '000) -----	
Profit before taxation	1,313,965	582,012
Less: Dividend income	(2,204)	(4,461)
	<u>1,311,761</u>	<u>577,551</u>
Adjustments:		
Depreciation on fixed assets	26 61,698	56,156
Depreciation on right-of-use assets	26 128,687	149,438
Amortisation	26 36,490	38,007
Depreciation - non banking assets	26 9,840	7,999
Provision and write-offs - net	28 285,347	(51,284)
Gain on sale of fixed assets - net	25 -	(1,141)
Finance charges on lease liability against right-of-use assets	22 64,776	37,243
Unrealised gain on revaluation of securities classified as held for trading	24 -	(3,715)
Workers' Welfare Fund	26,816	11,878
	<u>613,654</u>	<u>244,581</u>
	1,925,415	822,132
Decrease / (increase) in operating assets		
Due from financial institutions	-	403,122
Held-for-trading securities - net	-	3,286,197
Islamic financing and related assets - net	5,570,744	(1,106,280)
Others assets (excluding advance taxation)	(6,263,426)	(628,081)
	<u>(692,682)</u>	<u>1,954,958</u>
Increase in operating liabilities		
Bills payable	(839,914)	303,774
Due to financial institutions	2,832,778	2,680,231
Deposits and other accounts	4,743,440	(6,564,107)
Other liabilities	(562,011)	1,559,952
	<u>6,174,293.0</u>	<u>(2,020,150)</u>
Income tax paid	(269,095)	(58,062)
Net cash flows generated from operating activities	<u>7,137,931</u>	<u>698,878</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(551,155)	(2,723,880)
Net investments in held-to-maturity securities	-	1,540,890
Dividends received	2,204	4,461
Investments in fixed assets	(100,632)	(108,162)
Proceeds from sale of fixed assets	-	1,564
Net cash used in investing activities	<u>(649,583)</u>	<u>(1,285,127)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(129,048)	(101,058)
Net cash (used in) / generated from financing activities	<u>(129,048)</u>	<u>(101,058)</u>
(Decrease) / Increase in cash and cash equivalents	<u>6,359,300</u>	<u>(687,307)</u>
Cash and cash equivalents at the beginning of the year	18,509,615	27,371,984
Cash and cash equivalents at the end of the quarter	<u>24,868,915</u>	<u>26,684,677</u>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Director

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AL BARAKA BANK (PAKISTAN) LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2023

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 AlBaraka Islamic Bank B.S.C. (c) (parent bank) incorporated and domiciled in Bahrain and a member of AlBaraka Group.

- 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 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 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 2023.

As at 31 March 2023, the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) stood at Rs. 14.264 billion and 16.98% 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 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 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 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.

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

* 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 quarter ended 31 March 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 2023 is reduction in equity of approximately Rs. 799.276 million, representing corresponding impact.

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 2022.

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 2022.

		31 March 2023	31 December 2022
	Note	----- (Rupees in '000) ----- (Un-Audited)	----- (Rupees in '000) ----- (Audited)
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		3,852,912	2,879,096
Foreign currencies		678,016	414,071
		4,530,928	3,293,167
With State Bank of Pakistan in			
Local currency current account	6.1	11,197,462	11,363,393
Foreign currency current account	6.2	87,518	59,904
Foreign currency deposit account	6.3	2,156,921	1,822,851
		13,441,901	13,246,148
With National Bank of Pakistan in			
Local currency current accounts		594,044	30,338
Local currency deposit accounts		8	8
		594,052	30,346
		<u>18,566,881</u>	<u>16,569,661</u>

6.1 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.

6.2 This represents foreign currency settlement account maintained with SBP.

6.3 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.

		31 March 2023	31 December 2022
	Note	----- (Rupees in '000) ----- (Un-Audited)	----- (Rupees in '000) ----- (Audited)
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		29,320	52,739
In deposit accounts	7.1	112,572	129,946
		141,892	182,685
Outside Pakistan			
In current accounts		2,601,616	1,440,015
In deposit accounts	7.1	3,558,526	317,254
		6,160,142	1,757,269
		<u>6,302,034</u>	<u>1,939,954</u>

7.1 The expected return on remunerative deposits ranges from 2.25% to 9.50% (31 December 2022: 0.08% to 9.50%) per annum.

8. INVESTMENTS

	31 March 2023 (Un-Audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
Note ----- (Rupees in '000) -----								
8.1 Investments by type								
Available-for-sale securities								
Federal Government securities	103,758,378	-	(550,591)	103,207,787	103,840,636	-	(133,145)	103,707,491
Shares	505,208	(303,668)	9,959	211,499	524,820	(303,313)	5,070	226,577
Non-government debt securities	1,389,255	(111,455)	11,000	1,288,800	1,754,355	(111,455)	10,453	1,653,353
Foreign securities	5,004,072	-	(213,513)	4,790,559	3,985,947	-	(186,311)	3,799,636
	110,656,913	(415,123)	(743,145)	109,498,645	110,105,758	(414,768)	(303,933)	109,387,057
Held-to-maturity securities								
Federal Government securities	512,848	-	-	512,848	512,848	-	-	512,848
Total investments	111,169,761	(415,123)	(743,145)	110,011,493	110,618,606	(414,768)	(303,933)	109,899,905

	31 March 2023 (Un-Audited)				31 December 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value
----- (Rupees in '000) -----								
8.2 Investments by segments								
Federal Government securities								
Ijarah sukuk	79,270,573	-	(914,539)	78,356,034	79,339,305	-	(527,884)	78,811,421
Bai muajjal	512,848	-	-	512,848	512,848	-	-	512,848
Other sukuk	24,487,805	-	363,948	24,851,753	24,501,331	-	394,739	24,896,070
	104,271,226	-	(550,591)	103,720,635	104,353,484	-	(133,145)	104,220,339
Shares								
Listed companies	380,871	(277,514,000)	9,959	113,316	402,144	(277,159)	5,070	130,055
Unlisted companies	124,337	(26,154)	-	98,183	122,676	(26,154)	-	96,522
	505,208	(303,668)	9,959	211,499	524,820	(303,313)	5,070	226,577
Non government debt securities								
Unlisted	1,389,255	(111,455)	11,000	1,288,800	1,754,355	(111,455)	10,453	1,653,353
Foreign securities								
Government securities	851,734	-	(12,165)	839,569	679,637	-	(11,311)	668,326
Non-government debt securities	4,152,338	-	(201,348)	3,950,990	3,306,310	-	(175,000)	3,131,310
	5,004,072	-	(213,513)	4,790,559	3,985,947	-	(186,311)	3,799,636
Total investments	111,169,761	(415,123)	(743,145)	110,011,493	110,618,606	(414,768)	(303,933)	109,899,905

	31 March 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
8.3 Provision for diminution in value of investments		
8.3.1 Opening balance	414,768	456,839
Charge for the quarter / year	355	8,337
Reversal on disposals	-	(50,408)
	355	(42,071)
Closing balance	415,123	414,768

8.3.2 Particulars of provision against debt securities

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

	31 March 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
8.4 Investment given as collateral - at market value		
- Ijarah sukuk	15.5	4,962,652
		3,983,200

8.5 The market value of securities classified as held to maturity as at 31 March 2023 amounted to Rs 512.848 (31 December 2022: Rs 512.848) million.

9. ISLAMIC FINANCING AND RELATED ASSETS - NET

Note	Performing		Non-performing		Total		
	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	
	(Rupees in '000)						
- Murabaha financing	1,399,168	1,700,354	2,232,031	2,261,818	3,631,199	3,962,172	
- Advance against murabaha financing	287,136	464,353	105,720	105,720	392,856	570,073	
- Export refinance under Islamic scheme	48,800	13,500	57,505	63,871	106,305	77,371	
- Advance against export refinance under Islamic scheme	5,451,121	5,361,324	-	-	5,451,121	5,361,324	
- Inventory against export refinance under Islamic scheme	-	20,000	-	-	-	20,000	
- Diminishing musharaka and Ijarah financing	46,704,056	49,548,617	3,128,609	2,448,647	49,832,665	51,997,264	
- Advance against diminishing musharaka finance	230,068	636,178	-	-	230,068	636,178	
- Running musharaka	2,963,424	2,990,977	-	-	2,963,424	2,990,977	
- Tijarah finance	1,567,814	2,474,034	17,510	-	1,585,324	2,474,034	
- Tijarah Inventory	-	-	7,228	7,228	7,228	7,228	
- Over-due acceptances	325,680	4,002	494,670	494,670	820,350	498,672	
- Payment against guarantee	3,776	3,776	56,062	56,062	59,838	59,838	
- Payment against documents	197,496	903,334	-	-	197,496	903,334	
- Salam financing	222,508	41,583	900	900	223,408	42,483	
- Advance against salam	4,871,033	5,029,815	2,581,287	2,607,927	7,452,320	7,637,742	
- Salam inventory	-	400	68,010	55,685	68,010	56,085	
- Financing against bills	-	142	-	-	-	142	
- Istasna finance	340,061	314,637	572,665	569,165	912,726	883,802	
- Advance against istasna	13,222,560	14,451,722	2,898,492	2,995,592	16,121,052	17,447,314	
- Istasna inventory	437,362	443,974	13,220	4,720	450,582	448,694	
- Qarz-e-Hasna	56,336	58,658	60,450	60,117	116,786	118,775	
Islamic financing and related assets - gross	78,328,399	84,461,380	12,294,359	11,732,122	90,622,758	96,193,502	
Provisions for non-performing financing							
- Specific	9.3	-	(9,712,767)	(9,717,701)	(9,712,767)	(9,717,701)	
- General	9.3	(704,473)	(418,752)	-	(704,473)	(418,752)	
		(704,473)	(418,752)	(9,717,701)	(10,417,240)	(10,136,453)	
Islamic financing and related assets - net of provisions		77,623,926	84,042,628	2,581,592	2,014,421	80,205,518	86,057,049

9.1 Particulars of Islamic financing and related assets (Gross)

	31 March 2023	31 December 2022
	(Rupees in '000)	
	(Un-Audited)	(Audited)
	89,905,407	95,978,619
In local currency	717,351	214,883
In foreign currency	90,622,758	96,193,502

9.2 Islamic financing and related assets include Rs. 12,294.359 million (31 December 2022: Rs. 11,732.122 million) which have been placed under non-performing status as detailed below:

Category of classification	31 March 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	250,971	-	238,507	-
Substandard	843,712	24,731	215,491	27,611
Doubtful	237,415	33,300	191,619	52,007
Loss	10,962,261	9,654,736	11,086,505	9,638,083
	12,294,359	9,712,767	11,732,122	9,717,701

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

	31 March 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 quarter / year	103,497	300,000	403,497	1,210,006	141,204	1,351,210
Reversals for the quarter / year	(110,048)	(14,279)	(124,327)	(290,016)	-	(290,016)
	(6,551)	285,721	279,170	919,990	141,204	1,061,194
Charge for the quarter / year - agriculture financing	1,617	-	1,617	9,562	-	9,562
	(4,934)	285,721	280,787	929,552	141,204	1,070,756
Amounts written off against provision	-	-	-	(354,991)	-	(354,991)
Closing balance	9,712,767	704,473	10,417,240	9,717,701	418,752	10,136,453

9.3.1 The above provision against non-performing Islamic financing has been computed after considering allowable forced sale value (FSV) of collateral amounting to Rs. 2,319.221 (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.

9.3.2 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 444.744 (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.

9.3.3 SBP vide its letter BPRD/BLRD-3/DMG/2011-1035 has allowed relaxation from further provisioning requirement against a financing exposure having a provisioning impact of Rs. 40.581 million, as of 31 December 2022.

	Note	31 March 2023	31 December 2022
		(Un-Audited)	(Audited)
		----- (Rupees in '000) -----	
10. FIXED ASSETS			
Capital work-in-progress	10.1	284,987	285,843
Property and equipment		2,078,458	2,086,424
Right-of-use asset		1,631,972	1,603,234
		<u>3,995,417</u>	<u>3,975,501</u>
10.1 Capital work-in-progress			
Civil works		283,714	285,254
Advance to suppliers		1,273	589
Advance for purchase of property - related party		251,680	251,680
Provisions for impairment against advance for purchase of property		(251,680)	(251,680)
		-	-
Total capital work-in-progress		<u>284,987</u>	<u>285,843</u>
		31 March 2023	31 March 2022
		----- (Rupees in '000) -----	
		----- (Un-Audited) -----	
10.2 Additions to fixed assets			
The following additions have been made to fixed assets during the quarter:			
Capital work-in-progress		684	35,753
Property and equipment			
Building on leasehold land		2,052	19,155
Furniture and fixture		743	1,760
Electrical office and computer equipment		15,047	27,414
Vehicles		35,883	-
		53,725	48,329
Total		<u>54,409</u>	<u>84,082</u>

	31 March 2023	31 March 2022
	----- (Rupees in '000) -----	
	----- (Un-Audited) -----	
10.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the quarter is as follows:		
Leasehold improvements	-	148
Furniture and fixture	-	4
Electrical office and computer equipment	-	270
Total	<u>-</u>	<u>422</u>
	31 March 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
11. INTANGIBLE ASSETS		
Computer software	131,474	150,654
Advance to suppliers against computer software	154,035	106,279
Core deposits	251,790	269,100
Brand	383,145	383,145
Goodwill	396,117	396,117
	<u>1,316,561</u>	<u>1,305,295</u>
	2023	2022
	----- (Rupees in '000) -----	
	(Un-Audited)	
11.1 Additions to intangible assets		
The following additions have been made to intangible assets during the quarter:		
Capital work-in-progress	47,756	33,734
Directly purchased	-	19,293
	<u>47,756</u>	<u>53,027</u>
	31 March 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
12. DEFERRED TAX ASSETS		
Deductible temporary differences on:		
- Tax losses carried forward	88,877	338,478
- Post retirement employee benefits	41,456	41,456
- Provision against assets	2,483,467	2,526,014
- Other deductible temporary differences	57,737	46,207
- Deficit on revaluation of investments	319,552	130,691
	<u>2,991,089</u>	<u>3,082,846</u>
Taxable temporary differences on:		
- Surplus on revaluation of non-banking assets	(263,773)	(263,773)
- Accelerated tax depreciation	(153,478)	(165,298)
	<u>(417,251)</u>	<u>(429,071)</u>
	<u>2,573,838</u>	<u>2,653,775</u>

		31 March 2023	31 December 2022
	Note	----- (Rupees in '000) ----- (Un-Audited)	(Audited)
13. OTHER ASSETS			
Profit / return accrued in local currency		8,356,485	5,731,273
Profit / return accrued in foreign currency		41,607	22,665
Advances, deposits, advance rent and other prepayments		818,798	703,856
Non-banking assets acquired in satisfaction of claims		1,302,941	1,312,781
Mark to market gain on re-measurement of forward exchange contracts		2,963,101	452,929
Stamps and stationery		1,730	4,249
Acceptances		3,365,188	2,361,669
Others		201,947	212,994
		<u>17,051,797</u>	<u>10,802,416</u>
Less: Provision held against other assets	13.1	<u>(149,212)</u>	<u>(149,212)</u>
Other assets (net of provision)		16,902,585	10,653,204
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		613,426	613,426
Other assets - total		<u>17,516,011</u>	<u>11,266,630</u>
13.1 Provision held against other assets			
Non-performing receivables		148,966	148,966
Others		246	246
		<u>149,212</u>	<u>149,212</u>
14. BILLS PAYABLE			
In Pakistan		<u>4,537,028</u>	<u>5,376,942</u>
		31 March 2023	31 December 2022
	Note	----- (Rupees in '000) ----- (Un-Audited)	(Audited)
15. DUE TO FINANCIAL INSTITUTIONS			
Secured			
Borrowings from State Bank of Pakistan			
- Under Islamic export refinance scheme	15.1	4,277,921	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	15.2	1,971,442	1,978,884
- Under Islamic refinance facility for combating COVID-19	15.3	48,307	49,879
- Under Islamic financing facility for renewable energy	15.4	109,001	109,001
- Under Shariah compliant standing ceiling facility	15.5	<u>4,776,108</u>	<u>3,886,913</u>
		11,182,779	11,460,001
Unsecured			
Musharaka acceptance	15.6	1,500,000	1,490,000
Wakala acceptance	15.7	3,100,000	-
		<u>15,782,779</u>	<u>12,950,001</u>
15.1	The range of profit rates on these borrowings is 8% to 10% per annum (31 December 2022: 8% to 10% per annum). The maximum limit approved by SBP to the Bank under Islamic Export Refinance Scheme is Rs.6.609 billion. These contracts will mature in August 2023.		
15.2	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.		
15.3	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.		

- 15.4 The profit rate on these borrowings is 2% (31 December 2022: 2%) per annum. SBP vide its Letter No. 1H&SMEFD/IFRE/2022-2215 revised the maximum limit for the Bank to Rs. 168 million from Rs 200 million in 31 December 2021. Further, these contracts will mature in May 2032.
- 15.5 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 20.28% to 20.29% (31 December 2022: 16.26%) per annum and are due to mature by June 2023.
- 15.6 The profit rate on these borrowings is 20% (31 December 2022: 16%) per annum. These borrowings will mature in April 2023.
- 15.7 The range of profit rates on these borrowings is 20% to 20.1% (31 December 2022: Nil) per annum. These borrowings will mature in April 2023.

16. DEPOSITS AND OTHER ACCOUNTS

	31 March 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	34,694,288	9,080,010	43,774,298	27,397,519	7,477,567	34,875,086
Savings deposits	50,084,713	7,668,678	57,753,391	54,920,776	9,351,938	64,272,714
Term deposits	47,561,083	6,348,504	53,909,587	54,508,615	2,200,361	56,708,976
Others	5,838,725	-	5,838,725	3,299,962	-	3,299,962
	138,178,809	23,097,192	161,276,001	140,126,872	19,029,866	159,156,738
Financial Institutions						
Current deposits	184,697	2,345	187,042	89,991	1,820	91,811
Savings deposits	27,969,903	1,163	27,971,066	24,262,195	925	24,263,120
Term deposits	358,500	-	358,500	1,537,500	-	1,537,500
	28,513,100	3,508	28,516,608	25,889,686	2,745	25,892,431
	166,691,909	23,100,700	189,792,609	166,016,558	19,032,611	185,049,169

	Note	31 March	31 December
		2023	2022
		(Rupees in '000)	
		(Un-Audited)	(Audited)
17. SUBORDINATED DEBT			
Tier II mudaraba sukuk - second issue	17.1	1,500,000	1,500,000
Tier II mudaraba sukuk - third issue	17.2	1,735,000	1,735,000
Additional Tier I capital	17.3	1,389,241	1,389,241
		4,624,241	4,624,241

- 17.1 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.

- 17.2 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.

- 17.3 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.

Note	31 March	31 December
	2023	2022
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
18. OTHER LIABILITIES		
Return on deposits and other dues:		
- payable in local currency	2,468,893	2,523,349
- payable in foreign currencies	120,501.00	16,396
Accrued expenses	676,381.00	707,235
Current taxation (payments less provisions)	301,853.00	270,146
Unearned Income	63,630.00	73,696
Advance payments	717,407.00	833,429
Charity fund balance	39,971.00	32,200
Security deposits against ijarah	82,203.00	81,903
Payable in respect of defined benefit plan	62,621.00	62,621
Takaful payable against ijarah and diminishing musharakah assets	351,457.00	377,468
Branch adjustment account	28,312.00	393,226
Acceptances	3,365,188	2,361,669
Lease liability against right-of-use assets	1,788,935	1,695,781
Others	585,001.00	1,633,569
	<u>10,652,353</u>	<u>11,062,688</u>

		31 March 2023	31 December 2022
	Note	----- (Rupees in '000) ----- (Un-Audited)	(Audited)
19. SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	8.1	(743,145)	(303,933)
- Non-banking assets acquired in satisfaction of claims	13	613,426	613,426
		(129,719)	309,493
Deferred tax on surplus / (deficit) on revaluation of:		-	
- Available for sale securities		319,552	130,691
- Non-banking assets acquired in satisfaction of claims		(263,773)	(263,773)
		55,779	(133,082)
		<u>(73,940)</u>	<u>176,411</u>
20. CONTINGENCIES AND COMMITMENTS			
- Guarantees	20.1	14,835,324	14,712,264
- Commitments	20.2	67,890,615	48,500,519
		<u>82,725,939</u>	<u>63,212,783</u>
20.1 Guarantees:			
Financial guarantees		19,136	953,683
Performance guarantees		10,539,185	10,040,818
Other guarantees		4,277,003	3,717,763
		<u>14,835,324</u>	<u>14,712,264</u>
20.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		16,637,764	11,407,940
Commitments in respect of forward foreign exchange contracts	20.2.1	50,544,983	36,327,164
Commitments for acquisition of operating fixed assets		4,105	4,618
Other commitments	20.2.2	703,763	760,797
		<u>67,890,615</u>	<u>48,500,519</u>
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		29,499,976	23,494,138
Sale		21,045,007	12,833,026
		<u>50,544,983</u>	<u>36,327,164</u>
20.2.1.1 The maturities of the above contracts are spread over the period upto one year.			
20.2.2 Other commitments			
Commitments in respect of financing	20.2.2.1	<u>703,763</u>	<u>760,797</u>
20.2.2.1 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.			
20.3 Other contingencies			

There is no change in the status of contingencies disclosed in notes 22.3 and 22.4 to the financial statements for the year ended 31 December 2022.

	Note	Quarter ended	
		31 March	31 March
		2023	2022
		----- (Rupees in '000) ----- ----- (Un-Audited) -----	
21. PROFIT / RETURN EARNED			
On:			
- Islamic financing and related assets - net		3,471,261	2,486,234
- Investments		4,212,135	1,688,830
- Due from financial institutions		83,756	79,563
- Balances with banks		4,163	57,727
		<u>7,771,315</u>	<u>4,312,354</u>
22. PROFIT / RETURN EXPENSED			
On:			
- Deposits		4,451,751	2,294,268
- Borrowings		103,537	47,306
- Conversion cost against foreign currency deposits / borrowings		57,021	114,812
- Subordinated debt		214,043	138,064
- Finance charge on lease liability against right-of-use asset		64,776	37,243
- SBP Islamic refinance schemes		77,971	37,575
		<u>4,969,099</u>	<u>2,669,268</u>
23. FEE AND COMMISSION INCOME			
Branch banking customer fees		24,598	24,585
Consumer finance related fees		46,992	25,923
Debit card related fees and income		38,427	33,458
Investment banking fees		7,816	36,089
Commission on trade		70,801	86,674
Commission on guarantees		32,159	37,073
Commission on cash management		3,082	2,911
Commission on remittances including home remittances		7,378	6,456
Commission on bancatakaful		845	939
Others		5,571	4,278
		<u>237,669</u>	<u>258,386</u>
24. GAIN ON SECURITIES - NET			
Realised	24.1	2,648	15,152
Unrealised - held for trading		-	3,715
		<u>2,648</u>	<u>18,867</u>
24.1 Realised gain / (loss) on:			
Federal Government securities		1,627	63,082
Shares		1,021	(47,930)
		<u>2,648</u>	<u>15,152</u>
25. OTHER INCOME			
Rent on property		1,351	4,628
Gain on sale of fixed assets - net		-	1,141
		<u>1,351</u>	<u>5,769</u>

	Note	Quarter ended	
		31 March	31 March
		2023	2022
		----- (Rupees in '000) -----	
		----- (Un-Audited) -----	
26. OPERATING EXPENSES			
Compensation expense			
Salaries, allowances, etc.		752,678	608,621
Charge for defined benefit and contribution plan		53,909	44,559
		806,587	653,180
Property expense			
Rent and taxes		43,470	16,938
Takaful expense		9,301	10,659
Utilities		65,963	50,475
Security (including guards)	26.1	85,038	70,901
Repair and maintenance (including janitorial charges)	26.1	30,304	20,985
Depreciation		18,113	18,389
Depreciation on right of use assets		128,687	149,438
Depreciation - non banking assets		9,840	7,999
Others		1,788	1,888
		392,504	347,672
Information technology expenses			
Software maintenance		78,111	90,979
Hardware maintenance		3,215	16,248
Depreciation		19,117	14,146
Amortisation		19,180	13,854
Network charges		23,611	19,506
Others		43,811	17,589
		187,045	172,322
Other operating expenses			
Directors' fees and allowances		18,975	22,000
Fees and allowances to Shariah Board		2,107	1,684
Legal and professional charges		16,901	27,788
Outsourced services costs	26.1	58,277	41,740
Travelling and conveyance		13,165	7,215
NIFT clearing charges		5,941	4,532
Depreciation		24,468	23,621
Amortisation		17,310	24,153
Takaful and registration of Ijarah		681	761
Training and development		2,275	492
Postage and courier charges		8,313	10,655
Communication		12,819	11,955
Stationery and printing	26.1	37,802	33,319
Marketing, advertisement and publicity		11,909	9,851
Repair and maintenance		16,647	7,835
Auditors' remuneration		4,174	4,174
Depositors' protection		33,801	34,218
Brokerage, commission and bank charges		56,075	48,971
Others		27,528	17,295
		369,168	332,259
		1,755,304	1,505,433

26.1 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
		2023	2022
		----- (Rupees in '000) -----	
		----- (Un-Audited) -----	
27. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		9,012	40,961

	Note	Quarter ended	
		31 March 2023	31 March 2022
		----- (Rupees in '000) ----- ----- (Un-Audited) -----	
28. PROVISIONS AND WRITE OFFS - NET			
Provision / (reversal) for diminution in value of investments	8.3.1	355	(47,525)
Provision / (reversal) against non-performing Islamic financing and related assets	9.3	280,787	(3,927)
Write off against other assets		4,205	168
		<u>285,347</u>	<u>(51,284)</u>
29. TAXATION			
Current tax - current year		300,802	59,432
Deferred tax - current year		268,798	198,784
		<u>569,600</u>	<u>258,216</u>
30. BASIC / DILUTED EARNING PER SHARE			
Profit after taxation for the quarter		<u>744,365</u>	<u>323,796</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>0.54</u>	<u>0.24</u>
31. 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).

31.1 Fair value of financial assets

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

On balance sheet financial instruments	31 March 2023 (Un-Audited)			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Financial assets - measured at fair value				
Investments				
Federal Government securities	23,520,500	79,687,287	-	103,207,787
Other securities	-	1,188,800	-	1,188,800
Shares	113,316	-	-	113,316
Foreign securities	4,790,559	-	-	4,790,559
	<u>28,424,375</u>	<u>80,876,087</u>	<u>-</u>	<u>109,300,462</u>
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	18,566,881
Balances with other banks	-	-	-	6,302,034
Investments	-	-	-	711,031
Islamic financing and related assets	-	-	-	80,205,518
Other assets	-	-	-	15,517,035
	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,302,499</u>
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	29,499,976	-	29,499,976
Forward sale of foreign exchange	-	21,045,007	-	21,045,007
	<u>-</u>	<u>50,544,983</u>	<u>-</u>	<u>50,544,983</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
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 quarter.

31.2 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.

32 SEGMENT INFORMATION

32.1 Segment details with respect to business activities

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) / Reversal	(100,541)	14,711	(4,653)	(355)	(194,509)	-	(285,347)
profit / (Loss) before tax	348,872	121,588	965,496	(264,154)	142,164	(1)	1,313,965
Statement of Financial Position							
Cash and balances with treasury banks	82,183	-	5,023,738	12,815,849	645,111	-	18,566,881
Balances with other banks	-	-	-	6,302,034	-	-	6,302,034
Due from financial institutions	-	-	-	-	-	-	-
Investments	2,620,052	-	-	107,391,441	-	-	110,011,493
Net inter segment lending	-	-	127,405,736	-	14,289,079	(141,694,815)	-
Islamic financing and related assets - performing	40,233,477	10,144,501	25,388,641	-	1,857,307	-	77,623,926
- non-performing	1,486,325	746,764	348,503	-	-	-	2,581,592
Others	6,808,331	1,264,299	5,644,317	8,738,439	2,946,441	-	25,401,827
Total assets	51,230,368	12,155,564	163,810,935	135,247,763	19,737,938	(141,694,815)	240,487,753
Bills payable	-	-	4,537,028	-	-	-	4,537,028
Due to financial institutions	5,326,912	1,079,759	-	9,376,108	-	-	15,782,779
Subordinated debt	-	-	-	-	4,624,241	-	4,624,241
Deposits and other accounts	24,187,010	8,546,777	128,535,343	28,523,479	-	-	189,792,609
Net inter segment borrowing	17,911,351	2,377,183	25,782,937	95,623,344	-	(141,694,815)	-
Others	3,589,467	47,254	3,559,911	2,062,653	1,393,068	-	10,652,353
Total liabilities	51,014,740	12,050,973	162,415,219	135,585,584	6,017,309	(141,694,815)	225,389,010
Equity	215,628	104,591	1,395,716	(337,821)	13,720,629	-	15,098,743
Total equity and liabilities	51,230,368	12,155,564	163,810,935	135,247,763	19,737,938	(141,694,815)	240,487,753
Contingencies and commitments	23,027,090	8,763,069	178,740	50,757,040	4,390,406	-	87,116,345

31 March 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	724,018	339,145	(866,993)	1,564,042	(117,126)	1,643,086
Inter segment revenue - net	-	-	3,293,056	-	292,928	(3,585,984)
Other income	122,282	50,592	90,282	178,889	3,869	445,914
Total Income	846,300	389,737	2,516,345	1,742,931	179,671	(3,585,984)
Segment direct expenses	(59,164)	(67,131)	(1,412,369)	(19,608)	-	(1,558,272)
Inter segment expense allocation	(696,738)	(375,141)	(742,183)	(1,771,922)	-	3,585,984
Total expenses	(755,902)	(442,272)	(2,154,552)	(1,791,530)	-	(1,558,272)
Provisions	82,728	(39,633)	(39,337)	47,526	-	51,284
(Loss) / profit before tax	173,126	(92,168)	322,456	(1,073)	179,671	582,012

31 December 2022 (Audited)						
Corporate Banking	Commercial and SME Banking	Retail and Consumer Banking	Trading and Sales	Others	Inter-segment Eliminations	Total
(Rupees in '000)						
Statement of Financial Position						
Cash and balances with treasury banks	49,952	-	3,259,753	11,441,608	1,818,348	16,569,661
Balances with other banks	-	-	-	1,939,954	-	1,939,954
Due from financial institutions	-	-	-	-	-	-
Investments	3,029,073	-	-	106,870,832	-	109,899,905
Net inter segment lending	-	-	163,802,792	-	10,168,570	(173,971,362)
Islamic financing and related assets - performing	43,035,925	12,278,771	26,638,844	-	2,089,088	84,042,628
- non-performing	1,033,010	628,363	353,048	-	-	2,014,421
Others	5,686,349	1,264,508	5,597,146	3,655,380	2,997,818	19,201,201
Total assets	52,834,309	14,171,642	199,651,583	123,907,774	17,073,824	(173,971,362)
Bills payable	-	-	5,376,942	-	-	5,376,942
Due to financial institutions	6,749,505	823,583	-	5,376,913	-	12,950,001
Subordinated debt	-	-	-	-	4,624,241	4,624,241
Deposits and other accounts	28,701,109	-	156,348,060	-	-	185,049,169
Net inter segment borrowing	14,550,068	13,847,503	27,318,484	118,255,307	-	(173,971,362)
Others	2,901,390	25,716	7,783,499	104,323	247,760	11,062,688
Total liabilities	52,902,072	14,696,802	196,826,985	123,736,543	4,872,001	(173,971,362)
Equity	(67,763)	(525,160)	2,824,598	171,231	12,201,823	14,604,729
Total equity and liabilities	52,834,309	14,171,642	199,651,583	123,907,774	17,073,824	(173,971,362)
Contingencies and commitments	18,247,731	8,494,243	143,646	36,327,164	4,390,406	-
						67,603,190

33 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 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 year	-	-	44,449	2,500	46,949	-	-	82,532	-	82,532
Repaid during the year	-	-	(10,100)	(79)	(10,179)	-	-	(53,468)	-	(53,468)
Transfer in/out	-	-	(20,750)	-	(20,750)	-	-	(86,142)	-	(86,142)
Closing balance	-	-	336,945	2,421	339,366	-	-	323,346	-	323,346
Fixed assets										
Fixed assets	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Provision for impairment	-	-	-	251,680	251,680	-	-	-	251,680	251,680
Other assets										
Profit receivable on Islamic financing and related assets	-	-	124	3	127	-	-	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 year	1,684	9,166	98,181	4,226,313	4,335,344	1,465	65,156	265,621	11,587,411	11,919,653
Withdrawn during the year	-	(10,098)	(91,044)	(4,224,728)	(4,325,870)	-	(66,861)	(255,299)	(11,508,446)	(11,830,606)
Transfer in/out	-	-	(2,015)	(33,311)	(35,326)	-	-	(12,261)	6,666	(5,595)
Closing balance	16,994	47,006	49,874	1,147,059	1,260,933	15,310	47,938	44,752	1,178,785	1,286,785
Other Liabilities										
Return payable on deposits	-	29	363	6,337	6,729	-	40	295	3,554	3,889
Return payable on Sub-ordinated debt	71,208	-	-	-	71,208	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	-	-	-	-	-	-	-	-	-	-
	Quarter ended 31 March 2023 (Un-Audited)					Quarter ended 31 March 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 year										
Income										
Profit earned on Islamic financing and related assets	-	-	2,592	19	2,611	-	-	1,271	-	1,271
Fee and commission income	-	-	-	336	336	-	-	-	939	939
Expense and transactions										
Return on deposits expenses	-	466	770	37,481	38,717	-	144	429	5,926	6,499
Salaries, allowances and benefits	-	-	87,095	-	87,095	-	-	64,075	-	64,075
Director fee and other allowances	-	18,975	-	-	18,975	-	22,000	-	-	22,000
Shariah Board fee	-	-	-	2,107	2,107	-	-	-	1,684	1,684
Rent expense	-	-	-	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	29,558	29,558	-	-	-	24,173	24,173
Contribution to defined benefit plan	-	-	-	24,351	24,351	-	-	-	20,386	20,386
Return on sub-ordinated loan	67,997	-	-	-	67,997	48,163	-	-	-	48,163

	31 March 2023	31 December 2022
	----- (Rupees in '000) -----	
	(Un-Audited)	(Audited)
34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,263,530	13,668,038
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	12,249,669	11,426,288
Eligible Additional Tier 1 (ADT 1) Capital	1,389,241	1,389,241
Total Eligible Tier 1 Capital	13,638,910	12,815,529
Eligible Tier 2 Capital	2,739,474	2,453,753
Total Eligible Capital (Tier 1 + Tier 2)	16,378,384	15,269,282
Risk Weighted Assets (RWAs):		
Credit Risk	78,881,404	78,582,866
Market Risk	925,994	1,365,195
Operational Risk	16,667,845	16,667,845
Total	96,475,243	96,615,906
Common Equity Tier 1 Capital Adequacy Ratio	12.70%	11.83%
Tier 1 Capital Adequacy Ratio	14.14%	13.26%
Total Capital Adequacy Ratio	16.98%	15.80%
The minimum capital adequacy ratio required by SBP as at 31 March 2023 is 11.50% (31 December 2022: 11.50%).		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	13,638,910	12,815,529
Total Exposures	284,130,805	275,516,707
Leverage Ratio	4.80%	4.65%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	117,942,102	117,370,386
Total Net Cash Outflow	60,121,689	63,752,123
Liquidity Coverage Ratio	196.17%	184.10%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	155,614,690	148,334,072
Total Required Stable Funding	85,133,591	82,406,182
Net Stable Funding Ratio	182.79%	180.00%

35 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.

36 GENERAL

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

37 DATE OF AUTHORISATION

These financial statements were authorised for issue on 15 April 2023 by the Board of Directors of the Bank.

Chief Executive Officer

Chief Financial Officer

Director

Director

Director