



HALF YEARLY REPORT - JUNE 30, 2023
(UN-AUDITED)

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Company Information

Board of Directors

HH Sheikh Nahayan Mabarak Al Nahayan
Chairman/Director

Abdulla Nasser Hawaileel Al Mansoori
Director

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Khalid Qurashi
Director

Dr. Gyorgy Tamas Ladics
Director

Dr. Ayesha Khan
Director

Atif Aslam Bajwa
President/CEO and Director

Senior Management Team

Atif Aslam Bajwa

President and Chief Executive Officer

Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

Anjum Hai

Chief Financial Officer

Faisal Farooq Khan

Chief Human Resource Officer

Faisal Rabbani

Chief Risk Officer

Haroon Khalid

Group Head, Compliance and Control

Khawaja Muhammad Ahmad

Group Head, Operations and Corporate Services

Mehreen Ahmed

Group Head, Retail Banking

Mohib Hasan Khan

Chief Information Officer

Muhammad Akram Sawleh

Company Secretary and Group Head, Legal and Corporate Affairs

Dr. Muhammad Imran

Group Head, Islamic Banking

Muhammad Yahya Khan

Group Head, Digital Banking

Pervez Shahbaz Khan

Group Head, Treasury and Financial Markets

Saad ur Rahman Khan

Group Head, Corporate, Investment Banking and International Business
(Resigned in July, 2023)

Tahir Khurshid

Group Head, Audit and Inspection

Zahid Anjum

Group Head, Special Assets Management

Chief Financial Officer

Anjum Hai

Company Secretary

Muhammad Akram Sawleh

Chief Internal Auditor

Tahir Khurshid

Auditors

A. F. Ferguson & Co.

Chartered Accountants

Registered/Head Office

B. A. Building

I. I. Chundrigar Road

Karachi, Pakistan

bankalfalah.com

Share Registrar

F. D. Registrar Services (Pvt.) Limited

1705, 17th Floor, Saima Trade Tower-A

I. I. Chundrigar Road

Karachi, Pakistan.

Legal Advisor

Mandviwalla & Zafar

Advocates and Legal Consultants

Board Committees

Board Audit Committee (BAC)

Khalid Qurashi
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Dr. Ayesha Khan
Member

Mr. Tahir Khurshid
Secretary

Board Risk Management Committee (BRMC)

Khalid Mana Saeed Al Otaiba
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Qurashi
Member

Atif Aslam Bajwa
Member

Mr. Farhan Ali
Secretary

Board Human Resources, Remuneration & Nominations Committee (BHR&NC)

Dr. Ayesha Khan
Chairperson

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Dr. Gyorgy Tamas Ladics
Member

Khalid Qurashi
Member

Mr. Muhammad Akram Sawleh
Secretary

Board Compensation Committee (BCC)

Dr. Ayesha Khan
Chairperson

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Mr. Muhammad Akram Sawleh
Secretary

Board Committees

Board Strategy and Finance Committee (BS&FC)

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Member

Dr. Gyorgy Tamas Ladics
Member

Dr. Ayesha Khan
Member

Khalid Qurashi
Member

Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Board Crisis Management Committee (BCMC)

Abdulla Khalil Al Mutawa
Chairman

Khalid Mana Saeed Al Otaiba
Member

Khalid Qurashi
Member

Dr. Ayesha Khan
Member

Dr. Gyorgy Tamas Ladics
Member

Atif Aslam Bajwa
Member

Mr. Muhammad Akram Sawleh
Secretary

Board Information Technology Committee (BITC)

Dr. Gyorgy Tamas Ladics
Chairman

Abdulla Khalil Al Mutawa
Member

Khalid Mana Saeed Al Otaiba
Member

Atif Aslam Bajwa
Member

Mr. Aasim Wajid Jawad
Secretary

Board Real Estate Committee (BREC)

Mr. Abdulla Khalil Al Mutawa
Chairman

Mr. Khalid Mana Saeed Al Otaiba
Member

Mr. Atif Aslam Bajwa
Member

Mr. Muhammad Akram Sawleh
Secretary

On behalf of the Board of Directors, we are pleased to present the unconsolidated condensed interim financial statements of Bank Alfalah Limited for the half year ended June 30, 2023.

Economic Review

Pakistan weathered economic stress during the first half of 2023. However, the economy began to stabilise with the sealing of a Staff-Level Agreement (SLA) with the IMF for a new 9-month USD 3 billion Stand-By Arrangement (SBA). The arrangement, which has political buy-in across the board, will anchor the economy during political transition and handover to the new elected government.

On the macroeconomic front, State Bank of Pakistan's (SBP) reserves dropped down to the critical level of USD 4.47 billion as of June 30, 2023, compared to last year's USD 9.8 billion. The depletion of foreign reserves was primarily due to external debt repayments, slowdown in remittances and exports, and an initially derailed IMF program. During the period 1HY23, the Rupee plunged to PKR 286.7 to the dollar, from PKR 226.4 recorded at the start of the year, a depreciation of approximately 27% against the greenback. However, post finalization of the IMF SLA, Pakistan has received the first tranche of USD 1.2 billion from IMF and USD 3 billion from Saudi Arabia and UAE. Resultantly, forex reserves rose, and the Rupee rallied with the exchange rate at 277.6 PKR/USD on July 14, 2023.

Inflation continued its northward march reaching a historic high of 38% in May 2023. However, as a result of high-base effect and improvement in food prices on month-on-month basis, inflation for June 2023 slowed down to 29.4%. Overall, the average National CPI inflation for the outgoing fiscal year 2022-23 stands at 29.2% compared to 12.2% for the previous year.

In order to anchor inflation, the Monetary Policy Committee (MPC) of the SBP increased the Policy Rate by 600bps during 2023 to 22%. The last increase of 100bps was announced in an emergency meeting on June 26, 2023. The increase was attributed to curtailment of inflationary pressures and PKR devaluation, and to counter the impact of revenue measures announced in the federal budget for fiscal year 2023-24.

During 11MFY23, the Current Account Balance posted a deficit of USD 2.9 billion compared to the same period last year when the deficit clocked in at USD 15.1 billion, a

substantial decline of 81%. This drop came on the back of robust import controls by the administration as Pakistan faced dollar shortages due to debt servicing, delayed support from friendly countries, and a decline in exports and remittances. However, domestic supply constraints due to import controls have hampered industrial activity.

On the fiscal side, provisional numbers for FY 2022-23 indicate a deficit of PKR 5,942 billion (7% of GDP) which is higher than the budgeted estimate and previous year's deficit. The Government eyes a deficit of PKR 6,923 billion (6.5% of GDP) for FY 2023-24, which is an optimistic target considering that the economy is passing through a phase of slow growth with high inflation and a stressed external account.

The Government is also taking an optimistic view of GDP growth, projecting growth rate at 3.5% in 2024 against 0.3% in 2023, emphasising the robust performance of the industrial sector, and targeting an industrial growth rate of 3.4% compared to the previous year's contraction of 2.1%.

KSE 100, the benchmark index of the Pakistan Stock Exchange (PSX), recorded an increase of 4% during 4QFY2023 to close at 41,327 index points. However, overall, KSE 100 remained nearly flat during FY2023 increasing by only 29 index points or 0.1%. Total average market volumes for KSE 100 declined by 10% during 4QFY2023 to stand at 153 mn shares.

Going forward, continuation of the IMF program is crucial for economic policy-making during a volatile political period. Securing external financing for the mammoth debt repayments during the current year and beyond, managing inflationary pressures and stimulating growth while securing a larger and longer-term IMF program for long-term structural reforms following the expiry of the new SBA, would be critical challenges for the new government post-elections.

Review of the Bank's Performance

The highlights of Bank's financial results for the half year ended June 30, 2023, are presented as follows:

Financial Position	June 30, 2023	December 31, 2022
	Rupees in Millions	
Shareholders' Equity	113,800	100,015
Total Assets	2,619,757	2,253,197
Deposits	1,775,954	1,486,845
Advances – net	759,498	732,375
Investments – net	1,437,833	1,114,407

Financial Performance	Half year ended June 30, 2023	Half year ended June 30, 2022
	Rupees in Millions	
Net Interest Income and Non-Markup Income	72,180	43,044
Non-Markup Expenses	31,313	22,142
Provisions and write offs (net)	5,002	4,041
Profit before tax	35,865	16,860
Profit after tax	18,620	8,703
Basic and Diluted earnings per share – Rupees	11.81	4.90

Bank Alfalah delivered sound financial results in the first half of 2023, with record profit before and after-tax growth of 112.7% and 113.9% respectively. PAT growth quarter on quarter was however impacted by super tax imposed by the Federal Government. The Earning Per Share (EPS) for the half year stands at Rs. 11.81 (Jun 2022: Rs. 4.90). The Bank also continued to make significant investments in network, people and technology, while our market positioning improved in key areas.

Revenue stood at Rs. 72.180 billion showing an increase of 67.7% as compared to same period last year. Key contribution was from markup income which grew significantly by 84.1% and closed at Rs. 59.191 billion. The increase in markup income is driven by a combination of net earning assets growth and re-pricing of the asset book at higher rates. Non-markup income is Rs. 12.988 billion, higher by 19.1% compared to same period last year, with significant components being fee and FX income.

Fee and commission income showed a robust growth of 31.0% year on year (YoY). Major contributions are from following fee lines: Card (debit and credit) related fee up due to higher customer spend by 52.1%. Further, card acquiring income rose due to increase in e-commerce spend and POS merchant sales by 48.9%. Trade, guarantees, and remittance income also increased.

Growth in digital transactions volume via Alfa / Internet Banking / ATMs & Cash Deposit Machines (CDMs) and upward revision in ATM withdrawal fee led to increase in alternate delivery channels income.

Expenses continue to be vigilantly monitored and the Bank manages costs prudently while focusing on building revenue momentum through expansion without compromising on investments in new ventures. The Bank's strategy to open new branches, invest in digital technologies and information technology platforms alongside flood relief donation, PKR depreciation and inflation related effects led to higher operating expenses. During the last one-and-half years, the Bank has opened 140+ new branches, which are helping us in customer acquisition, deposit mobilization and hence revenue growth. Becoming an industry first, the Bank has opened a Phyigital Branch with various state-of-the-art technologies including cash and cheque deposit machines, digital lockers and a Buy Now Pay Later (BNPL) store via AlfaMall along with lifestyle features such as dining and workspace sharing. Further, we have focused on the areas where we can deepen our relationships and gain market share. The Bank's cost to income ratio improved to 42.1% as against 50.4% SPLY, taking support from strong revenue growth.

Deposits were reported at Rs. 1.776 trillion at the end of

June '23, with YoY growth of 34.6%. The current accounts grew by 26.6% YoY. This is reflective of the bank's well thought and applied strategy of increasing its market share.

Loan book closed at Rs. 798.096 billion, while maintaining credit discipline amid challenging market fundamentals. As at period end, our gross advances to deposits ratio (ADR) stood at 44.9%. Our underwriting discipline and rigorous client selection continued to serve us well which reflects in our non-performing loans ratio which stood at 4.7% despite some prudent classifications. Non-performing loans remain fully covered with coverage being 102.2% (including general provision). Further, during the period, the Bank has taken an additional general provision of Rs. 1.750 billion against high risk portfolio due to the economic vulnerability faced by such loans whereas provision held for flood impacted portfolio was reversed as headwinds in that portfolio have eased up.

As at June 30, 2023, the Bank remains adequately capitalised with CAR at 14.57%.

Dividend

The Board of Directors, in its meeting held on August 10, 2023, has declared an interim cash dividend of Rs. 3.0 per share (30%) (2022: Rs. 2.5 per share; 25%) for the half year ended June 30, 2023.

Credit Rating

The Bank has been assigned the following ratings by PACRA:

- Entity rating: 'AA+' (Double A Plus) for the long-term and 'A1+' (A-One Plus) for the short-term, with 'Stable' Outlook.
- Instruments' rating: Unsecured Tier 1 Capital instruments (Term Finance Certificates) of the Bank have been awarded a credit rating of 'AA-' (Double A Minus), with 'Stable' Outlook.

The assigned ratings reflect the Bank's diversified operations, healthy financial risk profile, strong sponsors, and existing market presence. These ratings denote a very low level of credit risk, a strong capacity for timely repayment of financial commitments in the long term and the highest capacity for timely repayment in the short term, respectively.

Future Outlook

Bank Alfalah continues to be well-positioned for sustainable growth and the creation of long-term shareholder value, despite macroeconomic challenges. Our primary objective is to further strengthen our

market share. In addition, we are committed to enhancing our domestic presence, delivering unmatched services to our customers, and reaching a broader audience.

To align with the economic goals of the country and prevailing macroeconomic conditions, we will continue to recalibrate our actions for delivering our strategy. Our key strategic pillars include: growing market share, prioritising the consumer sector, supporting the growth of SMEs, and leveraging technology to meet customers' banking requirements. Furthermore, increasing trade volumes, expanding our reach in cash management, and process optimisation will be fundamental to our strategy.

In response to evolving business dynamics, we are accelerating our digital transformation journey. Collaborating with fintech companies allows us to harness their disruptive technologies and solutions, gaining a technological edge and accelerating digital adoption while leveraging our core competencies.

Crucially, we are dedicated to investing in our human capital and fostering a culture of care, collaboration, creativity, and innovation. By doing so, we maintain confidence in Bank Alfalah's ability to thrive and grow in the future.

Through strategic vision, customer-centric approach, and commitment to innovation, Bank Alfalah is poised to embrace the future and achieve sustainable success.

Acknowledgment

On behalf of the Board, we would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their continued guidance and support. At the same time, we would like to express our gratitude to our shareholders, our customers, and our business partners for their continued patronage.

Over the years, we have laid the foundations to deliver great value and service to our customers, while improving profitability and strengthening our balance sheet. We will remain focused on serving our customers and playing a key role in supporting economic recovery. In doing this, we will be mindful of our responsibilities to our staff and communities, and of continuing to deliver high returns to our shareholders.

Atif Aslam Bajwa
President and Chief Executive Officer
August 10, 2023
Abu Dhabi

Khalid Qurashi
Director

جون 2023 کے اختتام پر بینک کے ڈیپازٹ 1.776 کھرب روپے تھے جو کہ سال بہ سال 34.6 فیصد ہیں۔ کرنٹ اکاؤنٹ سال بہ سال میں 26.6 فیصد بڑھے۔ یہ بینک کی سوچی سمجھی حکمت عملی کا نتیجہ ہے جس کا مقصد مارکیٹ شیریں بڑھانا تھا۔

مارکیٹ کے چیلنجنگ حالات اور کریڈٹ نظم و ضبط برقرار رکھنے کی کوشش کے درمیان لون بک 798.096 ارب روپے پر بند ہوئی۔ مدت کے اختتام پر ہماری مجموعی ایڈوانسز اور ڈیپازٹ کے درمیان شرح 44.9 فیصد ہے۔ انڈر رائٹنگ میں نظم و ضبط اور کالانٹ کے انتخاب میں کڑی جانچ کے باعث ہمارے نان پرفارمنگ لونز کی شرح 4.7 فیصد رہی۔ نان پرفارمنگ لونز پوری طرح سے کور ہیں اور یہ کوریج 102.2 فیصد ہے (جنرل پروویژن سمیت)۔ مزید برآں، اسی مدت کے دوران معاشی حالات کے باعث ہائی رسک پورٹ فولیو سے جڑے خطرات کا مقابلہ کرنے کے لیے بینک نے 1.750 ارب روپے کا اضافی جنرل پروویژن حاصل کیا جبکہ سیلاب سے متاثر پورٹ فولیو میں دستیاب پروویژن کو واپس کر دیا کیونکہ اس پر دباؤ کم ہو چکا ہے۔

30 جون 2023 کو بینک 14.57 فیصد CAR کے ساتھ کافی حد تک سرمایہ دار ہے۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 10 اگست 2023 کو اپنے اجلاس میں 30 جون 2023 کو ختم ہونے والے نصف سال کے لیے 3.0 روپے فی شیر (30 فیصد) کے عبوری ڈیویڈنڈ کا اعلان کیا (2022: 2.5 روپے فی شیر، 25 فیصد)۔

کریڈٹ ریٹنگ

بینک کو PACRA کی طرف سے درج ذیل درجہ بندی تفویض کی گئی ہے:

- ایٹھٹیٹی کی درجہ بندی: طویل مدتی کے لیے 'AA+' (ڈبل اے پلس) اور مختصر مدت کے لیے 'A1+' (اے ون پلس)، آؤٹ لک کو 'مستحکم' کے طور پر تفویض کیا گیا ہے۔
- انسٹرومنٹس کی درجہ بندی: بینک کے غیر محفوظ ٹائر 1 کپیٹل انسٹرومنٹس (فرم فنانش سرٹیفیکیٹس) کو 'مستحکم' آؤٹ لک کے ساتھ 'AA-' (ڈبل اے منس) کی کریڈٹ ریٹنگ دی گئی ہے۔

تفویض کردہ ریٹنگز بینک کے متنوع آپریشنز، صحت مند مالیاتی رسک پروفائل، مضبوط اسپانسرز اور موجودہ مارکیٹ میں موجودگی کی عکاسی کرتی ہیں۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع، طویل مدت میں مالی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت اور مختصر مدت میں بروقت ادائیگی کی بلند ترین صلاحیت کو ظاہر کرتی ہیں۔

مستقبل کا منظر نامہ

بینک الفلاح میکرو اکنامک چیلنجوں کے باوجود پائیدار ترقی اور طویل مدتی شیریں بولڈر ویلیو کے لیے اچھی پوزیشن پر ہے۔ ہمارا بنیادی مقصد اپنے مارکیٹ شیئر کو مزید مضبوط کرنا ہے۔ اس کے علاوہ، ہم اپنی ڈومیسٹک سطح پر اپنی موجودگی کو پھیلاتے، صارفین کو بے مثال خدمات فراہم کرنے، اور وسیع تر لوگوں تک پہنچنے کے لیے پرعزم ہیں۔

ملک کے معاشی اہداف اور موجودہ میکرو اکنامک حالات سے ہم آہنگ ہونے کے لیے، ہم اپنی حکمت عملی پر کام جاری رکھنے کے لیے اپنے اقدامات کو دوبارہ

ترتیب دیتے رہیں گے۔ مارکیٹ شیر میں اضافہ، کنزیومر سیکٹر کو ترجیح دینا، SMEs کی ترقی میں معاونت کرنا، اور صارفین کی بینکنگ ضروریات کو پورا کرنے کے لیے ٹیکنالوجی سے فائدہ اٹھانا ہمارے اہم اسٹریٹجک ستونوں میں شامل ہیں۔ مزید برآں، تجارتی حجم میں اضافہ، کیش مینیجمنٹ میں سہولتوں کو بڑھانا، اور پراسیسز کو مزید نکھارنا ہماری حکمت عملی کے لیے بنیاد ہوگی۔

کاروبار کے مسلسل تبدیل ہوتے حالات میں، ہم اپنے ڈیجیٹل تبدیلی کے سفر کو تیز کر رہے ہیں۔ فٹنیک کمپنیوں کے ساتھ تعاون ہمیں اپنی اساسی صلاحیتوں سے فائدہ اٹھاتے ہوئے ان کی خلل ڈالنے والی ٹیکنالوجیز اور سلوشنز کو استعمال کرنے، تکنیکی برتری حاصل کرنے اور ڈیجیٹل پیر منتقلی میں تیزی لانے کا موقع دے رہا ہے۔

اہم بات یہ ہے کہ ہم اپنے ہیومن ریسورس میں سرمایہ کاری کرنے اور ایک دوسرے کا خیال رکھنے، تعاون، تخلیقی صلاحیتوں اور اختراع کے کلچر کو فروغ دینے کے لیے پرعزم ہیں۔ ہماری سوچ مستقبل میں ترقی اور آگے بڑھنے کی بینک الفلاح کی صلاحیت پر اعتماد کا اظہار ہے۔

سٹریٹجک ویژن، کسٹمر مرکزی سوچ، اور جدت کی لگن کے ساتھ بینک الفلاح آنے والے وقت اور اس میں دیرپا کامیابی کے لیے تیار ہے۔

تشکرات

بورڈ کی جانب سے، ہم اسٹیٹ بینک آف پاکستان، سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کی مسلسل رہنمائی اور تعاون کے لیے شکریہ ادا کرنا چاہتے ہیں۔ اس کے ساتھ، ہم اپنے شیریں بولڈرز، کسٹمرز، اور اپنے کاروباری شراکت داروں کی مسلسل سرپرستی کے لیے ان کا بھی شکریہ ادا کرتے ہیں۔

گزشتہ کئی برسوں کے دوران، ہم نے اپنا منافع بڑھانے اور بیلنس شیٹ کو مضبوط کرنے کے ساتھ کسٹمرز کو بہترین ویلیو اور سروسز فراہم کرنے کی بنیاد ڈالی ہے۔

ہم اپنے کسٹمرز کی خدمت کرنے اور معاشی بحالی میں کلیدی کردار ادا کرنے پر توجہ مرکوز رکھیں گے۔ اس کے دوران ہم اپنے عملے اور کمیونٹیز کے لیے اپنی ذمہ داریوں کا خیال بھی رکھیں گے، اور اپنے شیریں بولڈرز کو زیادہ منافع فراہم کرتے رہیں گے۔

خالد قریشی

ڈائریکٹر

عاطف اسلم باجوہ

صدر و چیف ایگزیکٹو آفیسر

10 اگست 2023

ابوظہبی

بینک کی کارکردگی کا جائزہ

30 جون 2023 کو ختم ہونے والے نصف سال کے لیے بینک کی مالیاتی نتائج ذیل میں دئیے جا رہے ہیں:

31 دسمبر 2022	30 جون 2023	مالیاتی پوزیشن
روپے ملین میں		
100,015	113,800	شینر ہولڈر کی ایکویٹی
2,253,197	2,619,757	کل اثاثہ جات
1,486,845	1,775,954	ڈیپازٹس
732,375	759,498	ایڈوانسز۔ خالص
1,114,407	1,437,833	سرمایہ کاری۔ خالص

30 جون 2022 کو ختم ہونے والی ششماہی	30 جون 2023 کو ختم ہونے والی ششماہی	مالیاتی کارکردگی
روپے ملین میں		
43,044	72,180	انٹرسٹ آمدنی اور غیر مارک اپ آمدنی
22,142	31,313	غیر مارک اپ ٹیکس
4,041	5,002	پروویڈرز اور رائٹ آف (نیٹ)
16,860	35,865	منافع قبل از ٹیکس
8,703	18,620	منافع بعد از ٹیکس
4-90	11.81	بنیادی اور ڈائیلیویٹڈ منافع فی شینر۔ روپے

الفا/انٹرنیٹ بینکنگ/آئی ایم اور کیش ڈیپازٹ مشین (CDM) کے ذریعے اور آئی ایم سے کیش نکلوانے کی فیس میں اضافے کے باعث ڈیجیٹل ٹرانزیکشن کے حجم میں بھی اضافہ دیکھا گیا

بینک اپنے اخراجات کی مسلسل نگرانی کرتا ہے اور نئے منصوبوں میں سرمایہ کاری پر سمجھوتہ کیے بغیر توسیع کے ذریعے آمدن کی رفتار بڑھانے پر توجہ مرکوز کرتے ہوئے اخراجات کا تدبیر کے ساتھ مینجنگ کر رہا ہے۔ بینک کی نئی شاخیں کھولنے، ڈیجیٹل ٹیکنالوجیز اور انفرامیشن ٹیکنالوجی پلیٹ فارمز میں سرمایہ کاری کرنے کی حکمت عملی سیلاب میں امدادی عطیات کے ساتھ، روپے کی قدر میں کمی اور مہنگائی کے اثرات نے آپریٹنگ اخراجات میں اضافہ کیا۔ پچھلے ڈیڑھ سال کے دوران، بینک نے 140+ نئی برانچیں کھولی ہیں، جو صارفین کے حصول، ڈپازٹ موبلائزیشن اور آمدنی بڑھانے میں ہماری مدد کر رہی ہیں۔ انڈسٹری میں پہلی مرتبہ بینک نے مختلف جدید ترین ٹکنالوجیز کے ساتھ ایک ایسی برانچ کھولی ہے جس میں کیش اور چیک ڈپازٹ مشینیں، ڈیجیٹل لاکرز اور الٹا مال کے ذریعے (BNPL) Buy Now Pay Later اسٹور کے ساتھ لائف فیچرز بھی پیش کیے گئے ہیں جیسا کہ کھانا اور ورک سپیس شینر کرتا ہے۔ اس کے علاوہ ہم نے ایسے شعبوں پر بھی توجہ مرکوز کی ہے جہاں ہم اپنے تعلقات کو مزید آگے بڑھا سکیں اور مارکیٹ شینر میں اضافہ کریں۔ لاگت اور آمدنی میں بینک کا تناسب 42.1 فیصد رہا جو کہ پچھلے سال کی اسی مدت میں 50.4 فیصد تھا جس کی بڑی آمدنی میں اضافہ تھا۔

بینک الفلاح نے 2023 کی پہلی ششماہی میں بالترتیب 112.7 فیصد اور 113.9 فیصد کی قبل از اور بعد از ٹیکس منافع کے ساتھ مضبوط نمودار کیا۔ تاہم، وفاقی حکومت کی طرف سے سپر ٹیکس کے نفاذ کے باعث سہ ماہی بہ سہ ماہی بنیادوں پر PAT نمو متاثر ہوئی۔ نصف سال کے لیے فی شینر منافع (EPS) 11.81 روپے (جون 2022: 4.90 روپے) رہا۔ بینک نے نیٹ ورک، لوگوں اور ٹیکنالوجی میں بھی نمایاں سرمایہ کاری جاری رکھی، اور اہم شعبوں میں ہماری مارکیٹ پوزیشن بہتر ہوئی۔

بینک کی آمدنی 72,180 ارب روپے رہی جو کہ پچھلے سال کی اسی مدت کے مقابلے میں 67.7 فیصد زیادہ ہے۔ آمدنی میں سب سے بڑا حصہ مارک اپ کا رہا ہے جو 84.1 فیصد کے ساتھ بڑھی اور 59,191 ارب روپے رہی۔ مارک اپ آمدنی میں اضافے کا سبب نیٹ اینرنگ ایسٹ گروتھ اور ایسٹ بک کی زیادہ شرح پیری پرائسنگ تھی۔ غیر مارک اپ آمدنی 12,988 ارب روپے رہی جو کہ پچھلے سال کی اسی مدت کے مقابلے میں 19.2 فیصد زیادہ رہی جس میں فیس اور فاریکس انکم کا نمایاں حصہ رہا۔

فیس اور کمیشن نے سال بہ سال کی بنیاد پر 31.0 فیصد کے ساتھ واضح ترقی دکھائی۔ سب سے بڑا ان فیس کا رہا: کارڈ (ڈیبٹ اور کریڈٹ) سے متعلق فیس میں اضافہ ہوا کیونکہ کسٹمرز کا خرچ اضافے کے ساتھ 52.1 فیصد رہا۔ مزید برآں، ای کامرس اور POS مرچنٹ سیلز میں 48.9 فیصد اضافے کے باعث نئے کارڈ کی آمدنی میں نمو دیکھی گئی۔ ٹریڈ، گارنٹیز اور ری می ٹینس آمدنی بھی اضافہ ہوا۔

فلت کا سامنا کرنا پڑا، تاہم، درآمدی کنٹرول کی وجہ سے ڈومیسٹک سپلائی کی رکاوٹوں نے صنعتی سرگرمیوں کو متاثر کیا ہے۔

مالیاتی حوالے سے، مالی سال 2022-23 کے عبوری اعداد و شمار کے مطابق 5,942 ارب روپے (جی ڈی پی کا 7 فیصد) کے خسارے کا سامنا ہے جو کہ بجٹ کے تخمینہ اور پچھلے سال کے خسارے سے زیادہ ہے۔ حکومت مالی سال 2023-24 کے لیے 6,923 ارب روپے (GDP کا 6.5 فیصد) خسارہ دیکھ رہی ہے، جو اس حوالے سے امید افزا ہدف ہے کہ معیشت بلند افراط زر اور دہاؤ والے بیرونی آکازنٹ کے ساتھ سست ترقی کے مرحلے سے گزر رہی ہے

حکومت جی ڈی پی گروتھ کے حوالے سے بھی پُر امید ہے اور 2024 کے لیے اس کا ہدف 3.5 فیصد رکھا گیا ہے جو 2023 میں 0.3 تھی۔ اس کے لیے صنعتی سیکٹر پر زور دیا جا رہا ہے اور پچھلے سال میں 2.1 فیصد کی صنعتی ترقی کے مقابلے میں اس سال کے لیے 3.4 فیصد ہدف رکھا گیا ہے۔

KSE 100، پاکستان اسٹاک ایکسچینج (PSX) کا بینچ مارک انڈیکس، 2023 Q4 کے دوران 4 فیصد کا اضافہ ریکارڈ کر کے 41,327 انڈیکس پوائنٹس پر بند ہوا، تاہم، مجموعی طور پر، KSE 100 مالی سال 2023 کے دوران تقریباً فلیٹ رہا جس میں صرف 29 انڈیکس پوائنٹس یا 0.1 فیصد اضافہ ہوا۔ KSE 100 کے لیے کل اوسط مارکیٹ کا حجم 2023 Q4 کے دوران 10 فیصد کم ہو کر 153 ملین شیئرز پر پہنچ گیا۔

مستقبل پر نظر ڈالیں تو غیر مستحکم سیاسی ماحول میں معاشی پالیسی سازی کے لیے IMF پروگرام کا تسلسل بہت ضروری ہے۔ موجودہ سال اور اس سے آگے، الیکشن کے بعد قائم ہونے والی نئی حکومت کے لیے قرضوں کی بہت بڑی ادائیگیوں کے لیے بیرونی فنانشنگ یقینی بنانا، مہنگائی کے دہاؤ کو سنبھالنا اور ترقی کو جاری رکھنا جبکہ نئے SBA کی میعاد ختم ہونے کے بعد طویل مدتی ڈھانچہ جاتی اصلاحات کے لیے ایک بیڑے اور طویل مدتی IMF پروگرام کو حاصل کرنا ہم چیلنجز ہوں گے۔

ہم بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2023 کو ختم ہونے والی پہلی ششماہی کے لیے بینک الفلاح لمیٹڈ کی عبوری مالیاتی اسٹیٹمنٹ جاری کر رہے ہیں۔

معاشی جائزہ

پاکستان نے 2023 کے پہلی ششماہی کے دوران معاشی تناؤ کا سامنا کیا۔ تاہم، 9 ماہ کے نئے 3 بلین امریکی ڈالر کے اسٹیٹڈ ہائی اریجنٹ (SBA) کے لیے IMF کے ساتھ اسٹاف لیول ایگریمنٹ (SLA) سے معیشت مستحکم ہونا شروع ہوئی۔ یہ بندوبست، جس میں تمام سیاسی حلقے آن بورڈ ہیں، اقتدار کی منتقلی کے دوران معیشت کو چلانے کا اور جب تک نئی منتخب حکومت قائم نہیں ہوتی۔

میکرو اکنامک فرنٹ پر، اسٹیٹ بینک آف پاکستان (SBP) کے ذخائر 30 جون 2023 تک گر کر 4.47 بلین امریکی ڈالر کی نازک سطح پر آ گئے، جبکہ گزشتہ سال یہ ذخائر 9.8 بلین امریکی ڈالر تھے۔ غیر ملکی ذخائر میں کمی پینادی طور پر بیرونی قرضوں کی ادائیگی، ترسیلات زر اور برآمدات سست روی اور ابتدائی طور پر آئی ایم ایف کے پروگرام میں تاخیر کی وجہ سے تھی۔ 1HCY23 کے دوران، روپیہ ڈالر کے مقابلے پر 286.7 PKR گر گیا، جو کہ سال کے آغاز میں 226.4 PKR ریکارڈ کیا گیا تھا، امریکی ڈالر کے مقابلے میں روپیہ کی قدر میں 27 فیصد کمی تھی۔ تاہم، SLA IMF کو حتمی شکل ملنے کے بعد، پاکستان کو IMF سے 1.2 USD بلین اور سعودی عرب اور UAE سے 3 USD بلین کی پہلی قسط موصول ہوئی ہے۔ اس کے نتیجے میں غیر ملکی زرمبادلہ کے ذخائر میں اضافہ ہوا، اور روپیہ 14 جولائی 2023 کو امریکی ڈالر کے مقابلے میں 277.6 روپے پر ریکارڈ کیا گیا۔

اس کے ساتھ افراط زر میں بھی اضافہ جاری رہا ہے اور مئی 2023 میں یہ شرح 38 فیصد کی تاریخی بلند ترین سطح پر پہنچ گئی۔ تاہم، ہائی بیس اینکٹ اور ماہ بہ ماہ کی بنیاد پر خوراک کی قیمتوں میں بہتری کے نتیجے میں، جون 2023 کے لیے افراط زر کی شرح 29.4 فیصد تک کم ہو گئی۔ مجموعی طور پر، ختم ہونے والے مالی سال 2022-23 کے لیے اوسط قومی سی پی آئی افراط زر 29.2 فیصد ہے جو کہ پچھلے سال 12.2 فیصد تھی۔

افراط زر سے نپٹنے کے لیے SBP کی مانیٹری پالیسی کمیٹی (MPC) 2023 میں پالیسی ریٹ 600bps یا 22 فیصد کر دیا۔ پالیسی ریٹ میں 100bps کا پچھلا اضافہ 26 جون 2023 کو ہونے والی ایک ہنگامی میٹنگ میں کیا گیا۔ اس اضافے کی وجہ مہنگائی کے دہاؤ کو کم کرنے اور روپے کی قدر میں کمی، اور مالی سال 2023-24 کے وفاقی بجٹ میں اعلان کردہ محصولات کے اقدامات کے اثرات کا مقابلہ کرنے کے لیے کیا گیا۔

23 IMF11 کے دوران، کرنٹ آکازنٹ بیلنس نے 2.9 ارب ڈالر کا خسارہ پوسٹ کیا، پچھلے سال اسی مدت میں یہ خسارہ 15.1 ارب ڈالر تھا، یعنی اس سال اس میں 81 فیصد کی نمایاں کمی دیکھی گئی۔ یہ کسی سخت درآمدی کنٹرول کی وجہ سے ہوئی کیونکہ پاکستان کو قرضوں کی فراہمی، دوست ممالک کی جانب سے مالی معاونت میں تاخیر، اور برآمدات اور ترسیلات زر میں کمی کی وجہ سے ڈالر کی

A hand holding a pen pointing to a line graph and a candlestick chart. The background is a light gray with a subtle grid. The line graph is red with circular markers, and the candlestick chart is white with black outlines. The hand is white and appears to be pointing at the data.

BANK ALFALAH LIMITED

**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
HALF YEAR ENDED JUNE 30, 2023**

Independent Auditors' Review Report

To the members of Bank Alfalah Limited Report on review of unconsolidated condensed interim financial statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Bank Alfalah Limited ("the Bank") as at June 30, 2023 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures for the quarters ended June 30, 2023 and June 30, 2022 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

Scope of Review

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

Conclusion

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

Other Matter

The financial statements of the Bank for the year ended December 31, 2022 and the half year ended June 30, 2022 were audited and reviewed by another firm of Chartered Accountants who had expressed an unmodified opinion / conclusion on those statements vide their reports dated February 21, 2023 and August 4, 2022 respectively.

The engagement partner on the review resulting in this independent auditor's review report is Noman Abbas Sheikh.

A.F. Ferguson & Co.

Chartered Accountants

Place: Karachi

Dated: August 16, 2023

UDIN: RR202310061fULgPxdXk

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2023

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	197,028,848	140,613,348
Balances with other banks	8	16,187,573	9,485,380
Lendings to financial institutions	9	13,716,393	115,353,599
Investments	10	1,437,833,499	1,114,406,758
Advances	11	759,498,420	732,374,851
Fixed assets	12	53,897,225	48,424,722
Intangible assets	13	1,381,777	1,296,297
Deferred tax assets	14	18,176,553	9,012,648
Other assets	15	122,036,853	82,229,125
		2,619,757,141	2,253,196,728
LIABILITIES			
Bills payable	16	31,962,648	40,033,806
Borrowings	17	505,893,633	491,179,531
Deposits and other accounts	18	1,775,954,132	1,486,845,346
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	14,000,000	14,000,000
Other liabilities	20	178,146,314	121,123,422
		2,505,956,727	2,153,182,105
NET ASSETS		<u>113,800,414</u>	<u>100,014,623</u>
REPRESENTED BY			
Share capital		15,771,651	15,771,651
Reserves		40,579,315	34,283,201
(Deficit) / surplus on revaluation of assets	21	(510,626)	4,858,723
Unappropriated profit		57,960,074	45,101,048
		<u>113,800,414</u>	<u>100,014,623</u>
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

For the half year ended June 30, 2023

	Note	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Half year ended June 30, 2023	Half year ended June 30, 2022
------(Rupees in '000)-----					
Mark-up/return/interest earned	24	100,867,535	46,607,995	176,456,265	82,424,833
Mark-up/return/interest expensed	25	69,613,595	28,754,281	117,265,105	50,282,066
Net Mark-up/return/interest income		31,253,940	17,853,714	59,191,160	32,142,767
NON MARK-UP/RETURN/INTEREST INCOME					
Fee and commission income	26	3,453,351	2,685,763	6,758,354	5,159,288
Dividend income		349,190	441,888	623,140	666,399
Foreign exchange income		1,780,688	3,420,817	5,105,652	4,851,638
Gain from derivatives		789,708	20,626	688,991	101,083
(Loss) / gain on securities	27	(4,919)	(93,175)	(320,468)	(81,670)
Other income	28	68,577	43,297	132,760	204,066
Total non-mark-up / interest income		6,436,595	6,519,216	12,988,429	10,900,804
Total income		37,690,535	24,372,930	72,179,589	43,043,571
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	29	15,778,269	11,428,885	30,362,605	21,711,073
Workers' welfare fund	30	415,477	263,657	813,223	423,819
Other charges	31	125,988	5,367	136,961	7,170
Total non-mark-up / interest expenses		16,319,734	11,697,909	31,312,789	22,142,062
Profit before provisions		21,370,801	12,675,021	40,866,800	20,901,509
Provisions and write offs - net	32	4,480,188	3,654,289	5,001,963	4,041,439
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		16,890,613	9,020,732	35,864,837	16,860,070
Taxation	33	9,013,336	5,336,202	17,244,910	8,156,869
PROFIT AFTER TAXATION		7,877,277	3,684,530	18,619,927	8,703,201
------(Rupees)-----					
Basic and diluted earnings per share	34	5.00	2.08	11.81	4.90

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

For the half year ended June 30, 2023

	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Half year ended June 30, 2023	Half year ended June 30, 2022
	----- (Rupees in '000) -----			
Profit after taxation for the period	7,877,277	3,684,530	18,619,927	8,703,201
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	110,763	968,456	4,434,121	1,592,001
Movement in surplus / (deficit) on revaluation of investments - net of tax	1,734,598	(1,256,046)	(5,255,245)	(2,142,969)
	1,845,361	(287,590)	(821,124)	(550,968)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	25,638	-	25,638	-
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax	(78,649)	(59,694)	(87,610)	(66,992)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(7,729)	(6,412)	(8,127)	11,122
	(60,740)	(66,106)	(70,099)	(55,870)
Total comprehensive income	<u>9,661,898</u>	<u>3,330,834</u>	<u>17,728,704</u>	<u>8,096,363</u>

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2023

	Share capital	Capital Reserves		Statutory reserve	Surplus/(Deficit) on revaluation			Unappropriated profit	Total
		Share premium	Exchange translation reserve		Investments	Fixed Assets	Non Banking Assets		
(Rupees in '000)									
Balances as at January 01, 2022 (audited)	17,771,651	4,731,049	8,211,089	17,011,825	(1,227,301)	12,580,193	87,688	40,836,487	100,002,681
Changes in equity for the half year ended June 30, 2022									
Profit after taxation	-	-	-	-	-	-	-	8,703,201	8,703,201
Other comprehensive income / (loss) - net of tax	-	-	1,592,001	-	(2,142,969)	(66,992)	11,122	-	(606,838)
Transfer to statutory reserve	-	-	-	870,320	-	-	-	(870,320)	-
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,884	(36,884)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(44,051)	(60)	44,111	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Balance as at June 30, 2022 (un-audited)	17,771,651	4,731,049	9,803,090	17,882,145	(3,370,270)	12,506,034	61,866	45,159,149	104,544,714
Changes in equity for half year ended December 31, 2022									
Profit after taxation	-	-	-	-	-	-	-	9,503,244	9,503,244
Other comprehensive income / (loss) - net of tax	-	-	916,592	-	(4,174,604)	(15,244)	20,701	(294,012)	(3,546,567)
Transfer to statutory reserve	-	-	-	950,325	-	-	-	(950,325)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(169,698)	(62)	169,760	-
Transactions with owners, recorded directly in equity									
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)
Own shares purchased during the year	(2,000,000)	-	-	-	-	-	-	(4,043,855)	(6,043,855)
Balance as at December 31, 2022 (audited)	15,771,651	4,731,049	10,719,682	18,832,470	(7,544,874)	12,321,092	82,505	45,101,048	100,014,623
Changes in equity for the half year ended June 30, 2023									
Profit after taxation	-	-	-	-	-	-	-	18,619,927	18,619,927
Other comprehensive income / (loss) - net of tax	-	-	4,434,121	-	(5,229,607)	(87,610)	(8,127)	-	(891,223)
Transfer to statutory reserve	-	-	-	1,861,993	-	-	-	(1,861,993)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(44,005)	-	44,005	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Balance as at June 30, 2023 (un-audited)	<u>15,771,651</u>	<u>4,731,049</u>	<u>15,153,803</u>	<u>20,694,463</u>	<u>(12,774,481)</u>	<u>12,189,477</u>	<u>74,378</u>	<u>57,960,074</u>	<u>113,800,414</u>

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2023

Note	Half year ended	
	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35,864,837	16,860,070
Dividend income	(623,140)	(666,399)
	<u>35,241,697</u>	<u>16,193,671</u>
Adjustments:		
Depreciation	29 3,230,479	2,484,013
Amortisation	29 156,888	177,053
Provisions and write offs - net	32 5,001,963	4,041,439
Unrealised loss on revaluation of investments classified as held for trading-net	27 451,064	192,253
Gain on sale of operating fixed assets and non banking assets - net	28 (62,930)	(53,591)
Gain on termination of leases (IFRS 16) - net	28 (15,930)	(112,285)
Borrowing cost on lease liability	25 1,214,207	871,269
Workers' Welfare Fund	813,223	423,819
Charge for defined benefit plan	29.1 233,501	166,923
Charge for staff compensated absences	29.1 94,998	90,000
	<u>11,117,463</u>	<u>8,280,893</u>
	<u>46,359,160</u>	<u>24,474,564</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	67,491,754	(56,764,736)
Held for trading securities	(68,179,592)	30,951,651
Advances	(32,636,732)	(56,207,074)
Other assets (excluding advance taxation)	<u>(39,482,767)</u>	<u>(15,961,196)</u>
	<u>(72,807,337)</u>	<u>(97,981,355)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(8,071,158)	5,695,732
Borrowings	18,595,135	80,828,530
Deposits	289,108,786	179,828,984
Other liabilities (excluding current taxation)	44,953,109	22,598,825
	<u>344,585,872</u>	<u>288,952,071</u>
	<u>318,137,695</u>	<u>215,445,280</u>
	<u>(13,811,540)</u>	<u>(5,078,896)</u>
Income tax paid		
Net cash generated from operating activities	<u>304,326,155</u>	<u>210,366,384</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(220,036,338)	(169,736,749)
Net investments in held to maturity securities	(47,391,535)	(8,747,832)
Investment in subsidiary	-	(5,217)
Dividends received	623,140	666,399
Investments in operating fixed assets	(4,513,134)	(4,995,068)
Proceeds from sale of fixed assets and non banking assets	73,012	63,545
Effect of translation of net investment in foreign branches	4,434,121	1,592,001
Net cash used in investing activities	<u>(266,810,734)</u>	<u>(181,162,921)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(2,528,762)	(1,776,218)
Dividend paid	(2,133,681)	(1,507,450)
Net cash used in financing activities	<u>(4,662,443)</u>	<u>(3,283,668)</u>
Increase in cash and cash equivalents	<u>32,852,978</u>	<u>25,919,795</u>
Cash and cash equivalents at the beginning of the period	204,968,429	141,558,989
Effects of exchange rate changes on cash and cash equivalents - (gain)	(19,480,299)	(6,965,601)
	<u>185,488,130</u>	<u>134,593,388</u>
Cash and cash equivalents at the end of the period	<u>218,341,108</u>	<u>160,513,183</u>

The annexed notes 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

For the half year ended June 30, 2023

1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 916 branches (December 31, 2022: 877 branches) and 15 sub-branches (December 31, 2022: 17 sub-branches). Out of the 916 branches, 605 (December 31, 2022: 586) are conventional, 300 (December 31, 2022: 280) are Islamic, 10 (December 31, 2022: 10) are overseas and 1 (December 31, 2022: 1) is an offshore banking unit.

2 BASIS OF PRESENTATION

2.1 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These unconsolidated condensed interim financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2022.

2.2 STATEMENT OF COMPLIANCE

These unconsolidated 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 (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'.

Moreover, the Bank has not adopted IFRS 9 in preparation of these unconsolidated condensed interim financial statements, as allowed by SBP BPRD circular no 7 of 2023 dated April 13, 2023.

Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements; except for overseas branches where such standards are applicable.

2.2.1 These unconsolidated condensed interim financial statements represent separate financial statements of Bank Alfalah Limited in which investment in subsidiaries and associates are accounted for on the basis of cost less accumulated impairment losses, if any.

2.2.2 Key financial figures of the Islamic Banking branches are disclosed in note 39 to these unconsolidated condensed interim financial statements.

2.2.3 The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated condensed interim financial statements have been prepared on a going concern basis.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements.

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

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

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
- IFRS 9 - 'Financial instruments'	2.4.1 January 01, 2024
- IAS 1 - Non current liabilities with covenants (amendments)	January 01, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 01, 2024

The management is in the process of assessing the impact of these amendments on the unconsolidated condensed interim financial statements of the Bank.

2.4.1 IFRS 9 - 'Financial Instruments'

As per SBP's BPRD Circular No. 7 dated April 13, 2023, the effective date of IFRS 9 for banks in Pakistan has been extended from January 01, 2023 to January 01, 2024, and accordingly the Standard will be applied on the Bank's financial statements for the accounting periods beginning on or after January 01, 2024. As disclosed in note 2.5.1.5 to the audited unconsolidated annual financial statements of the Bank for the year ended 31 December 2022, the Bank had carried out an impact assessment based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Bank will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except for certain fixed assets and non banking assets acquired in satisfaction of claims which are stated at revalued amounts, held for trading, available for sale investments and derivative financial instruments which are measured at fair value, defined benefit obligations which are carried at present value and right of use of assets and related lease liability measured at present value.

3.2 Functional and presentation currency

These unconsolidated condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2022.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

6 FINANCIAL RISK MANAGEMENT

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

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

7 CASH AND BALANCES WITH TREASURY BANKS

In hand		
- local currency	39,187,227	34,295,195
- foreign currency	8,780,375	3,692,104
	47,967,602	37,987,299
With State Bank of Pakistan in		
- local currency current accounts	66,614,304	46,845,917
- foreign currency current accounts	8,513,338	3,528,124
- foreign currency deposit accounts	12,591,040	687,240
	87,718,682	51,061,281
With other central banks in		
- foreign currency current accounts	52,910,850	49,697,265
- foreign currency deposit accounts	1,623,462	1,679,531
	54,534,312	51,376,796
With National Bank of Pakistan in local currency current account	6,713,329	92,097
Prize bonds	94,923	95,875
	197,028,848	140,613,348

8 BALANCES WITH OTHER BANKS

In Pakistan in current account	3,000	17,994
Outside Pakistan		
- in current accounts	16,149,472	9,438,572
- in deposit accounts	35,101	28,814
	16,184,573	9,467,386
	16,187,573	9,485,380

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	6,228,567	40,384,136
Repurchase agreement lendings (Reverse Repo)	7,487,826	74,969,700
	13,716,393	115,353,836
Less: expected credit loss - overseas branches	-	(237)
Lendings to financial institutions - net of provision	13,716,393	115,353,599

10 INVESTMENTS

10.1 Investments by type:

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value
	------(Rupees in '000)-----							
Held for trading securities								
Federal Government Securities								
- Market Treasury Bills	35,815,918	-	(180,345)	35,635,573	2,074,210	-	(2,994)	2,071,216
- Pakistan Investment Bonds	42,004,038	-	(209,527)	41,794,511	4,173,096	-	33,445	4,206,541
- Ijarah Sukuk	335,930	-	(1,960)	333,970	3,059,648	-	7,862	3,067,510
Shares								
- Ordinary shares / units - Listed	1,003,630	-	(50,890)	952,740	567,811	-	(49,754)	518,057
Foreign Securities								
- Overseas Bonds - Sovereign	2,576,973	-	(7,942)	2,569,031	3,698,451	-	(4,878)	3,693,573
	81,736,489	-	(451,064)	81,285,425	13,573,216	-	(16,319)	13,556,897
Available for sale securities								
Federal Government Securities								
- Market Treasury Bills	190,413,665	-	(2,495,950)	187,917,715	2,402	-	(7)	2,395
- Pakistan Investment Bonds	755,527,372	-	(16,370,719)	739,156,653	831,017,092	-	(7,636,247)	823,380,845
- Ijarah Sukuk	192,076,739	-	(1,706,607)	190,370,132	104,886,109	-	(939,360)	103,946,749
- Government of Pakistan Euro Bonds	14,971,324	(2,373,398)	(4,460,183)	8,137,743	11,917,603	(2,012,101)	(4,753,348)	5,152,154
- Naya Pakistan Certificates	7,550,985	-	-	7,550,985	4,779,075	-	-	4,779,075
Shares								
- Ordinary shares - Listed	6,409,918	(382,657)	(290,518)	5,736,743	7,205,583	(829,340)	(453,569)	5,922,674
- Ordinary shares - Unlisted	1,211,363	(88,038)	-	1,123,325	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	108,835	(108,835)	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	25,000	(25,000)	-	-	25,000	(25,000)	-	-
Non Government Debt Securities								
- Term Finance Certificates	2,833,422	(363,744)	-	2,469,678	2,764,517	(411,218)	(48)	2,353,351
- Sukuk	16,675,227	(96,511)	58,434	16,637,150	16,898,056	(96,511)	129,707	16,931,252
REIT Fund - Unlisted	700,000	-	-	700,000	700,000	-	-	700,000
Foreign Securities								
- Overseas Bonds - Sovereign	37,696,617	(92,372)	(2,186,004)	35,418,241	26,861,689	(64,732)	(1,679,122)	25,117,835
- Overseas Bonds - Others	26,442,797	(8,990)	(2,201,840)	24,231,967	25,310,922	(10,416)	(2,074,381)	23,226,125
- Redeemable Participating Certificates 10.1.1	5,507,777	-	-	5,507,777	4,338,537	-	-	4,338,537
- Equity security - Listed	272,516	-	50,270	322,786	-	-	-	-
	1,258,423,557	(3,539,545)	(29,603,117)	1,225,280,895	1,038,026,783	(3,646,191)	(17,406,375)	1,016,974,217
Held to maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds	109,881,650	-	-	109,881,650	68,564,798	-	-	68,564,798
- Ijarah Sukuk	3,000,000	-	-	3,000,000	-	-	-	-
Non Government Debt Securities								
- Term Finance Certificates	831,347	(214,680)	-	616,667	864,680	(24,680)	-	840,000
- Sukuk	2,174,341	(78,076)	-	2,096,265	1,895,679	(80,722)	-	1,814,957
Foreign Securities								
- Overseas Bonds - Sovereign	14,232,967	(212)	-	14,232,755	11,216,215	(168)	-	11,216,047
	130,120,305	(292,968)	-	129,827,337	82,541,372	(105,570)	-	82,435,802
Associates	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiary	305,217	(42,981)	-	262,236	305,217	(42,981)	-	262,236
Total Investments	1,471,763,174	(3,875,494)	(30,054,181)	1,437,833,499	1,135,624,194	(3,794,742)	(17,422,694)	1,114,406,758

10.1.1 The adoption of IFRS 9 at Bahrain Operations of the Bank has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the State Bank of Pakistan (SBP) vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these unconsolidated condensed interim financial statements.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
10.2 Investments given as collateral		
Market Treasury Bills	13,930,507	-
Pakistan Investment Bonds	304,725,000	307,049,207
Ijarah Sukuk	9,995,701	-
Overseas Bonds	6,270,262	4,981,480
	<u>334,921,470</u>	<u>312,030,687</u>

10.2.1 The market value of securities given as collateral is Rs. 327,088.031 million (December 31, 2022: Rs. 308,263.867 million).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
10.3 Provision for diminution in value of investments		
10.3.1 Opening balance	3,794,742	1,228,991
Exchange and other adjustments	547,834	66,733
Charge / (reversals)		
Charge for the period / year	317,674	2,668,843
Reversals for the period / year	(193,000)	(9,397)
Reversal on disposals	(591,756)	(160,428)
	(467,082)	2,499,018
Closing balance	<u>3,875,494</u>	<u>3,794,742</u>

10.3.2 Particulars of provision against debt securities

Category of classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing Investment	Provision	Non Performing Investment	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	<u>753,011</u>	<u>753,011</u>	<u>613,131</u>	<u>613,131</u>

10.3.2.1 The overseas branches hold a provision of Rs. 2,474.972 million (December 31, 2022: Rs. 2,087.417 million) against investments in accordance with ECL requirements of IFRS 9.

10.4 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 116,476.973 million (December 31, 2022: Rs. 73,518.445 million).

11 ADVANCES

Note	Performing		Non Performing		Total	
	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----						
Loans, cash credits, running finances, etc.	583,143,888	570,301,605	30,927,195	22,797,118	614,071,083	593,098,723
Islamic financing and related assets 39.3	164,126,291	149,839,163	5,006,719	4,893,861	169,133,010	154,733,024
Bills discounted and purchased	13,056,140	14,580,885	1,835,510	3,280,234	14,891,650	17,861,119
Advances - gross	<u>760,326,319</u>	<u>734,721,653</u>	<u>37,769,424</u>	<u>30,971,213</u>	<u>798,095,743</u>	<u>765,692,866</u>
Provision against advances						
- Specific	11.4	-	(30,201,584)	(25,396,608)	(30,201,584)	(25,396,608)
- General / expected credit loss	11.4	(8,395,739)	(7,921,407)	-	(8,395,739)	(7,921,407)
		(8,395,739)	(7,921,407)	(25,396,608)	(38,597,323)	(33,318,015)
Advances - net of provision	<u>751,930,580</u>	<u>726,800,246</u>	<u>7,567,840</u>	<u>5,574,605</u>	<u>759,498,420</u>	<u>732,374,851</u>

- 11.1** Advances include an amount of Rs. 336.996 million (December 31, 2022: Rs. 339.983 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by the SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 17.17% to 32.54% (December 31, 2022: 13.37% to 27.25%) with maturities up to February 2043 (December 31, 2022: October 2042).

11.2 Particulars of advances (Gross)	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
In local currency	702,670,734	713,973,693
In foreign currencies	95,425,009	51,719,173
	<u>798,095,743</u>	<u>765,692,866</u>

------(Rupees in '000)-----

- 11.3** Advances include Rs. 37,769.424 million (December 31, 2022: Rs. 30,971.213 million) which have been placed under non-performing status as detailed below:

Category of Classification

Category of Classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
------(Rupees in '000)-----				
Domestic				
Other Assets Especially Mentioned	553,415	18,620	178,723	15,814
Substandard	3,782,600	917,948	2,352,882	683,787
Doubtful	7,481,938	3,698,559	6,885,829	3,407,905
Loss	25,136,537	24,980,158	20,896,541	20,794,387
	<u>36,954,490</u>	<u>29,615,285</u>	<u>30,313,975</u>	<u>24,901,893</u>
Overseas				
Overdue by:				
91 to 180 days	75,944	27,343	35,903	21,952
181 to 365 days	-	-	139,472	119,706
Above 365 days	738,990	558,956	481,863	353,057
	<u>814,934</u>	<u>586,299</u>	<u>657,238</u>	<u>494,715</u>
Total	<u>37,769,424</u>	<u>30,201,584</u>	<u>30,971,213</u>	<u>25,396,608</u>

11.4 Particulars of provision against advances

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
------(Rupees in '000)-----						
Opening balance	25,396,608	7,921,407	33,318,015	21,125,068	4,067,236	25,192,304
Exchange and other adjustments	100,003	70,890	170,893	32,240	22,887	55,127
Charge for the period / year	6,748,700	403,442	7,152,142	7,544,341	3,831,284	11,375,625
Reversals for the period / year	(1,638,979)	-	(1,638,979)	(2,431,826)	-	(2,431,826)
	5,109,721	403,442	5,513,163	5,112,515	3,831,284	8,943,799
Amounts written off	(404,748)	-	(404,748)	(497,192)	-	(497,192)
Amounts charged off - agriculture financing	-	-	-	(69,791)	-	(69,791)
Amounts charged off - balance sheet clearing	-	-	-	(306,232)	-	(306,232)
	(404,748)	-	(404,748)	(873,215)	-	(873,215)
Closing balance	<u>30,201,584</u>	<u>8,395,739</u>	<u>38,597,323</u>	<u>25,396,608</u>	<u>7,921,407</u>	<u>33,318,015</u>

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at June 30, 2023 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 99.719 million (December 31, 2022: Rs. 94.554 million).

11.4.2 General provision includes:

- (i) Provision held in accordance with SBP's prudential regulations against:
 - Conventional consumer loans being maintained at an amount equal to 1% of the secured auto loans, 0.5% of secured house loans performing portfolio and 4% of the unsecured (personal loans and credit cards) performing portfolio;
 - Islamic auto loans being maintained at an amount equal to 1% of the secured performing portfolio and for Islamic house loans, at an amount equal to 0.5% of the secured performing portfolio;
 - Small Enterprises (SE) portfolio being maintained at an amount equal to 1% against unsecured performing SE portfolio;
- (ii) Provision held at overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operates; and
- (iii) Provision of Rs. 6,345.000 million (December 31, 2022: Rs. 4,595.000 million) against the high risk portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposures, staff loans and loans secured against liquid collaterals. Provision against flood impacted portfolio of Rs. 1,376.000 million held as at December 31, 2022 was reversed during the period.

11.4.3 Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

12	FIXED ASSETS	Note	(Un-audited)	(Audited)
			June 30, 2023	December 31, 2022
------(Rupees in '000)-----				
	Capital work-in-progress	12.1	2,125,541	944,206
	Property and equipment	12.2	33,528,114	32,090,993
	Right-of-use assets		18,243,570	15,389,523
			<u>53,897,225</u>	<u>48,424,722</u>
12.1	Capital work-in-progress			
	Civil works		1,670,380	706,019
	Equipment		431,165	214,126
	Others		23,996	24,061
			<u>2,125,541</u>	<u>944,206</u>

12.2 It includes land and buildings carried at revalued amount of Rs. 22,255.308 million (December 31, 2022: Rs. 21,661.195 million).

(Un-audited)	
For the half year ended	
June 30, 2023	June 30, 2022
----- (Rupees in '000) -----	

12.3 Additions to fixed assets

The following additions were made to fixed assets during the period:

Capital work-in-progress - net of transferred out for capitalisation	1,181,335	509,901
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Property and equipment

Freehold land	74,994	912,286
Leasehold land	116,000	-
Buildings on freehold land	201,220	510,647
Buildings on leasehold land	312,679	20,110
Leasehold improvement	593,077	382,967
Furniture and fixtures	119,748	87,623
Office equipment	1,605,766	1,963,465
Vehicles	46,225	34,086
	3,069,709	3,911,184

Total additions to fixed assets	4,251,044	4,421,085
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12.4 Disposals of fixed assets

The net book values of fixed assets disposed off during the period are as follows:

Leasehold improvements	7,003	1,864
Furniture and fixtures	439	300
Office equipment	2,640	7,790
Total disposal of fixed assets	10,082	9,954

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

13 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers	641,030	455,945
Software	740,747	840,352
	1,381,777	1,296,297

(Un-audited)	
For the half year ended	
June 30, 2023	June 30, 2022
----- (Rupees in '000) -----	

13.1 Additions to intangible assets

The following additions were made to intangible assets during the period:

Capital work-in-progress - net of transferred out for capitalisation	185,085	174,671
Directly purchased	56,045	187,965
Total additions to intangible assets	241,130	362,636

13.2 There were no disposal of intangible assets during the periods ended June 30, 2023 and June 30, 2022.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- (Rupees in '000) -----	
14 DEFERRED TAX ASSETS			
Deductible Temporary Differences on:			
- Provision against investments		2,095,389	1,702,211
- Provision against advances		4,839,892	3,096,128
- Unrealised loss on revaluation of held for trading investments		221,021	7,017
- Deficit on revaluation of available for sale investments - net of derivatives		12,273,520	5,691,747
- Provision against other assets		1,225,650	1,001,744
- Provision against lending to financial institutions		-	32
- Workers' Welfare Fund		1,086,873	604,100
		21,742,345	12,102,979
Taxable Temporary Differences on:			
- Surplus on revaluation of fixed assets		(574,499)	(486,889)
- Surplus on revaluation of non banking assets		(72,432)	(63,108)
- Accelerated tax depreciation		(2,918,861)	(2,540,334)
		(3,565,792)	(3,090,331)
		<u>18,176,553</u>	<u>9,012,648</u>
15 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		63,221,430	42,710,321
Income / mark-up accrued in foreign currency - net of provision		2,315,885	2,011,398
Advances, deposits, advance rent and other prepayments		8,321,122	3,542,062
Advance against subscription of share		140,000	-
Non-banking assets acquired in satisfaction of claims	15.1	1,437,129	1,439,606
Mark to market gain on forward foreign exchange contracts		489,004	922,573
Mark to market gain on derivatives	23.1	5,313,628	4,795,545
Stationery and stamps on hand		30,003	23,253
Defined benefit plan		-	153,707
Branch adjustment account		-	24,430
Due from card issuing banks		2,078,069	4,544,609
Account receivable		3,649,202	5,180,427
Claims against fraud and forgeries		119,311	119,455
Acceptances		37,385,634	19,090,181
Receivable against DSC / SSC and overseas government securities		157,768	131,517
Others		69,705	66,212
		124,727,890	84,755,296
Less: Provision held against other assets	15.2	<u>(2,837,847)</u>	<u>(2,671,784)</u>
Other assets (net of provision)		121,890,043	82,083,512
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	15.1	146,810	145,613
Other assets - total		<u>122,036,853</u>	<u>82,229,125</u>

15.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,583.939 million (December 31, 2022: Rs. 1,585.219 million).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
15.2 Provision held against other assets		
Impairment against overseas operations	2,148,583	2,114,963
Expected credit loss (overseas operations)	73,873	10,397
Fraud and forgeries	119,311	119,455
Account receivable	66,369	38,349
Others	429,711	388,620
	<u>2,837,847</u>	<u>2,671,784</u>
15.2.1 Movement in provision held against other assets		
Opening balance	2,671,784	1,309,288
Exchange and other adjustments	2,865	35,684
Charge for the period / year	164,250	1,493,475
Reversals for the period / year	(1,052)	(164,308)
	163,198	1,329,167
Amount written off	-	(2,355)
Closing balance	<u>2,837,847</u>	<u>2,671,784</u>
16 BILLS PAYABLE		
In Pakistan	30,276,258	37,705,524
Outside Pakistan	1,686,390	2,328,282
	<u>31,962,648</u>	<u>40,033,806</u>
17 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export Refinance Scheme	47,572,149	53,477,830
Long-Term Finance Facility	26,633,330	28,643,178
Financing Facility for Renewable Energy Projects	11,778,745	11,917,647
Financing Facility for Storage of Agriculture Produce (FFSAP)	641,960	738,979
Refinance for Wages & Salaries	-	300,821
Temporary Economic Refinance Facility (TERF)	50,005,601	49,721,502
Export Refinance under Bill Discounting	9,669,958	10,633,712
SME Asaan Finance (SAAF)	2,022,727	949,413
Refinance Facility for Combating COVID (RFCC)	846,082	692,957
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	136,982	279,374
Modernization of Small and Medium Entities (MSMES)	1,090,642	871,659
Other refinance schemes	721	890
Repurchase agreement borrowings	264,825,331	256,900,000
	415,224,228	415,127,962
Repurchase agreement borrowings	13,330,539	4,830,897
Bai Muajjal	43,100,991	42,113,040
Medium Term Note	11,000,000	11,000,000
Total secured	<u>482,655,758</u>	<u>473,071,899</u>
Unsecured		
Call borrowings	16,965,550	5,766,732
Overdrawn nostro accounts	1,003,880	4,884,913
Others		
- Pakistan Mortgage Refinance Company	2,970,965	2,180,208
- Karandaaz Risk Participation	2,297,480	2,331,958
- Other financial institutions	-	2,943,821
Total unsecured	<u>23,237,875</u>	<u>18,107,632</u>
	<u>505,893,633</u>	<u>491,179,531</u>

18 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Customers						
- Current deposits	595,479,896	160,927,102	756,406,998	523,834,695	131,267,950	655,102,645
- Savings deposits	366,832,691	40,437,768	407,270,459	294,762,649	37,937,222	332,699,871
- Term deposits	333,075,108	61,331,525	394,406,633	287,557,414	49,767,276	337,324,690
- Others	36,780,436	11,339,720	48,120,156	35,941,042	8,943,974	44,885,016
	<u>1,332,168,131</u>	<u>274,036,115</u>	<u>1,606,204,246</u>	<u>1,142,095,800</u>	<u>227,916,422</u>	<u>1,370,012,222</u>
Financial Institutions						
- Current deposits	2,317,534	883,409	3,200,943	3,196,183	3,065,704	6,261,887
- Savings deposits	96,207,710	3,672,397	99,880,107	68,751,793	2,911,307	71,663,100
- Term deposits	65,673,191	439,026	66,112,217	38,073,100	354,319	38,427,419
- Others	475,708	80,911	556,619	404,457	76,261	480,718
	<u>164,674,143</u>	<u>5,075,743</u>	<u>169,749,886</u>	<u>110,425,533</u>	<u>6,407,591</u>	<u>116,833,124</u>
	<u>1,496,842,274</u>	<u>279,111,858</u>	<u>1,775,954,132</u>	<u>1,252,521,333</u>	<u>234,324,013</u>	<u>1,486,845,346</u>

18.1 Current deposits include remunerative current deposits of Rs. 18,842.276 million (December 31, 2022: Rs. 14,325.601 million).

19 SUBORDINATED DEBT

Term Finance Certificates (VI) - Additional Tier-1 (ADT-1) - Quoted, Unsecured

The Bank issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- (Rupees in '000) -----	
Issue amount	Rs. 7,000,000,000	7,000,000	7,000,000
Issue date	March 2018		
Maturity date	Perpetual		
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency Limited.		
Security	Unsecured		
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.		
Profit payment frequency	Payable semi-annually in arrears.		
Redemption	Perpetual		
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature.		
	(Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.		
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.		

Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by State Bank of Pakistan (SBP) under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		-----Rupees in '000-----	
Issue amount	Rs. 7,000,000,000	7,000,000	7,000,000
Issue date	December 2022		
Maturity date	Perpetual		
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency Limited.		
Security	Unsecured		
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.		
Profit payment frequency	Payable semi-annually in arrears.		
Redemption	Perpetual		
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature. (Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.		
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.		
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.		
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.		
		<u>14,000,000</u>	<u>14,000,000</u>

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
20 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		24,785,736	16,617,807
Mark-up / return / interest payable in foreign currency		1,614,091	1,443,987
Unearned fee commission and income on bills discounted and guarantees		3,054,465	2,591,163
Accrued expenses		11,593,244	12,576,602
Current taxation		19,002,591	12,890,155
Acceptances		37,385,634	19,090,181
Dividends payable		6,576,442	4,767,210
Mark to market loss on forward foreign exchange contracts		306,299	455,164
Mark to market loss on derivatives	23.1	103,180	-
Branch adjustment account		241,175	-
Payable to defined benefit plan		79,794	-
Alternative Delivery Channel (ADC) settlement accounts		11,190,972	2,035,378
Provision for compensated absences		796,490	701,492
Payable against redemption of customer loyalty / reward points		721,386	607,208
Charity payable		78,376	65,998
Provision against off-balance sheet obligations	20.1	119,578	62,948
Security deposits against leases, lockers and others		13,800,754	13,300,923
Workers' Welfare Fund		4,192,121	3,378,897
Payable to vendors and suppliers		485,931	556,205
Margin deposits on derivatives		4,271,184	4,077,091
Payable to merchants (card acquiring)		1,318,978	16,536
Indirect taxes payable		3,084,286	2,360,341
Lease liabilities against right-of-use assets		20,605,083	17,495,747
Payable against marketable securities		53,103	339,679
Trading liability		8,212,214	2,638,773
Others		4,473,207	3,053,937
		<u>178,146,314</u>	<u>121,123,422</u>

20.1 Provision against off-balance sheet obligations

Opening balance	62,948	137,639
Exchange and other adjustments	5,866	12,348
Charge / (reversal) for the period / year	50,764	(87,039)
Closing balance	<u>119,578</u>	<u>62,948</u>

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
21 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS		------(Rupees in '000)-----	
(Deficit) / surplus on revaluation of:			
- Available for sale securities	10.1	(29,603,117)	(17,406,375)
- Fixed assets		12,763,976	12,807,981
- Non-banking assets acquired in satisfaction of claims		146,810	145,613
		(16,692,331)	(4,452,781)
Less: Deferred tax asset / (liability) on surplus / (deficit) on revaluation of:			
- Available for sale securities		14,505,527	7,484,741
- Fixed assets		(574,499)	(486,889)
- Non-banking assets acquired in satisfaction of claims		(72,432)	(63,108)
		13,858,596	6,934,744
Derivatives (deficit) / surplus		(4,555,116)	(4,169,754)
Less: Deferred tax asset / (liability) on derivative		2,232,007	1,792,994
		(2,323,109)	(2,376,760)
		<u>(510,626)</u>	<u>4,858,723</u>
22 CONTINGENCIES AND COMMITMENTS			
- Guarantees	22.1	173,502,068	140,370,087
- Commitments	22.2	488,560,728	438,780,552
- Other contingent liabilities	22.3.1	24,568,360	6,903,292
		<u>686,631,156</u>	<u>586,053,931</u>
22.1 Guarantees:			
Performance guarantees		57,433,697	53,798,209
Other guarantees		116,068,371	86,571,878
		<u>173,502,068</u>	<u>140,370,087</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		202,550,815	171,719,857
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	123,147,353	170,721,451
- forward government securities transactions	22.2.2	87,287,144	17,438,813
- derivatives	22.2.3	54,782,479	46,734,911
- forward lending	22.2.4	16,189,295	26,798,555
Commitments for acquisition of:			
- operating fixed assets		3,247,106	3,004,717
- intangible assets		482,036	465,248
Commitments in respect of donations		874,500	1,897,000
		<u>488,560,728</u>	<u>438,780,552</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		77,771,008	120,494,702
Sale		45,376,345	50,226,749
		<u>123,147,353</u>	<u>170,721,451</u>
22.2.2 Commitments in respect of forward government securities transactions			
Purchase		75,009,503	12,990,116
Sale		12,277,641	4,448,697
		<u>87,287,144</u>	<u>17,438,813</u>

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
22.2.3 Commitments in respect of derivatives			
Interest Rate Swaps			
Purchase	23.1	42,891,940	46,160,838
Sale		-	-
		42,891,940	46,160,838
Cross Currency Swaps			
Purchase		-	-
Sale	23.1	11,890,539	574,073
		11,890,539	574,073
Total commitments in respect of derivatives		<u>54,782,479</u>	<u>46,734,911</u>
22.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.4.1	11,343,160	21,639,590
Commitments in respect of investments		4,846,135	5,158,965
		<u>16,189,295</u>	<u>26,798,555</u>

22.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
22.3 Other contingent liabilities			
22.3.1 Claims against the Bank not acknowledged as debts		<u>24,568,360</u>	<u>6,903,292</u>

These mainly represents counter claims filed by the borrowers for restricting the Bank from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex-employees of the Bank for damages. Based on legal advices and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated condensed interim financial statements.

22.4 Contingency for tax payable

22.4.1 There were no tax related contingencies other than as disclosed in note 33.1.

23 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

23.1 Product Analysis

Counterparties	June 30, 2023 (Un-audited)					
	Interest Rate Swaps			Cross Currency Swap		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
------(Rupees in '000)-----						
With Banks for Hedging	43	42,891,940	4,586,737	-	-	-
With other entities	-	-	-	5	11,890,539	623,711
Market making	43	42,891,940	4,586,737	5	11,890,539	623,711
		<u>42,891,940</u>	<u>4,586,737</u>	<u>5</u>	<u>11,890,539</u>	<u>623,711</u>
Counterparties	December 31, 2022 (Audited)					
	Interest Rate Swaps			Cross Currency Swap		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
------(Rupees in '000)-----						
With Banks for Hedging	51	46,160,838	4,761,605	-	-	-
With other entities	-	-	-	1	574,073	33,940
Market making	51	46,160,838	4,761,605	1	574,073	33,940
		<u>46,160,838</u>	<u>4,761,605</u>	<u>1</u>	<u>574,073</u>	<u>33,940</u>

	Note	(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
------(Rupees in '000)-----			
24	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	a) Loans and advances	56,262,442	33,107,836
	b) Investments	113,513,982	46,678,381
	c) Lendings to financial institutions / Bai Muajjal	1,859,331	589,149
	d) Balances with banks	46,076	17,150
	e) On securities purchased under resale agreements	4,774,434	2,032,317
		<u>176,456,265</u>	<u>82,424,833</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	a) Deposits	67,132,776	28,769,779
	b) Borrowings	8,163,774	4,350,199
	c) Securities sold under repurchase agreements	37,344,216	14,213,507
	d) Subordinated debt	1,376,405	411,199
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	1,846,565	1,553,948
	f) Borrowing cost on leased properties	1,214,207	871,269
	g) Reward points / customer loyalty	187,162	112,165
		<u>117,265,105</u>	<u>50,282,066</u>
26	FEE & COMMISSION INCOME		
	Branch banking customer fees	592,731	526,363
	Consumer finance related fees	290,370	248,204
	Card related fees (debit and credit cards)	1,210,985	796,728
	Credit related fees	284,042	119,381
	Investment banking fees	62,816	168,888
	Commission on trade	1,156,445	1,063,561
	Commission on guarantees	404,127	256,887
	Commission on cash management	41,606	25,648
	Commission on remittances including home remittances	661,655	553,080
	Commission on bancassurance	281,978	332,988
	Card acquiring business	704,235	412,648
	Wealth Management Fee	82,835	48,809
	Commission on Employees' Old-Age Benefit Institution (EOBI)	-	20,812
	Commission on Benazir Income Support Programme (BISP)	257,007	164,517
	Alternate Delivery Channels (ADC)	628,550	321,614
	Others	98,972	99,160
		<u>6,758,354</u>	<u>5,159,288</u>
27	(LOSS) / GAIN ON SECURITIES		
	Realised	27.1	6,398
	Unrealised - held for trading	10.1	(451,064)
	Unrealised gain on trading liabilities - net		124,198
			<u>(320,468)</u>
			<u>(81,670)</u>
27.1	Realised gain / (loss) on:		
	Federal Government Securities	298,592	(33,593)
	Shares	(668,021)	(66,580)
	Non Government Debt Securities	-	12,737
	Foreign Securities	375,827	193,141
		<u>6,398</u>	<u>105,705</u>

28	OTHER INCOME	Note	(Un-audited)	
			For the half year ended	
			June 30, 2023	June 30, 2022
----- (Rupees in '000) -----				
	Rent on property		14,075	16,444
	Gain on sale of fixed assets-net		62,930	44,391
	Gain on sale of non banking assets	28.1	-	9,200
	Profit on termination of leased contracts (Ijarah)		39,825	21,746
	Gain on termination of leases (IFRS 16)		15,930	112,285
			<u>132,760</u>	<u>204,066</u>

28.1 In 2022, the Bank earned an income of Rs. 9.200 million against sale of membership cards.

29	OPERATING EXPENSES	Note	(Un-audited)	
			For the half year ended	
			June 30, 2023	June 30, 2022
----- (Rupees in '000) -----				
	Total compensation expense	29.1	13,546,120	9,925,190
	Property expense			
	Rates and taxes		72,786	53,177
	Utilities cost		1,077,090	758,368
	Security (including guards)		551,035	452,721
	Repair and maintenance (including janitorial charges)		563,722	478,265
	Depreciation on right-of-use assets		1,585,774	1,277,725
	Depreciation on non-banking assets acquired in satisfaction of claims		2,477	2,160
	Depreciation on owned assets		418,505	309,695
			4,271,389	3,332,111
	Information technology expenses			
	Software maintenance		1,100,708	937,589
	Hardware maintenance		497,240	327,141
	Depreciation		509,435	337,787
	Amortisation		156,888	177,053
	Network charges		304,002	270,415
	Consultancy and support services		67,817	170,204
			2,636,090	2,220,189
	Other operating expenses			
	Directors' fees and allowances		74,857	103,277
	Fees and allowances to Shariah Board		7,561	6,691
	Legal and professional charges		200,459	439,957
	Outsourced services costs		478,916	374,661
	Travelling and conveyance		582,202	371,267
	Clearing and custodian charges		78,706	51,993
	Depreciation		714,288	556,646
	Training and development		65,727	56,744
	Postage and courier charges		225,473	248,273
	Communication		733,979	414,523
	Stationery and printing		589,713	451,256
	Marketing, advertisement and publicity		2,388,384	716,469
	Donations		1,021,500	15,350
	Auditors' remuneration		35,965	28,562
	Brokerage and commission		185,096	139,798
	Entertainment		280,339	183,947
	Repairs and maintenance		365,941	314,265
	Insurance		705,239	619,276
	Cash handling charges		675,590	513,524
	CNIC verification		128,915	88,542
	Others		370,156	538,562
			9,909,006	6,233,583
			<u>30,362,605</u>	<u>21,711,073</u>

(Un-audited)	
For the half year ended	
June 30, 2023	June 30, 2022
----- (Rupees in '000) -----	

29.1 Total compensation expense

Managerial remuneration		
i) Fixed	9,373,019	7,187,969
ii) Variable:		
a) Cash Bonus / Awards etc.	2,268,295	1,342,348
b) Bonus and Awards in Shares etc.	162,498	120,000
Charge for defined benefit plan	233,501	166,923
Contribution to defined contribution plan	361,194	300,969
Medical	649,352	403,771
Conveyance	255,931	177,054
Staff compensated absences	94,998	90,000
Others	132,568	112,685
Sub-total	13,531,356	9,901,719
Sign-on bonus	14,764	18,471
Severance allowance	-	5,000
Grand Total	13,546,120	9,925,190

30 WORKERS' WELFARE FUND

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through the Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

Note	(Un-audited)	
	For the half year ended	
	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----		

31 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	136,961	5,173
Penalties imposed by other regulatory bodies	-	1,997
	<u>136,961</u>	<u>7,170</u>

32 PROVISIONS & WRITE OFFS - NET

Reversal against lending to financial institutions (IFRS 9 - ECL)		(296)	803
(Reversal) / provision for diminution in value of investments / IFRS 9 - ECL	10.3.1	(467,082)	380,121
Provision against loans & advances / IFRS 9 - ECL	11.4	5,513,163	3,786,759
Provision against other assets / IFRS 9 - ECL	15.2.1	163,198	21,084
Provision against off-balance sheet obligations / IFRS 9 - ECL	20.1	50,764	29,401
Other provisions / write off - net		7,997	9,942
Recovery of written off / charged off bad debts		(265,781)	(186,671)
		<u>5,001,963</u>	<u>4,041,439</u>

33 TAXATION

Charge / (reversal) :

Current	19,923,976	10,383,573
Prior years	-	(1,566,235)
Deferred	(2,679,066)	(660,469)
	<u>17,244,910</u>	<u>8,156,869</u>

- 33.1 a) The income tax assessments of the Bank have been finalized upto and including tax year 2022. Certain addbacks made by the tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.

In respect of tax years 2008, 2014, 2017 and 2019 to 2022, the tax authority had raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of Leasehold improvements. These matters have been decided in favour of the Bank (December 31, 2022: Rs. 639.939 million). The related appeal effect orders are pending before the tax authority. Accordingly, the Bank has not made any provision in respect of these amounts.

- b) The Bank has received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded sales tax on banking services and a penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax. The appeals against these orders are pending before the Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that these matters will be settled in the Bank's favour through appellate process.
- c) During the period, the Bank has received an order from a tax authority wherein sales tax and penalty amounting to Rs. 5.191 million (excluding default surcharge) is demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016. This is in addition to an order previously received for the same accounting year wherein sales tax and further tax amounting to Rs. 8.601 million (excluding default surcharge and penalty) was demanded allegedly for non-payment of sales tax on certain transactions. The Bank appeals are pending before the Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that this matter will be favourably settled through appellate process.

	(Un-audited)	
	For the half year ended	
	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
34 BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period	18,619,927	8,703,201
	----- (Number of shares in '000) -----	
Weighted average number of ordinary shares	1,577,165	1,777,165
	----- (Rupees) -----	
Basic and diluted earnings per share	11.81	4.90

34.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

35 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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, other than investments in associates and subsidiaries, 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 these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

35.1 Fair value of financial instruments

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

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

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

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

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

	June 30, 2023 (Un-audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	------(Rupees in '000)-----			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	1,210,896,882	-	1,210,896,882
- Non-Government Debt Securities	14,939,400	4,167,428	-	19,106,828
- Shares - listed companies	6,689,483	-	-	6,689,483
- Foreign Government Securities	-	37,987,272	-	37,987,272
- Foreign Non-Government Debt Securities	-	29,739,744	-	29,739,744
- Foreign Equity Securities	322,786	-	-	322,786
Financial assets - disclosed but not measured at fair value				
Investments - held to maturity securities	-	116,476,973	-	116,476,973
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	489,004	-	489,004
- Forward sale of foreign exchange	-	(306,299)	-	(306,299)
- Forward purchase of government securities	-	(172,843)	-	(172,843)
- Forward sale government securities	-	158,382	-	158,382
- Derivatives purchases	-	4,586,737	-	4,586,737
- Derivatives sales	-	623,711	-	623,711
	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	------(Rupees in '000)-----			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	946,606,485	-	946,606,485
- Non-Government Debt Securities	14,937,000	4,347,503	-	19,284,503
- Shares - listed companies	6,440,731	-	-	6,440,731
- Foreign Government Securities	-	28,811,408	-	28,811,408
- Foreign Non-Government Debt Securities	-	27,564,662	-	27,564,662
Financial assets - disclosed but not measured at fair value				
Investments - held to maturity securities	-	73,518,446	-	73,518,446
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	922,573	-	922,573
- Forward sale of foreign exchange	-	(455,164)	-	(455,164)
- Forward purchase of government securities	-	4,432	-	4,432
- Forward sale government securities transactions	-	(7,946)	-	(7,946)
- Derivatives purchases	-	4,761,605	-	4,761,605
- Derivatives sales	-	33,940	-	33,940

35.2 The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1 and 2 during the current period.

35.3 Valuation techniques used in determination of fair values:

35.3.1 Fair value of financial assets

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies and listed non government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Ijarah Sukuk, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuk, forward foreign exchange contracts, forward government securities contracts, cross currency swaps and interest rate swaps.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3 except as disclosed in note 35.3.2.

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.

35.3.2 Fair value of non-financial assets

Certain categories of fixed assets (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 12 and 15. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

35.3.3 Valuation techniques

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Ijarah Sukuk (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISR rates. Floating rate PIBs are revalued using PKFRV rates.
Overseas Sukuk, Overseas Bonds and GoP Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the State Bank of Pakistan.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Fixed assets and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach uses prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated condensed interim financial statements.

36 SEGMENT INFORMATION
36.1 Segment details with respect to Business Activities

	For the period ended June 30, 2023 (Un-audited)							
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overses	Others *	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(27,676,350)	10,366,819	11,625,368	62,763,454	7,117	3,451,356	(1,346,604)	59,191,160
Inter segment revenue - net	63,271,161	(2,714,243)	20,653	(62,825,117)	920,806	357,534	969,206	-
Non mark-up / return / interest income	3,910,098	1,742,238	946,319	4,919,554	409,029	683,793	377,398	12,988,429
Total Income / (loss)	39,504,909	9,394,814	12,592,340	4,857,891	1,336,952	4,492,683	-	72,179,589
Segment direct expenses	11,815,858	2,379,043	4,442,437	391,353	1,217,427	1,728,445	9,338,226	31,312,789
Inter segment expense allocation	5,835,540	734,241	1,683,221	375,558	501,136	208,530	(9,338,226)	-
Total expenses	17,651,398	3,113,284	6,125,658	766,911	1,718,563	1,936,975	-	31,312,789
Provisions / (reversals)	2,495,592	2,130,916	319,207	(256,827)	15,023	(75,948)	374,000	5,001,963
Profit / (loss) before tax	19,357,919	4,150,614	6,147,475	4,347,807	(396,634)	2,631,656	(374,000)	35,864,837

	As at June 30, 2023 (Un-audited)							
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overses	Others *	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	102,515,015	18,794,424	31,463,006	-	1,001,013	59,442,963	-	213,216,421
Investments	-	3,148,344	200,737,865	1,142,409,880	-	90,026,223	1,511,187	1,437,833,499
Net inter-segment lending	786,906,969	-	-	-	14,521,511	-	142,522,499	943,950,979
Lendings to financial institutions	193,031,259	338,218,478	163,989,023	10,227,661	123,836	3,488,732	-	13,716,393
Advances - performing	2,095,639	4,663,830	507,790	-	5,147	42,918,125	13,649,859	751,930,580
- non-performing	32,514,652	41,995,985	41,225,420	55,550,324	5,147	228,635	66,799	7,567,840
Others	1,117,063,534	406,821,061	437,923,104	1,208,187,865	1,284,323	21,117,694	1,804,010	195,492,408
Total assets								3,563,708,120
Borrowings	23,989,546	93,219,013	60,647,366	319,076,312	-	8,961,396	-	505,893,633
Subordinated debt	-	-	-	-	-	150,848,791	14,000,000	14,000,000
Deposits and other accounts	1,055,498,099	245,514,411	308,014,863	-	16,077,968	-	-	1,775,954,132
Net inter segment borrowing	8,690,519	-	18,413,646	875,666,245	-	41,180,569	-	943,950,979
Others	37,575,889	59,397,118	49,121,351	22,797,102	857,862	18,944,724	21,417,916	210,108,962
Total liabilities	1,117,063,534	406,821,061	436,197,226	1,217,539,659	16,935,830	219,932,480	35,417,916	3,449,907,706
Net assets								113,800,414
Equity								113,800,414
Contingencies and commitments	116,188,577	225,035,318	71,410,991	211,111,918	5,084	58,186,945	4,692,323	686,631,156

* Others include head office related activities.

For the period ended June 30, 2022 (Un-audited)

	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others *	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(4,848,524)	5,666,306	5,496,691	24,409,312	(57,653)	1,774,619	(297,984)	32,142,767
Inter segment revenue - net	22,567,595	(2,002,538)	(84,159)	(21,026,771)	391,657	316,249	(162,033)	-
Non mark-up / return / interest income	2,943,928	1,384,945	928,203	4,250,368	265,025	668,318	460,017	10,900,804
Total income	20,662,999	5,048,713	6,340,735	7,632,909	599,029	2,759,186	-	43,043,571

Segment direct expenses	8,845,522	780,697	2,990,263	275,208	938,021	1,104,977	7,207,374	22,142,062
Inter segment expense allocation	4,256,999	610,716	1,212,724	270,556	733,458	122,921	(7,207,374)	-
Total expenses	13,102,521	1,391,413	4,202,987	545,764	1,671,479	1,227,898	-	22,142,062
Provisions / (reversals)	1,127,816	(327,035)	80,817	383,601	7,292	18,948	2,750,000	4,041,439
Profit before tax	6,432,662	3,984,335	2,056,931	6,703,544	(1,079,742)	1,512,340	(2,750,000)	16,860,070

	As at December 31, 2022 (Audited)							
	(Rupees in '000)							
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others *	Total

Statement of financial position								
Cash and bank balances	54,369,186	13,662,612	22,294,976	-	1,380,127	58,391,827	-	150,098,728
Investments	-	3,065,299	123,324,033	913,838,262	-	72,564,199	1,614,965	1,14,406,758
Net inter segment lending	609,918,002	-	-	-	20,415,823	-	108,578,156	738,911,981
Lendings to financial institutions	-	-	30,000,061	81,309,765	-	4,043,773	-	115,353,599
Advances - performing	221,934,495	307,817,003	149,691,195	-	73,590	36,726,043	10,557,920	726,800,246
- non-performing	2,942,331	1,660,287	726,449	-	3,985	162,523	79,030	5,574,605
Others	21,320,626	28,322,398	27,309,005	28,284,908	1,483,080	15,012,516	19,230,259	140,962,792
Total assets	910,484,640	354,527,599	353,345,719	1,023,432,935	23,356,605	186,900,881	140,060,330	2,992,108,709

Borrowings	26,937,622	95,851,939	39,964,773	314,660,326	-	13,764,871	-	491,179,531
Subordinated debt	-	-	-	-	-	-	-	14,000,000
Deposits and other accounts	860,878,106	210,843,465	255,671,950	698,037,054	23,002,118	136,392,013	57,694	1,486,845,346
Net inter segment borrowing	-	(1,059,219)	15,379,744	-	-	26,554,402	-	738,911,981
Others	27,112,775	48,891,414	40,321,510	15,282,535	354,487	12,816,381	16,378,126	161,157,228
Total liabilities	914,928,503	354,527,599	351,337,977	1,027,979,915	23,356,605	189,527,667	30,435,820	2,892,094,086

Net Assets Equity	(4,443,863)	-	2,007,742	(4,546,980)	-	(2,626,786)	109,624,510	100,014,623
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Contingencies and commitments	94,420,516	188,433,780	63,199,284	158,500,073	5,014	76,880,088	4,615,176	586,053,931
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* Others include head office related activities.

RELATED PARTY TRANSACTIONS

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

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

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

	As at June 30, 2023 (Un-audited)				As at December 31, 2022 (Audited)			
	Directors/ CEO	Key management personnel	Subsidiary	Other related parties	Directors/ CEO	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)				(Rupees in '000)			
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	2,330,078
Addition during the period / year	-	-	-	4,626,021	-	-	-	25,964,631
Repaid during the period / year	-	-	-	(4,626,021)	-	-	-	(28,294,709)
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	305,217	1,552,048	-	-	300,000	1,119,230
Investment made during the period / year	-	-	-	269,392	-	-	5,217	274,246
Investment redeemed / disposed off during the period / year	-	-	-	(63,574)	-	-	-	(90,468)
Revaluation of investment during the period / year	-	-	-	(4,535)	-	-	-	(7,511)
Transfer in / (out) - net	-	-	-	-	-	-	-	366,551
Closing balance	-	-	305,217	1,753,331	-	-	305,217	1,552,048
Provision for diminution in value of investments	-	-	42,981	-	-	-	42,981	-
Advances								
Opening balance	18,062	672,608	-	2,367,924	77	1,184,057	-	1,997,552
Addition during the period / year	-	364,748	-	33,248,434	20,498	605,570	-	37,536,790
Repaid during the period / year	(2,141)	(257,890)	-	(33,901,944)	(2,513)	(173,521)	-	(38,264,097)
Transfer in / (out) - net	-	(14,109)	-	-	-	(943,498)	-	1,097,679
Closing balance	15,921	765,357	-	1,714,417	18,062	672,608	-	2,367,924
Provision held against advances	-	-	-	1,045,459	-	-	-	1,097,028
Other assets								
Interest / mark-up accrued	-	-	-	66,424	-	-	-	30,381
Receivable from staff retirement fund	1,820	52,135	-	-	944	54,009	-	153,707
Prepayment / rent receivable	-	-	-	2,925	-	-	-	975
Advance against shares	-	-	-	140,000	-	-	-	-

	As at June 30, 2023 (Un-audited)			As at December 31, 2022 (Audited)		
	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties	
Borrowings						
Opening balances	-	-	2,180,207	-	-	2,280,921
Received during the period / year	-	-	845,000	-	-	21,218,496
Settled during the period / year	-	-	(64,242)	-	-	(21,819,210)
Closing balance	-	-	2,970,965	-	-	2,880,207

	As at June 30, 2023 (Un-audited)			As at December 31, 2022 (Un-audited)		
	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties	
Deposits and other accounts						
Opening balance	38,466	184,994	9,086	3,078,699	12,308,778	6,410,266
Received during the period / year	488,692	1,994,870	1,117,679	293,206,428	123,119,335	921,451,150
Withdrawn during the period / year	(418,360)	(1,777,395)	(1,109,761)	(274,447,071)	(122,659,148)	(87,581,596)
Transfer in / (out) - net	-	(10,008)	-	-	-	1,334,959
Closing balance	108,798	392,461	17,004	21,888,056	12,768,965	12,308,779

	As at June 30, 2023 (Un-audited)			As at December 31, 2022 (Un-audited)		
	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties	
Other liabilities						
Interest / mark-up payable	498	6,411	-	60,952	105,462	13,231
Dividend payable	1,866,416	-	-	-	2,709,395	-
Payable to defined benefit plan	-	-	-	-	1,146,264	2,201,513
Others	-	-	4,504	-	79,794	-
Closing balance	-	-	4,504	-	74,771	70,267

	As at June 30, 2023 (Un-audited)			As at December 31, 2022 (Un-audited)		
	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties	
Contingencies and commitments						
Other contingencies	-	-	-	-	765,269	463,191

	For the period ended June 30, 2023 (Un-audited)					For the period ended June 30, 2022 (Un-audited)				
	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties
Income										
Mark-up / return / interest earned	858	10,704	-	77,494	104,100	156	16,026	-	44,687	91,203
Fee and commission income	-	-	-	155,995	113,746	-	-	-	74,995	320,729
Dividend income	-	-	-	-	(2,094)	-	-	-	-	3,201
Gain / (loss) on sale of securities	-	1	-	-	-	-	5	-	-	-
Other income	-	36	-	21,842	-	-	-	-	24,211	-
Expenses										
Market / return / interest paid	5,035	13,236	297	369,287	1,001,086	728	10,042	86	273,613	387,204
Other operating expenses	-	-	-	-	-	-	-	-	-	-
Directors fee	74,857	-	-	-	-	103,277	-	-	-	-
Managerial remuneration	214,831	795,587	-	-	-	163,895	605,888	-	-	-
Software maintenance	-	-	-	-	89,980	-	-	-	-	59,304
Travelling and accommodation	-	-	-	-	-	-	-	-	-	1,695
Communication cost	-	-	-	-	114,239	-	-	-	-	23,988
Brokerage and commission	-	-	5,557	-	-	-	-	1,109	-	-
Legal and professional charges	-	-	-	-	233,501	-	-	1,388	-	-
Charge for defined benefit plan	-	-	-	-	361,194	-	-	-	-	134,408
Contribution to defined contribution plan	-	-	-	-	2,816	-	-	-	-	286,257
Others	-	-	-	-	-	-	-	-	-	10,488
Other Information										
Dividend paid	156,250	5,019	-	5,903	227,219	2,049	4,773	-	690	107,362
Insurance premium paid	-	-	-	1,019,056	-	-	-	-	-	675,846
Insurance claims settled	-	-	-	393,671	-	-	-	-	-	292,007

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	15,771,651	15,771,651
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	87,782,295	81,419,248
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,550,000
Total Eligible Tier 1 Capital	101,332,295	94,969,248
Eligible Tier 2 Capital	24,254,465	23,447,310
Total Eligible Capital (Tier 1 + Tier 2)	125,586,760	118,416,558

Risk Weighted Assets (RWAs):

Credit risk	728,053,172	727,196,837
Market risk	13,885,250	8,784,588
Operational risk	120,042,363	120,042,363
Total	861,980,785	856,023,788

Common Equity Tier 1 Capital Adequacy ratio	10.18%	9.51%
Tier 1 Capital Adequacy Ratio	11.76%	11.09%
Total Capital Adequacy Ratio	14.57%	13.83%

In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Bank:

Common Equity Tier 1 Capital Adequacy ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.50%	11.50%

For Capital adequacy calculation, the Bank has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.

Leverage Ratio (LR):

Eligible Tier-1 Capital	101,332,295	95,911,585
Total exposures	3,000,603,087	2,706,795,649
Leverage ratio	3.38%	3.54%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	946,242,028	688,048,074
Total Net Cash Outflow	445,906,567	371,947,384
Liquidity coverage ratio	212%	185%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	1,448,192,750	1,275,978,211
Total Required Stable Funding	953,983,255	849,343,576
Net Stable Funding Ratio	152%	150%

39 ISLAMIC BANKING BUSINESS

The Bank operates 300 Islamic banking branches (December 31, 2022: 280 branches) and 5 sub branches (December 31, 2022: 5 sub branch) as at June 30, 2023.

STATEMENT OF FINANCIAL POSITION

		(Un-audited)	(Audited)
		June 30,	December 31,
	Note	2023	2022
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		29,749,031	20,521,711
Balances with other banks		1,713,975	1,773,265
Due from financial institutions	39.1	-	30,000,061
Investments	39.2	200,737,865	123,324,033
Islamic financing and related assets - net	39.3	164,496,813	150,417,644
Fixed assets		14,137,741	12,336,223
Intangible assets		31,063	32,914
Deferred tax assets		47,422	-
Other assets		27,009,194	14,939,868
Total Assets		437,923,104	353,345,719
LIABILITIES			
Bills payable		5,890,459	4,673,534
Due to financial institutions		60,647,366	39,964,773
Deposits and other accounts	39.4	308,014,863	255,671,950
Deferred tax liabilities		-	158,892
Other liabilities		43,230,892	35,489,084
		<u>417,783,580</u>	<u>335,958,233</u>
NET ASSETS		<u>20,139,524</u>	<u>17,387,486</u>
REPRESENTED BY			
Islamic Banking Fund		3,950,000	3,950,000
Surplus on revaluation of assets		1,725,878	2,007,741
Unappropriated/ Unremitted profit	39.5	14,463,646	11,429,745
		<u><u>20,139,524</u></u>	<u><u>17,387,486</u></u>
CONTINGENCIES AND COMMITMENTS	39.6		

PROFIT AND LOSS ACCOUNT

	(Un-audited)		
	For the half year ended		
	June 30,	June 30,	
Note	2023	2022	
	----- (Rupees in '000) -----		
Profit / return earned on Islamic financing and related assets, investments and placements	39.7	24,066,167	11,422,486
Profit / return expensed on deposits and other dues expensed	39.8	12,440,799	5,925,795
Net Profit / return		11,625,368	5,496,691
Fee and commission income		663,721	571,750
Foreign exchange income		245,912	309,577
(Loss) / gain on securities		(11,237)	16,943
Other income		47,923	29,933
Total other income		946,319	928,203
Total income		12,571,687	6,424,894
OTHER EXPENSES			
Operating expenses		5,988,785	4,159,177
Workers' welfare fund		125,037	43,696
Other charges		11,836	114
Total other expenses		6,125,658	4,202,987
Profit before provisions		6,446,029	2,221,907
Provisions and write offs - net		319,207	80,817
PROFIT BEFORE TAXATION		6,126,822	2,141,090
Taxation		3,093,605	991,993
PROFIT AFTER TAXATION		3,033,217	1,149,097

June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total

39.1 Due from Financial Institutions

Musharaka Placements

----- (Rupees in '000) -----						
	-	-	-	30,000,061	-	30,000,061

39.2 Investments

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value

By segment & type:

----- (Rupees in '000) -----

Federal Government Securities

Available for sale securities

Ijarah Sukuk	173,131,112	-	(1,455,647)	171,675,465	100,945,854	-	(925,105)	100,020,749
Naya Pakistan Certificates	7,550,985	-	-	7,550,985	4,779,075	-	-	4,779,075
	180,682,097	-	(1,455,647)	179,226,450	105,724,929	-	(925,105)	104,799,824

Non Government Debt Securities

Available for sale securities

Sukuk - Unlisted	16,356,716	-	58,434	16,415,150	16,579,545	-	129,707	16,709,252
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Held to maturity securities

Ijarah Sukuk	3,000,000	-	-	3,000,000	-	-	-	-
Sukuk - Unlisted	2,174,341	(78,076)	-	2,096,265	1,895,679	(80,722)	-	1,814,957
	5,174,341	(78,076)	-	5,096,265	1,895,679	(80,722)	-	1,814,957

Total investments

	202,213,154	(78,076)	(1,397,213)	200,737,865	124,200,153	(80,722)	(795,398)	123,324,033
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(Un-audited) (Audited)
June 30, December 31,
2023 2022
----- (Rupees in '000) -----

39.3 Islamic financing and related assets

Ijarah
Murabaha
Musharaka
Diminishing Musharaka
Salam
Bai Muajjal Financing
Musawama Financing
Tijarah Financing
Islamic Staff financing
SBP Islamic Export Refinance
SBP Refinance Scheme For Wages & Salaries
Islamic Long Term Finance Facility Plant & Machinery
Islamic Refinance Renewable Energy
Islamic Temporary Economic Refinance Facility (ITERF)
Naya Pakistan Home Financing
Islamic Refinance Facility for Combating COVID
Refinance Facility under Bills discounting
Advances against Islamic assets
Inventory related to Islamic financing
Other Islamic modes

	20,298,083	21,842,453
	4,166,309	4,427,417
	34,910,041	42,074,849
	4,227,382	3,747,820
	2,038,416	3,561,970
	24,999,967	-
	5,608,727	6,215,478
	5,002,105	-
	4,222,709	3,494,484
	11,655,329	11,638,939
	1,803	306,658
	4,081,691	1,484,760
	151,793	127,342
	12,478,625	10,119,342
	3,447,291	3,548,291
	699,040	605,195
	3,567,208	3,476,879
	16,763,071	29,243,089
	9,270,577	6,597,230
	1,542,843	2,220,828
	169,133,010	154,733,024

Less: provision against Islamic financings

- Specific
- General

	(4,498,929)	(4,167,412)
	(137,268)	(147,968)
	(4,636,197)	(4,315,380)
	164,496,813	150,417,644

Islamic financing and related assets - net of provision

39.4 Deposits

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	------(Rupees in '000)-----					
Customers						
- Current deposits	124,064,487	8,715,678	132,780,165	107,113,838	6,825,030	113,938,868
- Savings deposits	62,546,249	3,768,916	66,315,165	64,899,308	3,174,282	68,073,590
- Term deposits	42,074,283	261,338	42,335,621	45,821,709	212,069	46,033,778
- Other deposits	3,270,950	1,470,594	4,741,544	2,290,176	465,542	2,755,718
	231,955,969	14,216,526	246,172,495	220,125,031	10,676,923	230,801,954
Financial Institutions						
- Current deposits	617,619	-	617,619	244,430	-	244,430
- Savings deposits	13,639,749	-	13,639,749	270,566	-	270,566
- Term deposits	47,585,000	-	47,585,000	24,355,000	-	24,355,000
	61,842,368	-	61,842,368	24,869,996	-	24,869,996
	293,798,337	14,216,526	308,014,863	244,995,027	10,676,923	255,671,950

39.4.1 Current deposits include remunerative current deposits of Rs. 18,842.276 million (December 31, 2022 : Rs. 14,325.601 million).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	------(Rupees in '000)-----	
39.5 Islamic Banking Business Unappropriated Profit		
Opening balance	11,429,745	8,924,121
Add: Islamic Banking profit before taxation for the period / year	6,126,822	4,945,055
Less: Taxation for the period / year	(3,093,605)	(2,440,810)
Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	684	1,379
Closing balance	<u>14,463,646</u>	<u>11,429,745</u>
39.6 Contingencies and Commitments		
- Guarantees	4,202,937	4,306,277
- Commitments	67,208,054	58,893,007
	<u>71,410,991</u>	<u>63,199,284</u>
	(Un-audited) For the half year ended	
	June 30, 2023	June 30, 2022
	------(Rupees in '000)-----	
39.7 Profit/Return earned on Islamic financing and related assets, investments and placements		
Profit earned on:		
- Islamic financing and related assets	12,153,187	5,825,502
- Investments	11,412,374	5,273,098
- Placements	500,606	323,886
	<u>24,066,167</u>	<u>11,422,486</u>
39.8 Profit on deposits and other dues expensed		
Deposits and other accounts	10,049,049	4,455,451
Due to financial institutions	1,394,366	684,210
Securities sold under repurchase agreements	398,851	377,966
Cost of foreign currency swaps against foreign currency deposits / borrowings	113,943	97,238
Borrowing cost on lease liability	468,541	303,132
Reward points / customer loyalty	16,049	7,798
	<u>12,440,799</u>	<u>5,925,795</u>

39.9 PLS Pool Management- Islamic Banking Group (IBG)

39.9.1 The pools, their key features and risk and reward characteristics.

The profit and loss sharing between the Rabbul Maal (depositor) and Mudarib (Bank - IBG) is based upon the underlying principles of Mudaraba, where Bank also contributes its equity to general pool of funds, and becomes the capital provider.

Currently IBG is managing following pools:

- 1) General Pool for LCY Depositors
- 2) FCY Pool for Foreign Currency (USD, GBP, EURO,AED, SAR and CAD) depositors
- 3) Fls Pool for Treasury Purposes
- 4) IERS Pool for Islamic Export Refinance Scheme facilities
- 5) Special pool
- 6) PMRC Musharikhah Pool

All the Mudaraba based remunerative deposits shall be considered as an investment from Rabbul Maal in the pool, along with IBG's own share of equity, which is also commingled in the pool. The applications of these funds are on Islamic financing and related assets, investments, and placements for generating profits to be shared among the depositors as per the weightage system.

The IERS pool is maintained as per the guideline under the SBP IERS Scheme.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

39.9.2 Avenues/sectors where Mudaraba based deposits have been deployed.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000)-----	
Agriculture, Forestry, Hunting and Fishing	25,732,787	784,589
Automobile and transportation equipment	5,858,126	7,595,658
Cement	3,098,790	4,622,222
Chemical and Pharmaceuticals	7,964,075	9,349,258
Construction	2,674,230	2,877,944
Electronics and electrical appliances	1,300,622	1,553,152
Exports / Imports	587	556
Financial	95,833	220,000
Food & Allied Products	6,377,942	9,398,453
Footwear and Leather garments	853,021	871,411
Glass and Ceramics	50,451	127,652
Individuals	33,540,006	33,543,245
Insurance	-	783
Metal & Allied industries	3,282,013	2,445,184
Mining and Quarrying	506,517	507,314
Oil and Allied	3,080,436	4,427,967
Paper and Board	487,731	957,214
Plastic and Allied Industries	3,391,114	2,979,808
Power (electricity), Gas, Water, Sanitary Services	9,364,796	7,923,231
Sugar	2,614,091	2,657,917
Technology and Related services	3,480,986	2,778,838
Textile	48,447	56,530
Transport, Storage and Communication	42,493,505	46,702,510
Wholesale and Retail Trade	7,514,140	6,289,478
Others	3,889,312	4,226,059
	1,433,452	1,836,051
Total Gross Islamic Financing and Related Assets	169,133,010	154,733,024
Total gross investments (at cost)	202,213,154	124,200,153
Total Islamic placements	-	30,000,061
Total Invested Funds	371,346,164	308,933,238

39.9.3 The major components of Profit distribution and charging of the expenses.

Profit is distributed among the Mudaraba deposits on the basis of underlying principles of weightage mechanism which are announced before the beginning of the relevant period. Only direct attributable expenses such as depreciation on ijarah assets, brokerage, CIB Charges, bad debts write off on advances and loss on sale of investments etc are charged to the pool. Expenses of pool(s) do not include general and specific provisioning created against non-performing financings and diminution in the value of investments.

39.9.4 The Bank manages the following general and specific pools:

Remunerative Depositor's Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Mudarib Share/Fee	Rabbul Maal Share				
General Pools								
PKR Pool	Monthly	15.28%	50.00%	50.00%	4,475,561	9.56%	0.70%	28,011
USD Pool	Monthly	4.35%	85.00%	15.00%	59,012	0.79%	18.00%	7,907
GBP Pool	Monthly	3.37%	85.00%	15.00%	5,464	0.47%	0.00%	-
EUR Pool	Monthly	2.66%	85.00%	15.00%	4,248	0.55%	2.53%	96
AED Pool	Monthly	2.23%	85.00%	15.00%	206	0.13%	0.00%	-
SAR Pool	Monthly	2.85%	85.00%	15.00%	346	0.17%	0.00%	-
CAD Pool	Monthly	6.13%	85.00%	15.00%	170	0.25%	0.00%	-
Specific Pools								
Special Pool (Saving & TDRs)	Monthly	16.77%	2.29%	97.71%	71,112	17.05%	32.50%	14,530
SBP Refinance Borrowing Pool								
SBP Refinance Borrowing Pool	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Bank Share	SBP Share				
Islamic Export Refinance (IERS) Pool	Monthly	12.83%	69.84%	30.16%	1,364,772	Nil	2.56%	35,000

40 AFGHANISTAN OPERATIONS

Bank Alfalah maintains a two-branch presence in Afghanistan. The board and management of the Bank continue to closely monitor the evolving situation in Afghanistan which has been hampered due to the country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The Bank has taken impairment against assets where there is an indication that carrying amount may be higher than its recoverable amount. The Bank remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

41 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on August 10, 2023 has declared an interim cash dividend of 30% i.e. Rs. 3.0 per share (June 30, 2022: Rs. 2.5 per share). These unconsolidated condensed interim financial statements do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42 DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on August 10, 2023 by the Board of Directors of the Bank.

43 GENERAL

43.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements, wherever necessary to facilitate comparison.

43.2 The effect of reclassification, rearrangement, restatement in the comparative information presented in these unconsolidated condensed interim financial statements is as follows:

Description of item	Nature	(Rupees in '000)	From	To
Net interest on Interest Rate Swap	Income	205,856	Mark-Up/Return/Interest Expensed - Borrowings	Mark-Up/Return/Interest Earned - Investments
Sukuk	Asset	222,000	Available for sale securities Investment - Term Finance Certificates	Available for sale securities Investment - Sukuk

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director



BANK ALFALAH LIMITED

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
HALF YEAR ENDED JUNE 30, 2023**

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2023

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	197,028,964	140,613,751
Balances with other banks	8	16,367,795	10,105,449
Lendings to financial institutions	9	13,716,393	115,353,599
Investments	10	1,441,842,334	1,117,616,363
Advances	11	759,525,985	732,385,815
Fixed assets	12	53,958,674	48,493,284
Intangible assets	13	1,392,195	1,304,181
Deferred tax assets	14	16,330,000	7,550,773
Other assets	15	122,686,820	83,296,493
		2,622,849,160	2,256,719,708
LIABILITIES			
Bills payable	16	31,962,648	40,033,806
Borrowings	17	506,668,509	491,649,941
Deposits and other accounts	18	1,775,937,128	1,486,836,260
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	14,000,000	14,000,000
Other liabilities	20	178,423,221	122,136,332
		2,506,991,506	2,154,656,339
NET ASSETS		<u>115,857,654</u>	<u>102,063,369</u>
REPRESENTED BY			
Share capital		15,771,651	15,771,651
Reserves		40,579,315	34,283,201
(Deficit) / surplus on revaluation of assets	21	(519,338)	4,847,101
Unappropriated profit		59,886,467	47,033,616
Total equity attributable to the equity holders of the Holding Company		115,718,095	101,935,569
Non-controlling interest	22	139,559	127,800
		<u>115,857,654</u>	<u>102,063,369</u>
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

For the half year ended June 30, 2023

	Note	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Half year ended June 30, 2023	Half year ended June 30, 2022
------(Rupees in '000)-----					
Mark-up/return/interest earned	25	100,876,877	46,621,886	176,477,796	82,448,487
Mark-up/return/interest expensed	26	69,658,030	28,780,273	117,345,164	50,327,904
Net Mark-up/return/interest income		<u>31,218,847</u>	<u>17,841,613</u>	<u>59,132,632</u>	<u>32,120,583</u>
NON MARK-UP/RETURN/INTEREST INCOME					
Fee and commission income	27	3,559,407	2,787,787	6,984,738	5,325,091
Dividend income		259,215	396,888	467,165	591,399
Foreign exchange income		1,780,688	3,420,817	5,105,652	4,851,638
Gain from derivatives		789,708	20,626	688,991	101,083
Gain / (loss) on securities	28	65,192	(95,928)	(247,267)	(84,860)
Share of profit from associates		391,344	327,630	514,502	388,898
Other income	29	68,577	43,442	132,778	204,229
Total non-mark-up / interest income		<u>6,914,131</u>	<u>6,901,262</u>	<u>13,646,559</u>	<u>11,377,478</u>
Total income		<u>38,132,978</u>	<u>24,742,875</u>	<u>72,779,191</u>	<u>43,498,061</u>
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	30	15,879,972	11,513,211	30,566,551	21,854,240
Workers' welfare fund	31	415,477	263,657	813,223	423,819
Other charges	32	125,988	5,367	136,961	7,170
Total non-mark-up / interest expenses		<u>16,421,437</u>	<u>11,782,235</u>	<u>31,516,735</u>	<u>22,285,229</u>
Profit before provisions		<u>21,711,541</u>	<u>12,960,640</u>	<u>41,262,456</u>	<u>21,212,832</u>
Provisions and write offs - net	33	4,480,188	3,654,289	5,001,963	4,040,148
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		<u>17,231,353</u>	<u>9,306,351</u>	<u>36,260,493</u>	<u>17,172,684</u>
Taxation	34	9,376,532	5,580,753	17,634,982	8,416,927
PROFIT AFTER TAXATION		<u>7,854,821</u>	<u>3,725,598</u>	<u>18,625,511</u>	<u>8,755,757</u>
Profit / (loss) attributable to:					
Equity holders of the Holding Company		7,841,359	3,725,938	18,613,752	8,759,040
Non-controlling interest		13,462	(340)	11,759	(3,283)
		<u>7,854,821</u>	<u>3,725,598</u>	<u>18,625,511</u>	<u>8,755,757</u>
------(Rupees)-----					
Basic and diluted earnings per share	35	<u>4.97</u>	<u>2.10</u>	<u>11.80</u>	<u>4.93</u>

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

For the half year ended June 30, 2023

	Quarter ended June 30, 2023	Quarter ended June 30, 2022	Half year ended June 30, 2023	Half year ended June 30, 2022
	------(Rupees in '000)-----			
Profit after taxation for the period	7,854,821	3,725,598	18,625,511	8,755,757
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	110,763	968,456	4,434,121	1,592,001
Movement in surplus / (deficit) on revaluation of investments - net of tax	1,734,598	(1,256,044)	(5,255,245)	(2,142,967)
Movement in surplus / (deficit) on revaluation of investments - net of tax (share of associates)	3,349	(5,154)	2,910	(7,337)
	1,848,710	(292,742)	(818,214)	(558,303)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	25,638	-	25,638	-
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax	(78,649)	(59,694)	(87,610)	(66,992)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(7,729)	(6,412)	(8,127)	11,122
	(60,740)	(66,106)	(70,099)	(55,870)
Total comprehensive income	<u>9,642,791</u>	<u>3,366,750</u>	<u>17,737,198</u>	<u>8,141,584</u>
Total comprehensive income / (loss) attributable to:				
Equity holders of the Holding Company	9,629,329	3,367,090	17,725,439	8,144,867
Non-controlling interest	13,462	(340)	11,759	(3,283)
	<u>9,642,791</u>	<u>3,366,750</u>	<u>17,737,198</u>	<u>8,141,584</u>

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2023

	Capital Reserves		Statutory reserve	Surplus/(Deficit) on revaluation			Unappropriated profit	Sub-total	Non Controlling Interest	Total	
	Share premium	Exchange translation reserve		Investments	Fixed Assets	Non Banking Assets					
	(Rupees in '000)										
Balances as at January 01, 2022 (audited)	17,771,651	4,731,049	8,211,089	17,011,825	(1,227,635)	12,580,193	87,688	42,578,350	101,744,210	129,889	101,874,099
Changes in equity for the half year ended June 30, 2022											
Profit / (loss) after taxation	-	-	-	-	-	-	-	8,759,040	8,759,040	(3,283)	8,755,757
Other comprehensive income / (loss) - net of tax	-	-	1,592,001	-	(2,150,304)	(66,992)	11,122	-	(614,173)	-	(614,173)
Transfer to statutory reserve	-	-	-	870,320	-	-	-	(870,320)	-	-	-
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,884	(36,884)	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(4,024)	(44,051)	(60)	48,135	-	-	-
Transactions with owners, recorded directly in equity											
Sale of shares by Non-controlling interest	-	-	-	-	-	-	-	-	-	(5,217)	(5,217)
Movement in reserve due to capital injection	-	-	-	-	-	-	-	(961)	(961)	961	-
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Balance as at June 30, 2022 (un-audited)	17,771,651	4,731,049	9,803,090	17,882,145	(3,381,963)	12,506,034	61,866	46,959,914	106,333,786	122,350	106,456,136
Changes in equity for the half year ended December 31, 2022											
Profit after taxation	-	-	-	-	-	-	-	9,635,726	9,635,726	5,981	9,641,707
Other comprehensive income / (loss) - net of tax	-	-	916,592	-	(4,174,533)	(15,244)	20,701	(294,691)	(3,547,175)	(531)	(3,547,706)
Transfer to statutory reserve	-	-	-	950,325	-	-	-	(950,325)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(169,698)	(62)	169,760	-	-	-
Transactions with owners, recorded directly in equity											
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)	-	(4,442,913)
Own shares purchased during the year	(2,000,000)	-	-	-	-	-	-	(4,043,855)	(6,043,855)	-	(6,043,855)
Balance as at December 31, 2022 (audited)	15,771,651	4,731,049	10,719,682	18,832,470	(7,556,496)	12,321,092	82,505	47,033,616	101,935,569	127,800	102,063,369
Changes in equity for the half year ended June 30, 2023											
Profit after taxation	-	-	-	-	-	-	-	18,613,752	18,613,752	11,759	18,625,511
Other comprehensive income / (loss) - net of tax	-	-	4,434,121	-	(5,226,697)	(87,610)	(8,127)	-	(888,313)	-	(888,313)
Transfer to statutory reserve	-	-	-	1,861,933	-	-	-	(1,861,933)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(44,005)	-	44,005	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Balance as at June 30, 2023 (un-audited)	15,771,651	4,731,049	15,153,803	20,694,463	(12,783,193)	12,189,477	74,378	59,886,467	115,718,095	139,559	115,857,654

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2023

	Note	Half year ended	
		June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		36,260,493	17,172,684
Dividend income		(467,165)	(591,399)
Share of profit from associates		(514,502)	(388,898)
		<u>35,278,826</u>	<u>16,192,387</u>
Adjustments:			
Depreciation	30	3,244,581	2,496,288
Amortisation	30	157,240	177,321
Provisions and write offs - net	33	5,001,963	4,040,148
Unrealised loss on revaluation of investments classified as held for trading - net	28	380,844	198,951
Gain on sale of operating fixed assets and non banking assets - net	29	(62,948)	(53,754)
Gain on termination of leases (IFRS 16) - net	29	(15,930)	(112,285)
Borrowing cost on lease liability	26	1,215,566	873,257
Workers' Welfare Fund		813,223	423,819
Charge for defined benefit plan	30.1	233,501	166,923
Charge for staff compensated absences	30.1	94,998	90,000
		<u>11,063,038</u>	<u>8,300,668</u>
		46,341,864	24,493,055
(Increase) / decrease in operating assets			
Lendings to financial institutions		67,491,754	(56,764,736)
Held for trading securities		(68,546,788)	30,551,651
Advances		(32,653,333)	(56,225,888)
Other assets (excluding advance taxation)		(39,065,366)	(16,117,855)
		<u>(72,773,733)</u>	<u>(98,556,528)</u>
Increase/ (decrease) in operating liabilities			
Bills payable		(8,071,158)	5,695,732
Borrowings		18,899,601	81,402,177
Deposits		289,100,868	179,848,861
Other liabilities (excluding current taxation)		44,222,579	22,757,982
		<u>344,151,890</u>	<u>289,704,752</u>
		317,720,021	215,641,279
Income tax paid		(13,822,934)	(5,084,893)
Net cash generated from operating activities		<u>303,897,087</u>	<u>210,556,386</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(220,036,388)	(169,736,749)
Net investments in held-to-maturity securities		(47,391,535)	(8,747,832)
Dividends received from associates		155,995	75,000
Dividends received		467,165	591,399
Investments in operating fixed assets		(4,521,225)	(5,018,768)
Proceed from sale proceeds of fixed assets		73,030	63,708
Effect of translation of net investment in foreign branches		4,434,121	1,592,001
Net cash used in investing activities		<u>(266,818,787)</u>	<u>(181,181,241)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of leased obligations		(2,531,775)	(1,778,363)
Dividend paid		(2,133,681)	(1,507,450)
Net cash used in financing activities		<u>(4,665,456)</u>	<u>(3,285,813)</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		32,412,844	26,089,332
Effects of exchange rate changes on cash and cash equivalents - (gain)		205,588,901	141,758,323
		<u>(19,480,299)</u>	<u>(6,965,601)</u>
		<u>186,108,602</u>	<u>134,792,722</u>
Cash and cash equivalents at end of the period		<u>218,521,446</u>	<u>160,882,054</u>

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

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

For the half year ended June 30, 2023

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company : Bank Alfalah Limited, Pakistan

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 916 branches (December 31, 2022: 877 branches) and 15 sub-branches (December 31, 2022: 17 sub-branches). Out of the 916 branches, 605 (December 31, 2022: 586) are conventional, 300 (December 31, 2022: 280) are Islamic, 10 (December 31, 2022: 10) are overseas and 1 (December 31, 2022: 1) is an offshore banking unit.

Subsidiary	Percentage of Holding	
	June 2023	December 2022
Alfalah CLSA Securities (Private) Limited, Pakistan	62.50%	62.50%
1.2 In addition, the Group maintains investments in the following:		
Associates		
Alfalah Insurance Company Limited	30.00%	30.00%
Sapphire Wind Power Company Limited	30.00%	30.00%
Alfalah Asset Management Limited (Formerly: Alfalah GHP Investment Management Limited)	40.22%	40.22%

2 BASIS OF PRESENTATION

2.1 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These consolidated condensed interim financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

2.2 STATEMENT OF COMPLIANCE

These consolidated 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 (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'.

Moreover, the Holding Company has not adopted IFRS 9 in preparation of these consolidated condensed interim financial statements, as allowed by SBP BPRD circular no 7 of 2023 dated April 13, 2023.

Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements; except for overseas branches where such standards are applicable.

2.2.1 Basis of consolidation

A subsidiary is an entity controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those return through its power over the investee.

These consolidated condensed interim financial statements incorporate the financial statements of subsidiary from the date that control commences until the date that control ceases.

Associates are those entities on which the Group has significant influence, but not control, over the financial and operating policies. Associates as well as investment in mutual funds established under trust structure are accounted for using the equity method.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary which are not owned by the Holding Company. Material intra-group balances and transactions are eliminated.

2.2.2 Key financial figures of the Islamic Banking branches are disclosed in note 39 to the unconsolidated condensed interim financial statements.

2.2.3 The Holding company believes that there is no significant doubt on the Group company's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated condensed interim financial statements.

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

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

Standard, Interpretation or Amendment		Effective date (annual periods beginning on or after)
IFRS 9 - 'Financial instruments'	2.4.1	January 01, 2024
IAS 1 - Non current liabilities with covenants (amendments)		January 01, 2024
IFRS 16 - Sale and leaseback (amendments)		January 01, 2024

The management is in the process of assessing the impact of these amendments on the consolidated condensed interim financial statements of the Group.

2.4.1 IFRS 9 - 'Financial Instruments'

As per SBP's BPRD Circular No. 7 dated April 13, 2023, the effective date of IFRS 9 for banks in Pakistan has been extended from January 01, 2023 to January 01, 2024, and accordingly the Standard will be applied on the Holding Company's financial statements for the accounting periods beginning on or after January 01, 2024. As disclosed in note 2.5.1.5 to the audited consolidated annual financial statements of the Group for the year ended 31 December 2022, the Holding Company had carried out an impact assessment based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Holding Company will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated condensed interim financial statements have been prepared under the historical cost convention except for certain fixed assets and non banking assets acquired in satisfaction of claims which are stated at revalued amounts, held for trading, available for sale investments and derivative financial instruments which are measured at fair value, defined benefit obligations which are carried at present value and right of use of assets and related lease liability measured at present value.

3.2 Functional and Presentation Currency

These consolidated condensed interim financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited consolidated financial statements of the Group for the year ended December 31, 2022.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

6 FINANCIAL RISK MANAGEMENT

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

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	------(Rupees in '000)-----	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	39,187,343	34,295,288
- foreign currency	8,780,375	3,692,104
	47,967,718	37,987,392
With State Bank of Pakistan in		
- local currency current accounts	66,614,304	46,845,917
- foreign currency current accounts	8,513,338	3,528,124
- foreign currency deposit accounts	12,591,040	687,240
	87,718,682	51,061,281
With other central banks in		
- foreign currency current accounts	52,910,850	49,697,265
- foreign currency deposit accounts	1,623,462	1,679,531
	54,534,312	51,376,796
With National Bank of Pakistan in local currency current account	6,713,329	92,407
Prize bonds	94,923	95,875
	<u>197,028,964</u>	<u>140,613,751</u>
8 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	172,045	625,050
- in deposit accounts	11,177	13,013
	183,222	638,063
Outside Pakistan		
- in current accounts	16,149,472	9,438,572
- in deposit accounts	35,101	28,814
	16,184,573	9,467,386
	<u>16,367,795</u>	<u>10,105,449</u>
9 LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	6,228,567	40,384,136
Repurchase agreement lendings (Reverse Repo)	7,487,826	74,969,700
	13,716,393	115,353,836
Less: expected credit loss - overseas branches	-	(237)
Lending to financial institutions - net of provision	<u>13,716,393</u>	<u>115,353,599</u>

10 INVESTMENTS

10.1 Investments by type:

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value
------(Rupees in '000)-----								
Held-for-trading securities								
Federal Government Securities								
- Market Treasury Bills	35,815,918	-	(180,345)	35,635,573	2,074,210	-	(2,994)	2,071,216
- Pakistan Investment Bonds	42,004,038	-	(209,927)	41,794,111	4,173,096	-	33,445	4,206,541
- Ijarah Sukuk	335,930	-	(1,960)	333,970	3,059,648	-	7,862	3,067,510
Shares								
- Ordinary shares / units - Listed	1,386,202	-	19,330	1,405,532	593,977	-	(60,544)	533,433
Foreign Securities								
- Overseas Bonds - Sovereign	2,576,973	-	(7,942)	2,569,031	3,698,451	-	(4,878)	3,693,573
	82,119,061	-	(380,844)	81,738,217	13,599,382	-	(27,109)	13,572,273
Available-for-sale securities								
Federal Government Securities								
- Market Treasury Bills	190,413,665	-	(2,495,950)	187,917,715	2,402	-	(7)	2,395
- Pakistan Investment Bonds	755,527,372	-	(16,370,719)	739,156,653	831,017,092	-	(7,636,247)	823,380,845
- Ijarah Sukuk	192,076,739	-	(1,706,607)	190,370,132	104,886,109	-	(939,360)	103,946,749
- Government of Pakistan Euro Bonds	14,971,324	(2,373,398)	(4,460,183)	8,137,743	11,917,603	(2,012,101)	(4,753,348)	5,152,154
- Naya Pakistan Certificates	7,550,985	-	-	7,550,985	4,779,075	-	-	4,779,075
Shares								
- Ordinary shares - Listed	6,409,918	(382,657)	(290,518)	5,736,743	7,205,583	(829,340)	(453,569)	5,922,674
- Ordinary shares - Unlisted	1,211,363	(88,038)	-	1,123,325	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	108,835	(108,835)	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	25,000	(25,000)	-	-	25,000	(25,000)	-	-
Non Government Debt Securities								
- Term Finance Certificates	2,833,422	(363,744)	-	2,469,678	2,764,517	(411,218)	(48)	2,353,251
- Sukuk	16,675,227	(96,511)	58,434	16,637,150	16,898,056	(96,511)	129,707	16,931,252
REIT Fund - Unlisted								
- Unlisted	700,000	-	-	700,000	700,000	-	-	700,000
Foreign Securities								
- Overseas Bonds - Sovereign	37,696,617	(92,372)	(2,186,004)	35,418,241	26,861,689	(64,732)	(1,679,122)	25,117,835
- Overseas Bonds - Others	26,442,797	(8,990)	(2,201,840)	24,231,967	25,310,922	(10,416)	(2,074,381)	23,226,125
- Redeemable Participating Certificates	5,507,777	-	-	5,507,777	4,338,537	-	-	4,338,537
- Equity security - Listed	272,516	-	50,270	322,786	-	-	-	-
	1,258,423,557	(3,539,545)	(29,603,117)	1,225,280,895	1,038,026,783	(3,646,191)	(17,406,375)	1,016,974,217
Held-to-maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds	109,881,650	-	-	109,881,650	68,564,798	-	-	68,564,798
- Ijarah Sukuk	3,000,000	-	-	3,000,000	-	-	-	-
Non Government Debt Securities								
- Term Finance Certificates	831,347	(214,680)	-	616,667	864,680	(24,680)	-	840,000
- Sukuk	2,174,341	(78,076)	-	2,096,265	1,895,679	(80,722)	-	1,814,957
Foreign Securities								
- Overseas Bonds - Sovereign	14,232,967	(212)	-	14,232,755	11,216,215	(168)	-	11,216,047
	130,120,305	(292,968)	-	129,827,337	82,541,372	(105,570)	-	82,435,802
Associates (valued at equity method)								
- Alfalah Insurance Company Limited	657,878	-	-	657,878	601,034	-	-	601,034
- Sapphire Wind Power Company Limited	3,703,322	-	-	3,703,322	3,436,726	-	-	3,436,726
- Alfalah Asset Management Limited	634,685	-	-	634,685	596,311	-	-	596,311
	4,995,885	-	-	4,995,885	4,634,071	-	-	4,634,071
Total Investments	1,475,658,808	(3,832,513)	(29,983,961)	1,441,842,334	1,138,801,608	(3,751,761)	(17,433,484)	1,117,616,363

10.1.1 The adoption of IFRS 9 at Bahrain Operations of the Holding Company has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the State Bank of Pakistan (SBP) vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these consolidated condensed interim financial statements.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in 000) -----	
10.2 Investments given as collateral		
Market Treasury Bills	13,930,507	-
Pakistan Investment Bonds	304,725,000	307,049,207
Ijarah Sukuk	9,995,701	-
Overseas Bonds	6,270,262	4,981,480
	<u>334,921,470</u>	<u>312,030,687</u>

10.2.1 The market value of securities given as collateral is Rs. 327,088.031 million (December 31, 2022: Rs. 308,263.867 million).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in 000) -----	
10.3 Provision for diminution in value of investments		
10.3.1 Opening balance	3,751,761	1,186,010
Exchange and other adjustments	547,834	66,733
Charge / (reversals)		
Charge for the period / year	317,674	2,668,843
Reversals for the period / year	(193,000)	(9,397)
Reversal on disposals	(591,756)	(160,428)
	(467,082)	2,499,018
Closing Balance	<u>3,832,513</u>	<u>3,751,761</u>

10.3.2 Particulars of provision against debt securities

Category of classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing Investment	Provision	Non Performing Investment	Provision
Domestic	----- (Rupees in '000) -----			
Loss	<u>753,011</u>	<u>753,011</u>	<u>613,131</u>	<u>613,131</u>

10.3.2.1 The overseas branches hold a provision of Rs. 2,474.972 million (December 31, 2022: Rs. 2,087.417 million) against investments in accordance with ECL requirements of IFRS 9.

10.4 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 116,476.973 million (December 31, 2022: Rs. 73,518.445 million).

11 ADVANCES

Note	Performing		Non Performing		Total	
	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----						
Loans, cash credits, running finances, etc.	583,171,454	570,312,570	30,928,464	22,798,387	614,099,918	593,110,957
Islamic financing and related assets	164,126,291	149,839,163	5,006,719	4,893,861	169,133,010	154,733,024
Bills discounted and purchased	13,056,140	14,580,885	1,835,510	3,280,234	14,891,650	17,861,119
Advances - gross	760,353,885	734,732,618	37,770,693	30,972,482	798,124,578	765,705,100
Provision against advances						
- Specific	11.4	-	(30,202,854)	(25,397,878)	(30,202,854)	(25,397,878)
- General / expected credit loss	11.4	(8,395,739)	-	-	(8,395,739)	(7,921,407)
		(8,395,739)	(30,202,854)	(25,397,878)	(38,598,593)	(33,319,285)
Advances - net of provision	751,958,146	726,811,211	7,567,839	5,574,604	759,525,985	732,385,815

- 11.1** Advances include an amount of Rs. 336.996 million (December 31, 2022: Rs. 339.983 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Holding Company, or were granted afresh, under a specific arrangement executed between the Holding Company and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by the SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 17.17% to 32.54% (December 31, 2022: 13.37% to 27.25%) with maturities up to February 2043 (December 31, 2022: October 2042).

11.2 Particulars of advances (Gross)	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
------(Rupees in '000)-----		
In local currency	702,699,569	713,985,927
In foreign currencies	95,425,009	51,719,173
	<u>798,124,578</u>	<u>765,705,100</u>

- 11.3** Advances include Rs. 37,770.693 million (December 31, 2022: Rs. 30,972.482 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
------(Rupees in '000)-----				
Domestic				
Other Assets Especially Mentioned	553,415	18,620	178,723	15,814
Substandard	3,782,600	917,948	2,352,882	683,787
Doubtful	7,481,938	3,698,559	6,885,829	3,407,905
Loss	25,137,806	24,981,428	20,897,810	20,795,657
	36,955,759	29,616,555	30,315,244	24,903,163
Overseas				
Overdue by:				
91 to 180 days	75,944	27,343	35,903	21,952
181 to 365 days	-	-	139,472	119,706
Above 365 days	738,990	558,956	481,863	353,057
	814,934	586,299	657,238	494,715
Total	<u>37,770,693</u>	<u>30,202,854</u>	<u>30,972,482</u>	<u>25,397,878</u>

11.4 Particulars of provision against advances

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
	(Rupees in '000)					
Opening balance	25,397,878	7,921,407	33,319,285	21,126,338	4,067,236	25,193,574
Exchange and other adjustments	100,003	70,890	170,893	32,240	22,887	55,127
Charge for the period / year	6,748,700	403,442	7,152,142	7,544,341	3,831,284	11,375,625
Reversals for the period / year	(1,638,979)	-	(1,638,979)	(2,431,826)	-	(2,431,826)
	5,109,721	403,442	5,513,163	5,112,515	3,831,284	8,943,799
Amounts written off	(404,748)	-	(404,748)	(497,192)	-	(497,192)
Amounts charged off - agriculture financing	-	-	-	(69,791)	-	(69,791)
Amounts charged off - balance sheet cleaning	-	-	-	(306,232)	-	(306,232)
	(404,748)	-	(404,748)	(873,215)	-	(873,215)
Closing balance	30,202,854	8,395,739	38,598,593	25,397,878	7,921,407	33,319,285

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at June 30, 2023 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 99.719 million (December 31, 2022: Rs. 94.554 million).

11.4.2 General provision includes:

(i) Provision held in accordance with SBP's prudential regulations against:

- Conventional consumer loans being maintained at an amount equal to 1% of the secured auto loans, 0.5% of secured house loans performing portfolio and 4% of the unsecured (personal loans and credit cards) performing portfolio;

- Islamic auto loans being maintained at an amount equal to 1% of the secured performing portfolio and for Islamic house loans, at an amount equal to 0.5% of the secured performing portfolio;

- Small Enterprises (SE) portfolio being maintained at an amount equal to 1% against unsecured performing SE portfolio;

(ii) Provision held at overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operates; and

(iii) Provision of Rs. 6,345.000 million (December 31, 2022: Rs. 4,595.000 million) against the high risk portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposures, staff loans and loans secured against liquid collaterals. Provision against flood impacted portfolio of Rs. 1,376.000 million held as at December 31, 2022 was reversed during the period.

11.4.3 Although the Holding Company made provision against its non-performing portfolio as per the category of classification of the loan, the Holding Company holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
----- (Rupees in '000) -----			
12 FIXED ASSETS			
Capital work-in-progress	12.1	2,126,454	944,206
Property and equipment	12.2	33,568,659	32,132,604
Right-of-use assets		18,263,561	15,416,474
		53,958,674	48,493,284
12.1 Capital work-in-progress			
Civil works		1,670,380	706,019
Equipment		431,165	214,126
Others		24,909	24,061
		2,126,454	944,206

12.2 It includes land and buildings carried at revalued amount of Rs. 22,255.308 million (December 31, 2022: Rs. 21,661.195 million).

(Un-audited)	
For the half year ended	
June 30, 2023	June 30, 2022
----- (Rupees in '000) -----	

12.3 Additions to fixed assets

The following additions were made to fixed assets during the period:

Capital work-in-progress - net of transferred out for capitalisation	1,182,248	509,901
Property and equipment		
Freehold land	74,994	912,286
Leasehold land	116,000	-
Buildings on freehold land	201,220	510,647
Buildings on leasehold land	312,679	20,110
Leasehold improvement	593,077	382,967
Furniture and fixtures	121,721	98,048
Office equipment	1,608,085	1,974,767
Vehicles	46,225	34,086
	3,074,001	3,932,911
Total additions to fixed assets	<u>4,256,249</u>	<u>4,442,812</u>

12.4 Disposals of fixed assets

The net book values of fixed assets disposed off during the period are as follows:

Leasehold improvements	7,003	1,864
Furniture and fixtures	439	300
Office equipments	2,640	7,790
Total disposal of fixed assets	<u>10,082</u>	<u>9,954</u>

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

13 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers	643,607	455,945
Software	742,588	842,236
Membership Card	6,000	6,000
	<u>1,392,195</u>	<u>1,304,181</u>

(Un-audited)	
For the half year ended	
June 30, 2023	June 30, 2022
----- (Rupees in '000) -----	

13.1 Additions to intangible assets

The following additions were made to intangible assets during the period:

Capital work-in-progress - net of transferred out for capitalisation	187,662	174,671
Directly purchased	56,354	189,938
Total additions to intangible assets	<u>244,016</u>	<u>364,609</u>

13.2 There were no disposals of intangible assets during the periods ended June 30, 2023 and June 30, 2022.

14	DEFERRED TAX ASSETS	Note	(Un-audited)	(Audited)
			June 30, 2023	December 31, 2022
------(Rupees in '000)-----				
Deductible temporary differences on:				
	- Provision against investments		2,095,389	1,702,211
	- Provision against advances		4,839,892	3,096,128
	- Unrealised loss on revaluation of held for trading investments		221,021	7,472
	- Deficit on revaluation of available for sale investments - net of derivatives		12,273,520	5,690,672
	- Provision against other assets		1,225,650	1,002,851
	- Provision against lending to financial institutions		-	32
	- Workers' Welfare Fund		1,086,873	604,100
	- Others		24,404	24,404
			21,766,749	12,127,870
Taxable temporary differences on:				
	- Surplus on revaluation of fixed assets		(574,499)	(486,889)
	- Surplus on revaluation of non banking assets		(72,432)	(63,108)
	- Share of profit and other comprehensive income from associates		(1,870,957)	(1,486,280)
	- Accelerated tax depreciation		(2,918,861)	(2,540,820)
			(5,436,749)	(4,577,097)
			<u>16,330,000</u>	<u>7,550,773</u>
15 OTHER ASSETS				
	Income / mark-up accrued in local currency - net of provision		63,221,430	42,711,601
	Income / mark-up accrued in foreign currency - net of provision		2,315,885	2,011,398
	Advances, deposits, advance rent and other prepayments		8,399,668	3,748,465
	Advance against subscription of share		140,000	-
	Non-banking assets acquired in satisfaction of claims	15.1	1,437,129	1,439,606
	Mark to market gain on forward foreign exchange contracts		489,004	922,573
	Mark to market gain on derivatives	24.1	5,313,628	4,795,545
	Stationery and stamps on hand		30,003	23,253
	Defined benefit plan		-	153,707
	Branch adjustment account		-	24,430
	Due from card issuing banks		2,078,069	4,544,609
	Accounts receivable		4,158,962	5,690,187
	Claims against fraud and forgeries		119,311	119,455
	Acceptances		37,385,634	19,090,181
	Receivable against DSC / SSC and overseas government securities		157,768	131,517
	Receivable against marketable securities		576,781	860,261
	Others		64,345	65,636
			125,887,617	86,332,424
	Less: Provision held against other assets	15.2	(3,347,607)	(3,181,544)
	Other assets (net of provision)		122,540,010	83,150,880
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	15.1	146,810	145,613
	Other assets - total		<u>122,686,820</u>	<u>83,296,493</u>

15.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,583.939 million (December 31, 2022: Rs. 1,585.219 million).

15.2 Provision held against other assets

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Impairment against overseas operations	2,148,583	2,114,963
Expected credit loss (overseas operations)	73,873	10,397
Fraud and forgeries	119,311	119,455
Accounts receivable	576,129	548,109
Others	429,711	388,620
	<u>3,347,607</u>	<u>3,181,544</u>

15.2.1 Movement in provision held against other assets

Opening balance	3,181,544	1,848,407
Exchange and other adjustments	2,865	35,684
Charge for the period / year	164,250	1,493,475
Reversals for the period / year	(1,052)	(165,599)
	163,198	1,327,876
Amount written off	-	(30,423)
Closing balance	<u>3,347,607</u>	<u>3,181,544</u>

16 BILLS PAYABLE

In Pakistan	30,276,258	37,705,524
Outside Pakistan	1,686,390	2,328,282
	<u>31,962,648</u>	<u>40,033,806</u>

17 BORROWINGS

Secured

Borrowings from State Bank of Pakistan under:

Export Refinance Scheme	47,572,149	53,477,830
Long-Term Finance Facility	26,633,330	28,643,178
Financing Facility for Renewable Energy Projects	11,778,745	11,917,647
Financing Facility for Storage of Agriculture Produce (FFSAP)	641,960	738,979
Refinance for Wages & Salaries	-	300,821
Temporary Economic Refinance Facility (TERF)	50,005,601	49,721,502
Export Refinance under Bill Discounting	9,669,958	10,633,712
SME Asaan Finance (SAAF)	2,022,727	949,413
Refinance Facility for Combating COVID (RFCC)	846,082	692,957
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	136,982	279,374
Modernization of Small and Medium Entities (MSMES)	1,090,642	871,659
Other refinance schemes	721	890
Repurchase agreement borrowings	264,825,331	256,900,000
	415,224,228	415,127,962

Repurchase agreement borrowings	13,330,539	4,830,897
Bai Muajjal	43,100,991	42,113,040
Medium Term Note	11,000,000	11,000,000
Others	774,876	470,410
Total secured	<u>483,430,634</u>	<u>473,542,309</u>

Unsecured

Call borrowings	16,965,550	5,766,732
Overdrawn nostro accounts	1,003,880	4,884,913
Others		
- Pakistan Mortgage Refinance Company	2,970,965	2,180,208
- Karandaaz Risk Participation	2,297,480	2,331,958
- Other financial institutions	-	2,943,821
Total unsecured	<u>23,237,875</u>	<u>18,107,632</u>
	<u>506,668,509</u>	<u>491,649,941</u>

18 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
------(Rupees in '000)-----						
Customers						
Current deposits	595,479,896	160,927,102	756,406,998	523,834,695	131,267,950	655,102,645
Savings deposits	366,832,691	40,437,768	407,270,459	294,762,649	37,937,222	332,699,871
Term deposits	333,075,108	61,331,525	394,406,633	287,557,414	49,767,276	337,324,690
Others	36,780,436	11,339,720	48,120,156	35,941,042	8,943,974	44,885,016
	1,332,168,131	274,036,115	1,606,204,246	1,142,095,800	227,916,422	1,370,012,222
Financial Institutions						
Current deposits	2,304,340	883,409	3,187,749	3,192,672	3,065,704	6,258,376
Savings deposits	96,203,900	3,672,397	99,876,297	68,746,218	2,911,307	71,657,525
Term deposits	65,673,191	439,026	66,112,217	38,073,100	354,319	38,427,419
Others	475,708	80,911	556,619	404,457	76,261	480,718
	164,657,139	5,075,743	169,732,882	110,416,447	6,407,591	116,824,038
	1,496,825,270	279,111,858	1,775,937,128	1,252,512,247	234,324,013	1,486,836,260

18.1 Current deposits include remunerative current deposits of Rs. 18,842.276 million (December 31, 2022: Rs. 14,325.601 million).

19 SUBORDINATED DEBT

Term Finance Certificates (VI) - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
Issue amount	Rs. 7,000,000,000	7,000,000	7,000,000
Issue date	March 2018		
Maturity date	Perpetual		
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency Limited		
Security	Unsecured		
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.		
Profit payment frequency	Payable semi-annually in arrears		
Redemption	Perpetual		
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature. (Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.		
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.		

Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by State Bank of Pakistan (SBP) under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- (Rupees in '000) -----	
Issue amount	Rs. 7,000,000,000	7,000,000	7,000,000
Issue date	December 2022		
Maturity date	Perpetual		
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency Limited		
Security	Unsecured		
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.		
Profit payment frequency	Payable semi-annually in arrears		
Redemption	Perpetual		
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature. (Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.		
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Holding Company is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.		
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.		
Call Option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.		
		<u>14,000,000</u>	<u>14,000,000</u>

20	OTHER LIABILITIES	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- (Rupees in '000) -----		
	Mark-up / return / interest payable in local currency		24,785,736	16,650,129
	Mark-up / return / interest payable in foreign currency		1,614,091	1,443,987
	Unearned fee commission and income on bills discounted and guarantees		3,054,465	2,591,163
	Accrued expenses		11,670,287	12,610,353
	Current taxation		18,950,399	12,843,565
	Acceptances		37,385,634	19,090,181
	Dividends payable		6,576,442	4,767,210
	Mark to market loss on forward foreign exchange contracts		306,299	455,164
	Mark to market loss on derivatives	24.1	103,180	-
	Branch adjustment account		241,175	-
	Payable to defined benefit plan		79,794	-
	Alternative Delivery Channel (ADC) settlement accounts		11,190,972	2,035,378
	Provision for compensated absences		796,490	701,492
	Payable against redemption of customer loyalty / reward points		721,386	607,208
	Charity payable		78,376	65,998
	Provision against off-balance sheet obligations	20.1	119,578	62,948
	Security deposits against leases, lockers and others		13,800,754	13,300,923
	Workers' Welfare Fund		4,192,121	3,378,897
	Payable to vendors and suppliers		485,931	556,205
	Margin deposits on derivatives		4,271,184	4,077,091
	Payable to merchants (card acquiring)		1,318,978	16,536
	Indirect Taxes Payable		3,084,286	2,360,341
	Lease liabilities against right-of-use assets		20,623,667	17,514,201
	Payable against marketable securities		240,929	1,277,915
	Trading Liability		8,212,214	2,638,773
	Others		4,518,853	3,090,674
			<u>178,423,221</u>	<u>122,136,332</u>

20.1 Provision against off-balance sheet obligations

Opening balance	62,948	137,639
Exchange and other adjustments	5,866	12,348
Charge / (reversal) for the period / year	50,764	(87,039)
Closing balance	<u>119,578</u>	<u>62,948</u>

21	(DEFICIT) / SURPLUS ON REVALUATION OF ASSETS	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----				
	(Deficit) / surplus on revaluation of:			
	- Available for sale securities	10.1	(29,603,117)	(17,406,375)
	- Available for sale securities of associates		(17,082)	(20,389)
	- Fixed assets		12,763,976	12,807,981
	- Non-banking assets acquired in satisfaction of claims		146,810	145,613
			(16,709,413)	(4,473,170)
	Less: Deferred tax asset / (liability) on surplus / (deficit) on revaluation of:			
	- Available for sale securities		14,505,527	7,484,741
	- Available for sale securities of associates		8,370	8,767
	- Fixed assets		(574,499)	(486,889)
	- Non-banking assets acquired in satisfaction of claims		(72,432)	(63,108)
			13,866,966	6,943,511
	Derivatives (deficit) / surplus		(4,555,116)	(4,169,754)
	Less: Deferred tax asset / (liability) on derivative		2,232,007	1,792,994
			(2,323,109)	(2,376,760)
			-	-
			(519,338)	4,847,101
22	NON-CONTROLLING INTEREST		(Un-audited) June 30, 2023	(Audited) December 31, 2022
Name	Principal activity	Principal place of Business	Ownership interest held by NCI	
Alfalah CLSA Securities (Private) Limited, Pakistan	Stock Brokerage	Pakistan	37.50%	37.50%
Key financial information of the subsidiary			(Un-audited) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----				
Assets			1,480,633	1,875,409
Liabilities			1,108,479	1,534,610
Net Assets			372,154	340,799
Non-Controlling Interest (NCI)			139,559	127,800
(Un-audited) For the half year ended June 30, 2023				
------(Rupees in '000)-----				
Revenue			246,700	143,151
Expenses and provision			209,551	144,436
Profit / (loss) before tax			37,149	(1,285)
Profit / (loss) after tax			31,357	(8,461)
Total comprehensive income / (loss) for the period			31,357	(8,461)
Cash Flows:				
Cash flows used in operating activities			(733,870)	(348,023)
Cash flows used in investing activities			(6,367)	(23,602)
Cash flows used in Financing Activities			(1,228)	(2,081)
Net decrease in cash and cash equivalent			(741,465)	(373,706)

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
23 CONTINGENCIES AND COMMITMENTS			
- Guarantees	23.1	173,502,068	140,370,087
- Commitments	23.2	489,010,728	439,230,552
- Other contingent liabilities	23.3.1	24,568,360	6,903,292
		<u>687,081,156</u>	<u>586,503,931</u>
23.1 Guarantees:			
Performance guarantees		57,433,697	53,798,209
Other guarantees		116,068,371	86,571,878
		<u>173,502,068</u>	<u>140,370,087</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		202,550,815	171,719,857
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	123,147,353	170,721,451
- forward government securities transactions	23.2.2	87,287,144	17,438,813
- derivatives	23.2.3	54,782,479	46,734,911
- forward lending	23.2.4	16,189,295	26,798,555
Commitments for acquisition of:			
- operating fixed assets		3,247,106	3,004,717
- intangible assets		482,036	465,248
Commitments in respect of donations		874,500	1,897,000
Other commitments	23.2.5	450,000	450,000
		<u>489,010,728</u>	<u>439,230,552</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		77,771,008	120,494,702
Sale		45,376,345	50,226,749
		<u>123,147,353</u>	<u>170,721,451</u>
23.2.2 Commitments in respect of forward government securities transactions			
Purchase		75,009,503	12,990,116
Sale		12,277,641	4,448,697
		<u>87,287,144</u>	<u>17,438,813</u>
23.2.3 Commitments in respect of derivatives			
Interest rate swap			
Purchase	24.1	42,891,940	46,160,838
Sale		-	-
		<u>42,891,940</u>	<u>46,160,838</u>
Cross Currency Swaps			
Purchase		-	-
Sale	24.1	11,890,539	574,073
		<u>11,890,539</u>	<u>574,073</u>
Total commitments in respect of derivatives		<u>54,782,479</u>	<u>46,734,911</u>
23.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.4.1	11,343,160	21,639,590
Commitments in respect of investments		4,846,135	5,158,965
		<u>16,189,295</u>	<u>26,798,555</u>

23.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Holding Company without the risk of incurring significant penalty or expense.

23.2.5 Other Commitments

A commercial bank on behalf of Alfalah CLSA Securities (Private) Limited, Pakistan has given a guarantee of Rs. 450 million (December 31, 2022: Rs. 450 million) to National Clearing Company of Pakistan Limited (NCCPL) in respect of margin eligible securities. The guarantee facility is for one year and is secured by 1st Pari Passu charge on current assets of the subsidiary.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
23.3 Other contingent liabilities	------(Rupees in '000)-----	
23.3.1 Claims against the Bank not acknowledged as debts	<u>24,568,360</u>	<u>6,903,292</u>

These mainly represents counter claims filed by the borrowers for restricting the Holding Company from disposal of collateral assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex-employees of the Holding Company for damages. Based on legal advices and / or internal assessments, management is confident that the matters will be decided in the Holding Company's favour and the possibility of any outcome against the Holding Company is remote and accordingly no provision has been made in these consolidated condensed interim financial statements.

23.4 Contingency for tax payable

There were no tax related contingencies other than as disclosed in note 34.1.

24 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

24.1 Product Analysis

June 30, 2023 (Un-audited)						
Counterparties	Interest Rate Swaps			Cross Currency Swap		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
------(Rupees in '000)-----						
With Banks for Hedging	43	42,891,940	4,586,737	-	-	-
With other entities Market making	-	-	-	5	11,890,539	623,711
	<u>43</u>	<u>42,891,940</u>	<u>4,586,737</u>	<u>5</u>	<u>11,890,539</u>	<u>623,711</u>

December 31, 2022 (Audited)						
Counterparties	Interest Rate Swaps			Cross Currency Swap		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
------(Rupees in '000)-----						
With Banks for Hedging	51	46,160,838	4,761,605	-	-	-
With other entities Market making	-	-	-	1	574,073	33,940
	<u>51</u>	<u>46,160,838</u>	<u>4,761,605</u>	<u>1</u>	<u>574,073</u>	<u>33,940</u>

	Note	(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
25 MARK-UP/RETURN/INTEREST EARNED			
On:			
a) Loans and advances		56,263,401	33,115,917
b) Investments		113,513,982	46,678,381
c) Lendings to financial institutions / Bai Muajjal		1,859,331	589,149
d) Balances with banks / financial institutions		66,648	32,723
e) On securities purchased under resale agreements		4,774,434	2,032,317
		<u>176,477,796</u>	<u>82,448,487</u>
26 MARK-UP/RETURN/INTEREST EXPENSED			
On:			
a) Deposits		67,132,479	28,769,693
b) Borrowings		8,242,771	4,394,135
c) Securities sold under repurchase agreements		37,344,216	14,213,507
d) Subordinated debt		1,376,405	411,199
e) Cost of foreign currency swaps against foreign currency deposits / borrowings		1,846,565	1,553,948
f) Borrowing cost on leased properties		1,215,566	873,257
g) Reward points / customer loyalty		187,162	112,165
		<u>117,345,164</u>	<u>50,327,904</u>
27 FEE & COMMISSION INCOME			
Branch banking customer fees		592,683	526,363
Consumer finance related fees		290,370	248,204
Card related fees (debit and credit cards)		1,210,985	796,728
Credit related fees		284,042	119,381
Investment banking fees		63,316	189,708
Commission on trade		1,156,445	1,063,561
Commission on guarantees		404,127	256,887
Commission on cash management		41,606	25,648
Commission on remittances including home remittances		661,655	553,080
Commission on bancassurance		281,978	332,988
Card acquiring business		704,235	412,648
Wealth Management Fee		82,835	48,809
Commission on Employees' Old-Age Benefit Institution (EOBI)		-	20,812
Commission on Benazir Income Support Programme (BISP)		257,007	164,517
Alternative Delivery Channel (ADC) settlement accounts		628,550	321,614
Brokerage/ Commission Income		225,932	243,951
Others		98,972	192
		<u>6,984,738</u>	<u>5,325,091</u>
28 GAIN / (LOSS) ON SECURITIES			
Realised	28.1	9,379	109,213
Unrealised - held for trading	10.1	(380,844)	(198,951)
Unrealised gain on trading liabilities - net		124,198	4,878
		<u>(247,267)</u>	<u>(84,860)</u>
28.1 Realised gain / (loss) on:			
Federal Government Securities		298,592	(33,593)
Shares		(665,040)	(63,072)
Non Government Debt Securities		-	12,737
Foreign Securities		375,827	193,141
		<u>9,379</u>	<u>109,213</u>

	Note	(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
------(Rupees in '000)-----			
29 OTHER INCOME			
Rent on property		14,075	16,444
Gain on sale of fixed assets-net		62,948	44,554
Gain on sale of non banking assets		-	9,200
Profit on termination of leased contracts (Ijarah)	29.1	39,825	21,746
Gain on termination of leases (IFRS 16)		15,930	112,285
		<u>132,778</u>	<u>204,229</u>

29.1 In 2022, The Holding Company earned an income of Rs. 9.200 million against sale of membership cards.

	Note	(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
------(Rupees in '000)-----			
30 OPERATING EXPENSES			
Total compensation expense	30.1	13,667,175	9,999,539
Property expense			
Rates and taxes		72,786	53,177
Utilities cost		1,082,430	761,795
Security (including guards)		551,035	452,721
Repair and maintenance (including janitorial charges)		563,722	478,265
Depreciation on right-of-use assets		1,594,518	1,285,737
Depreciation on non-banking assets acquired in satisfaction of claims		2,477	2,160
Depreciation on owned assets		418,505	309,695
		<u>4,285,473</u>	<u>3,343,550</u>
Information technology expenses			
Software maintenance		1,103,833	939,513
Hardware maintenance		497,258	327,245
Depreciation		509,435	337,787
Amortisation		157,240	177,321
Network charges		308,037	273,338
Consultancy and support services		70,583	170,204
		<u>2,646,386</u>	<u>2,225,408</u>
Other operating expenses			
Directors' fees and allowances		74,857	103,277
Fees and allowances to Shariah Board		7,561	6,691
Legal and professional charges		202,822	442,158
Outsourced services costs		478,916	374,661
Travelling and conveyance		596,963	381,737
Clearing and custodian charges		94,159	66,348
Depreciation		719,646	560,909
Training and development		65,727	56,744
Postage and courier charges		225,547	248,453
Communication		743,559	421,646
Stationery and printing		590,851	452,050
Marketing, advertisement and publicity		2,388,386	717,436
Donations		1,021,500	15,350
Auditors' remuneration		36,766	29,294
Brokerage and commission		185,815	143,116
Entertainment		281,325	184,784
Repairs and maintenance		368,249	316,416
Insurance		706,990	622,192
Cash Handling charges		675,590	513,524
CNIC verification		128,915	88,542
Others		373,373	540,415
		<u>9,967,517</u>	<u>6,285,743</u>
		<u>30,566,551</u>	<u>21,854,240</u>

		(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
		------(Rupees in '000)-----	
30.1	Total compensation expense		
	Managerial Remuneration		
	i) Fixed	9,445,556	7,253,048
	ii) Variable:		
	a) Cash Bonus / Awards etc.	2,311,305	1,351,595
	b) Bonus and Awards in Shares etc.	162,498	120,000
	Charge for defined benefit plan	233,501	166,923
	Contribution to defined contribution Plan	361,194	300,969
	Medical	649,362	403,794
	Conveyance	255,931	177,054
	Staff compensated absences	94,998	90,000
	Others	138,066	112,685
	Sub-total	13,652,411	9,976,068
	Sign-on Bonus	14,764	18,471
	Severance Allowance	-	5,000
	Grand Total	<u>13,667,175</u>	<u>9,999,539</u>

31 WORKERS' WELFARE FUND

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

		(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
		------(Rupees in '000)-----	
32	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	136,961	5,173
	Penalties imposed by other regulatory bodies	-	1,997
		<u>136,961</u>	<u>7,170</u>

33 PROVISIONS & WRITE OFFS - NET

	Reversal against lending to financial institutions (IFRS 9 - ECL) (Reversal) / provision for diminution in value of investments / IFRS 9 - ECL	(296)	803
	10.3.1	(467,082)	380,121
	Provision against loans & advances / IFRS 9 - ECL	11.4	5,513,163
	15.2.1	163,198	19,793
	Provision against other assets / IFRS 9 - ECL	20.1	50,764
	Provision against off-balance sheet obligations / IFRS 9 - ECL	7,997	9,942
	Other provisions / write off - net	(265,781)	(186,671)
	Recovery of written off / charged off bad debts	<u>5,001,963</u>	<u>4,040,148</u>

34 TAXATION

	Charge / (reversal) :		
	Current	19,929,768	10,390,748
	Prior years	-	(1,566,235)
	Deferred	(2,294,786)	(407,586)
		<u>17,634,982</u>	<u>8,416,927</u>

- 34.1 a) The income tax assessments of the Holding Company have been finalized upto and including tax year 2022. Certain addbacks made by the tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.

In respect of tax years 2008, 2014, 2017 and 2019 to 2022, the tax authority had raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of Leasehold improvements. These matters have been decided in favour of the Holding Company (December 31, 2022: Rs. 639.939 million). The related appeal effect orders are pending before the tax authority. Accordingly, the Holding Company has not made any provision in respect of these amounts.

- b) The Holding Company has received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded sales tax on banking services and a penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax. The appeals against these orders are pending before the Commissioner Appeals. The Holding Company has not made any provision against these orders and the management is of the view that these matters will be settled in the Holding Company's favour through appellate process.
- c) During the period, the Holding Company has received an order from a tax authority wherein sales tax and penalty amounting to Rs. 5.191 million (excluding default surcharge) is demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016. This is in addition to an order previously received for the same accounting year wherein sales tax and further tax amounting to Rs. 8.601 million (excluding default surcharge and penalty) was demanded allegedly for non-payment of sales tax on certain transactions. The Holding Company appeals are pending before the Commissioner Appeals. The Holding Company has not made any provision against these orders and the management is of the view that this matter will be favourably settled through appellate process.

	(Un-audited)	
	For the half year ended	
	June 30, 2023	June 30, 2022
	------(Rupees in '000)-----	
35 BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period attributable to equity holders of the Holding Company	<u>18,613,752</u>	<u>8,759,040</u>
	------(Number of shares in '000)-----	
Weighted average number of ordinary shares	<u>1,577,165</u>	<u>1,777,165</u>
	------(Rupees)-----	
Basic and diluted earnings per share	<u>11.80</u>	<u>4.93</u>

35.1 Diluted earnings per share has not been presented separately as the Group does not have any convertible instruments in issue.

36 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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, other than investments in associates and subsidiaries, 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 these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

36.1 Fair value of financial instruments

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

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

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

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

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

	June 30, 2023 (Un-audited)			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	1,210,896,882	-	1,210,896,882
- Non-Government Debt Securities	14,939,400	4,167,428	-	19,106,828
- Shares - listed companies	7,142,275	-	-	7,142,275
- Foreign Government Securities	-	37,987,272	-	37,987,272
- Foreign Non-Government Debt Securities	-	29,739,744	-	29,739,744
- Foreign Equity Securities	322,786	-	-	322,786
Financial assets - disclosed but not measured at fair value				
Investments - held to maturity securities	-	116,476,973	-	116,476,973
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	489,004	-	489,004
- Forward sale of foreign exchange	-	(306,299)	-	(306,299)
- Forward purchase of government securities	-	(172,843)	-	(172,843)
- Forward sale government securities	-	158,382	-	158,382
- Derivatives purchases	-	4,586,737	-	4,586,737
- Derivatives sales	-	623,711	-	623,711
December 31, 2022 (Audited)				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	946,606,485	-	946,606,485
- Non-Government Debt Securities	14,937,000	4,347,503	-	19,284,503
- Shares - listed companies	6,456,107	-	-	6,456,107
- Foreign Government Securities	-	28,811,408	-	28,811,408
- Foreign Non-Government Debt Securities	-	27,564,662	-	27,564,662
Financial assets - disclosed but not measured at fair value				
Investments - held to maturity securities	-	73,518,446	-	73,518,446
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	922,573	-	922,573
- Forward sale of foreign exchange	-	(455,164)	-	(455,164)
- Forward purchase of government securities	-	4,432	-	4,432
- Forward sale government securities transactions	-	(7,946)	-	(7,946)
- Derivatives purchases	-	4,761,605	-	4,761,605
- Derivatives sales	-	33,940	-	33,940

36.2 The Group's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1 and 2 during the current period.

36.3 Valuation techniques used in determination of fair values:

36.3.1 Fair value of financial assets

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies and listed non government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Ijarah Sukuk, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuk, forward foreign exchange contracts, forward government securities contracts, cross currency swaps and interest rate swaps.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3 except as disclosed in note 36.3.2.

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.

36.3.2 Fair value of non-financial assets

Certain categories of fixed assets (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 12 and 15. The valuations are conducted by the valuation experts appointed by the Holding Company which are also on the panel of the State Bank of Pakistan.

36.3.3 Valuation techniques

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Ijarah Sukuk (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates. Floating rate PIBs are revalued using PKFRV rates.
Overseas Sukuk, Overseas Bonds and GoP Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the State Bank of Pakistan.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Fixed assets and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Holding Company's properties. The market approach uses prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated condensed interim financial statements.

37 SEGMENT INFORMATION

37.1 Segment details with respect to Business Activities

For the period ended June 30, 2023 (Un-audited)									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokers*	Others*	Total
	(Rupees in '000)								
Profit & Loss									
Net mark-up/return/profit	(27,676,350)	10,366,819	11,625,368	62,763,454	7,117	3,451,356	(58,528)	(1,346,604)	59,132,632
Inter segment revenue - net	63,271,161	(2,174,233)	20,653	(62,825,117)	920,806	357,534	-	969,206	-
Non mark-up/return/interest income	3,910,098	1,742,238	946,319	4,919,554	409,029	683,934	305,228	730,300	13,646,559
Total income / (loss)	39,504,909	9,394,814	12,592,340	4,857,891	1,336,952	4,492,683	246,700	352,902	72,779,191
Segment direct expenses	11,815,858	2,379,043	4,442,437	391,363	1,217,427	1,728,445	209,551	9,332,621	31,516,735
Inter segment expense allocation	5,895,540	734,241	1,683,221	375,558	501,136	208,530	-	(9,338,226)	-
Total expenses	17,651,398	3,113,284	6,125,658	766,911	1,718,563	1,936,975	209,551	(5,605)	31,516,735
Provisions / (reversals)	2,495,592	2,130,916	319,207	(256,827)	15,023	(75,948)	-	374,000	5,001,963
Profit / (loss) before tax	19,357,919	4,150,614	6,147,475	4,347,807	(396,634)	2,631,656	37,149	(15,493)	36,260,493
As at June 30, 2023 (Un-audited)									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokers*	Others*	Total
	(Rupees in '000)								
Statement of financial position									
Cash & Bank balances	102,503,370	18,794,424	31,463,006	-	1,001,013	59,442,963	191,983	-	213,396,759
Investments	-	3,148,344	200,737,865	1,142,409,880	-	90,026,223	452,792	5,067,230	1,441,842,334
Net inter segment lending	786,906,969	-	-	-	14,521,511	-	-	142,522,499	943,950,979
Lendings to financial institutions	-	-	-	10,227,661	-	3,488,732	-	-	13,716,393
Advances - performing	193,031,260	338,218,478	163,989,023	-	123,836	42,918,125	27,565	13,649,859	751,958,146
Advances - non-performing	2,095,638	4,663,830	507,790	-	5,147	228,635	-	667,99	7,567,839
Others	32,526,297	41,995,985	41,228,420	55,550,324	1,284,323	21,117,694	808,293	(140,647)	194,367,689
Total assets	1,117,063,534	406,821,061	437,923,104	1,208,187,865	16,935,830	217,222,372	1,480,633	161,165,740	3,566,800,139
Borrowings	23,989,546	93,219,013	60,647,366	319,076,312	-	8,961,396	774,876	-	506,668,509
Subordinated debt	-	-	-	-	-	-	-	-	14,000,000
Deposits & other accounts	1,055,498,099	245,514,411	308,014,863	-	16,077,968	150,848,791	-	(17,004)	1,775,937,128
Net inter segment borrowing	-	8,690,519	18,413,646	875,666,245	-	41,180,569	-	-	943,950,979
Others	37,575,889	59,397,118	49,121,351	22,797,102	857,862	18,941,724	333,603	21,361,220	210,385,869
Total liabilities	1,117,063,534	406,821,061	436,197,226	1,217,539,659	16,935,830	219,932,480	1,108,479	35,344,216	3,450,942,485
Net assets	-	-	1,725,878	(9,351,794)	-	(2,710,108)	372,154	125,821,524	115,857,654
Equity									
Contingencies & Commitments	116,188,577	225,095,318	71,410,991	211,111,918	5,084	58,186,945	450,000	4,692,323	667,081,156

* Others include head office related activities and share of profit from associates.

For the period ended June 30, 2022 (Un-audited)									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage	Others*	Total
Profit & Loss									
Net mark-up/return/profit	(4,848,524)	5,666,306	5,496,691	24,409,312	(57,653)	1,774,619	(22,184)	(297,984)	32,120,583
Inter segment revenue - net	22,567,595	(2,002,338)	(84,159)	(21,026,771)	391,657	316,249	-	(162,033)	-
Non mark-up/return/interest income	2,943,928	1,384,945	928,203	4,250,368	265,025	668,318	165,335	771,356	11,377,478
Total Income	20,662,999	5,048,713	6,340,735	7,632,909	599,029	2,759,186	143,151	311,339	43,498,061
Segment direct expenses	8,845,522	780,697	2,990,263	275,208	938,021	1,104,977	145,727	7,204,814	22,285,229
Inter segment expense allocation	4,256,999	610,716	1,212,724	270,556	733,458	122,921	-	(7,207,374)	-
Total expenses	13,102,521	1,391,413	4,202,987	545,764	1,671,479	1,227,898	145,727	(2,560)	22,285,229
Provisions / (reversals)	1,127,816	(327,039)	80,817	383,601	7,292	18,948	(2,291)	2,750,000	4,040,148
Profit / (loss) before tax	6,432,662	3,984,335	2,056,931	6,703,544	(1,079,742)	1,512,340	(1,285)	(2,436,101)	17,172,684
As at December 31, 2022 (Audited)									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage	Others*	Total
Statement of financial position									
Cash & Bank balances	54,360,676	13,662,612	22,294,976	-	1,380,127	58,391,827	628,982	-	150,719,200
Investments	-	3,065,299	123,324,033	913,838,262	-	72,564,199	15,376	4,809,194	1,117,616,363
Net inter segment lending	609,918,002	-	-	-	20,415,823	-	-	108,578,156	738,911,981
Lendings to financial institutions	-	-	30,000,061	81,309,765	-	4,043,773	-	-	115,353,599
Advances - performing	221,934,495	307,817,003	149,691,195	-	73,590	36,776,043	10,965	10,557,920	776,811,211
Advances - non-performing	2,942,330	1,660,287	726,449	-	3,985	162,523	-	79,030	5,574,604
Others	21,320,625	28,322,398	27,309,005	28,284,908	1,483,080	15,012,516	1,220,086	17,692,113	140,644,731
Total assets	910,476,128	354,527,599	353,345,719	1,023,432,935	23,356,605	186,900,881	1,875,409	141,716,413	2,995,631,689
borrowings	26,937,622	95,851,939	39,964,773	314,660,326	-	13,764,871	470,410	-	491,649,941
Subordinated debt	-	-	-	-	-	-	-	14,000,000	14,000,000
Deposits & other accounts	860,878,106	210,843,465	255,671,950	-	23,002,118	136,392,013	-	48,608	1,486,836,260
Net inter segment borrowing	-	(1,059,219)	15,379,744	698,037,054	-	26,554,402	-	-	738,911,981
Others	27,112,775	48,891,414	40,321,510	15,282,535	354,487	12,816,381	1,064,200	16,326,836	162,170,138
Total liabilities	914,928,503	354,527,599	351,337,977	1,027,979,915	23,356,605	189,527,667	1,544,610	30,375,444	2,893,568,320
Net assets	(4,452,375)	-	2,007,742	(4,546,980)	-	(2,626,786)	340,799	111,340,969	102,063,369
Equity									
Contingencies & Commitments	94,420,516	188,433,780	63,199,284	158,500,073	5,014	76,880,088	450,000	4,615,176	586,503,931

* Others include head office related activities and share of profit from associates.

38 RELATED PARTY TRANSACTIONS

The Group has related party transactions with its subsidiary, associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

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

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

	As at June 30, 2023 (Un-audited)			As at December 31, 2022 (Audited)					
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties	
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
Lendings to financial institutions									
Opening balance	-	-	-	-	-	-	-	2,330,078	
Addition during the period / year	-	-	-	4,626,021	-	-	-	25,964,631	
Repaid during the period / year	-	-	-	(4,626,021)	-	-	-	(28,294,709)	
Closing balance	-	-	-	-	-	-	-	-	
Investments									
Opening balance	-	-	4,634,071	1,552,048	-	-	4,118,122	1,119,230	
Investment made during the period / year	-	-	-	269,392	-	-	-	714,246	
Investment redeemed / disposed off during the period / year	-	-	-	(63,574)	-	-	-	(590,468)	
Revaluation of investment during the period / year	-	-	-	(4,535)	-	-	-	(17,511)	
Equity method adjustment	-	-	361,814	-	-	-	515,949	-	
Transfer in / (out) - net	-	-	-	-	-	-	-	366,551	
Closing balance	-	-	4,995,885	1,753,331	-	-	4,634,071	1,552,048	
Advances									
Opening balance	18,062	672,608	-	2,367,924	77	1,184,057	-	1,997,552	
Addition during the period / year	-	364,748	-	33,248,434	20,498	605,570	-	37,536,790	
Repaid during the period / year	(2,141)	(257,890)	-	(33,901,944)	(2,513)	(173,521)	-	(38,264,097)	
Transfer in / (out) - net	-	(14,109)	-	-	-	(943,498)	-	1,097,679	
Closing balance	15,921	765,357	-	1,714,417	18,062	672,608	-	2,367,924	
Provision held against advances	-	-	-	1,045,459	-	-	-	1,097,028	
Other Assets									
Interest / mark-up accrued	1,820	52,135	-	66,424	944	54,009	-	30,381	
Receivable from staff retirement fund	-	-	-	-	-	-	975	153,707	
Prepayment / rent receivable	-	-	3,400	-	-	-	-	-	
Advance against shares	-	-	-	140,000	-	-	-	-	
Others	-	-	-	-	-	-	337	-	
Borrowings									
Opening balance	-	-	-	2,180,207	-	-	-	2,280,921	
Borrowings during the period / year	-	-	-	845,000	-	-	-	21,218,496	
Settled during the period / year	-	-	-	(64,242)	-	-	-	(21,319,210)	
Closing balance	-	-	-	2,970,965	-	-	-	2,180,207	

	Key management personnel			Other related parties			
	Directors / CEO	As at June 30, 2023 (Un-audited)	Associates	Directors / CEO	As at December 31, 2022 (Audited)	Associates	Other related parties
		(Rupees in '000)			(Rupees in '000)		
Deposits and other accounts							
Opening balance	38,466	184,994	3,078,698	12,308,779	59,026	371,859	6,410,266
Received during the period / year	488,692	1,994,870	293,206,428	123,119,335	517,842	4,736,925	92,145,150
Withdrawn during the period / year	(418,360)	(1,777,395)	(274,447,071)	(122,659,148)	(538,402)	(4,728,481)	(87,581,596)
Transfer in / (out) - net	-	(10,008)	-	-	-	(195,309)	1,334,959
Closing balance	1,08,798	392,461	21,838,055	12,768,966	38,466	184,994	12,308,779
Other Liabilities							
Interest / mark-up payable	498	6,411	60,952	105,462	253	158	13,231
Dividend Payable	1,866,416	-	-	2,709,395	1,146,264	39	2,201,513
Payable to defined benefit plan	-	-	-	79,794	-	-	-
Others	-	-	-	74,771	-	-	70,267
Contingencies and Commitments							
Other contingencies	-	-	-	756,269	-	-	463,191

	For the period ended June 30, 2023 (Un-audited)			For the period ended June 30, 2022 (Un-audited)			
	Directors / CEO	Key management personnel	Associates	Directors / CEO	Key management personnel	Associates	Other related parties
		(Rupees in '000)			(Rupees in '000)		
Income							
Mark-up / return / interest earned	858	10,704	-	104,100	156	16,026	91,203
Fee and commission income	-	-	78,854	-	-	45,589	-
Dividend income	-	-	155,995	113,746	-	74,995	320,729
Gain / (loss) on sale of securities	-	1	(2,094)	-	-	-	3,201
Other income	-	36	21,842	-	-	9	-
Expenses							
Mark-up / return / interest paid	5,035	13,236	369,287	1,001,086	728	10,042	387,204
Operating expenses	74,857	-	-	-	103,277	-	-
Directors fee	214,931	801,804	-	163,895	606,790	-	-
Managerial remuneration	-	-	-	89,980	-	-	59,304
Software maintenance	-	-	-	114,239	-	-	1,695
Travelling and accommodation	-	-	-	-	-	-	23,988
Communication cost	-	-	-	-	-	34	-
Brokerage and commission	-	-	-	233,501	-	-	134,408
Charge for defined benefit plan	-	-	-	361,194	-	-	286,257
Contribution to defined contribution plan	-	-	-	2,816	-	-	10,488
Others	-	-	-	-	-	-	-
Other Information							
Dividend paid	156,250	5,019	5,903	227,219	2,049	4,773	107,362
Insurance premium paid	-	-	1,020,603	-	-	-	-
Insurance claims settled	-	-	319,671	-	-	-	-

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	15,771,651	15,771,651
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	91,853,403	84,234,454
Eligible Additional Tier 1 (ADT 1) Capital	13,570,305	13,568,130
Total Eligible Tier 1 Capital	105,423,708	97,802,584
Eligible Tier 2 Capital	24,536,412	23,442,613
Total Eligible Capital (Tier 1 + Tier 2)	129,960,120	121,245,197

Risk Weighted Assets (RWAs):

Credit risk	750,273,634	755,004,734
Market risk	14,790,838	8,815,338
Operational risk	121,895,800	121,895,800
Total	886,960,272	885,715,872

Common Equity Tier 1 Capital Adequacy ratio

	10.36%	9.51%
Tier 1 Capital Adequacy Ratio	11.89%	11.04%
Total Capital Adequacy Ratio	14.65%	13.69%

In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Holding Company:

Common Equity Tier 1 Capital Adequacy ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.50%	11.50%

For Capital adequacy calculation, the Holding Company has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.

Leverage Ratio (LR):

Eligible Tier-1 Capital	105,423,708	98,201,491
Total exposures	2,785,363,092	2,710,331,582
Leverage ratio	3.78%	3.62%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	946,242,028	688,048,074
Total Net Cash Outflow	445,906,567	371,947,384
Liquidity coverage ratio	212%	185%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	1,448,192,750	1,275,978,211
Total Required Stable Funding	953,983,255	849,343,576
Net Stable Funding Ratio	152%	150%

40 AFGHANISTAN OPERATIONS

Bank Alfalah maintains a two-branch presence in Afghanistan. The board and management of the Holding Company continue to closely monitor the evolving situation in Afghanistan which has been hampered due to the country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The Holding Company has taken impairment against assets where there is an indication that carrying amount may be higher than its recoverable amount. The Holding Company remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

41 NON-ADJUSTING EVENT

The Board of Directors of the Holding Company in its meeting held on August 10, 2023 has declared an interim cash dividend of 30% i.e. Rs. 3.0 per share (June 30, 2022: Rs. 2.5 per share). These consolidated condensed interim financial statements do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on August 10, 2023 by the Board of Directors of the Holding Company.

43 GENERAL

43.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements, wherever necessary to facilitate comparison.

43.2 The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated condensed interim financial statements is as follows:

Description of item	Nature	(Rupees in '000)	From	To
Net interest on Interest Rate Swap	Income	205,856	Mark-Up/Return/Interest Expensed - Borrowings	Mark-Up/Return/Interest Earned - Investments
Sukuk	Asset	222,000	Available for sale securities Investment - Term Finance Certificates	Available for sale securities Investment - Sukuk

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director



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