



QUARTERLY REPORT - SEPTEMBER 30, 2023  
(UN-AUDITED)

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# Company Information

## Board of Directors

**HH Sheikh Nahayan Mubarak 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

### Farooq Ahmed Khan

Group Head, Corporate, Investment Banking and International Business

### 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

### Tahir Khurshid

Group Head, Audit and Inspection

### Zahid Anjum

Group Head, Special Assets Management

### Chief Financial Officer

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Anjum Hai

### Company Secretary

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Muhammad Akram Sawleh

### Chief Internal Auditor

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Tahir Khurshid

### Auditors

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A. F. Ferguson & Co.

Chartered Accountants

### Registered/Head Office

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B. A. Building

I. I. Chundrigar Road

Karachi, Pakistan

bankalfalah.com

### Share Registrar

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F. D. Registrar Services (Pvt.) Limited

1705, 17th Floor, Saima Trade Tower-A

I. I. Chundrigar Road

Karachi, Pakistan.

### Legal Advisor

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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

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### 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

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### 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

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### 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

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### 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 period ended September 30, 2023.

## Economic Review

Pakistan's economy started showing positive signs after the IMF agreement towards the end of 1H'23. State Bank of Pakistan's (SBP) reserves went up significantly, crossing the USD 8.0 billion mark by July 2023 against the critically low level of USD 4.47 billion a month earlier. During the period, the Rupee depreciated by approximately 36% against the greenback. However, due to key administrative measures taken by the caretaker government and gradually improving macro outlook, the Rupee improved in the third quarter against the USD and closed the quarter at around PKR 287.7 level.

Inflation went down during Q3'23 after reaching a peak of 38% during 1H'23, due to the high-base effect and some improvements in food prices on a month-on-month basis. Overall, the average National CPI inflation for the Y23 to date is 31.7%. Despite high inflation readings and continued negative real interest rates, the SBP decided to maintain an unchanged policy rate of 22% in the last two monetary policy meetings with the expectation of a gradual decline in inflation over the next few months.

During FY23, the Current Account Balance posted a deficit of USD 2.4 billion compared to the same period last year when the deficit clocked in at USD 17.5 billion, a substantial improvement of 86%. This jump 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. Domestic supply constraints due to import controls hampered industrial activity. However, post relaxation in import restrictions, economic activities revived. Accordingly, 2MFY24 current account deficit reached USD 935 million as against USD 2.0 billion in the same period last year.

Pakistan posted a fiscal deficit of PKR 6,521 billion (7.75% of GDP) which is higher than the budgeted estimate and

the 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 a growth rate of 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%.

The stock market, which remained relatively lackluster during the earlier part of the year, showed a strong resurgence amid IMF program sign-off and macro improvement. KSE 100, the benchmark index of the Pakistan Stock Exchange (PSX), recorded an increase of 14.4% during 9M CY23 to close at 46,233 index points.

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 stable IMF program for long-term structural reforms would be critical challenges for the new government post-elections.

# Review of the Bank's Performance

Highlights of the Bank's financial results for the period ended September 30, 2023, are presented as follows:

Financial Position	September 30, 2023	December 31, 2022
	Rupees in Millions	
Shareholders' Equity	119,742	100,015
Total Assets	2,675,589	2,253,197
Deposits	1,821,313	1,486,845
Advances – net	665,596	732,375
Investments – net	1,506,084	1,114,407

Financial Performance	Period ended September 30, 2023	Period ended September 30, 2022
	Rupees in Millions	
Net Interest Income and Non-Markup Income	109,504	71,467
Non-Markup Expenses	47,587	35,688
Provisions and write offs (net)	9,164	8,137
<b>Profit before tax</b>	<b>52,753</b>	<b>27,643</b>
<b>Profit after tax</b>	<b>27,252</b>	<b>14,090</b>
Basic and Diluted earnings per share – Rupees	17.28	7.93

Bank Alfalah continued its growth momentum during the third quarter, with profit after tax reaching 27.252 billion, which is 93.4% higher than the same period last year (SPLY). The Earning Per Share (EPS) for the nine-months period stands at Rs. 17.28 (Sept 2022: Rs. 7.93). The Bank also continued to make significant investments in network, people and technology.

Revenue stood at Rs. 109.504 billion, showing an increase of 53.2% as compared to SPLY. Key contribution was from markup income which grew by 68.5% and closed at Rs. 90.985 billion. A combination of net earning assets growth and re-pricing of the asset book at higher rates led to the increase in markup income. Non-markup income is Rs. 18.519 billion, higher by 6.1% compared to SPLY. Higher fee and derivatives income were offset by lower FX and capital loss. The capital loss realised on government securities was due to rebalancing of the book in view of interest rate outlook.

Fee and commission income showed a robust growth of 32.8% year on year (YoY). Card (debit and credit) related fee is up due to higher customer spend by 50.4%. Further, card acquiring income rose due to an increase in e-commerce spend and POS merchant sales by 46.0%. Branch banking, Trade, guarantees, credit-related fee

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 momentum through expansion and investments in new ventures. The Bank's strategy to open new branches, invest in digital technologies and information technology platforms alongside flood relief efforts, marketing, PKR depreciation and inflation related effects led to higher operating expenses. Since 2022, the Bank has opened over 160 new branches, which are helping us in customer acquisition, deposit mobilisation and hence revenue growth. Becoming an industry first, the Bank has opened a state-of-the-art Digital Lifestyle branch, having innovative features 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. The Bank's cost to income ratio improved to 42.2% as against 49.0% SPLY, taking support from strong revenue growth.

Deposits were reported at Rs. 1.821 trillion at the end of September '23, with YoY growth of 31.5%. The current

deposits grew by 23.7% YoY. This reflects the Bank's well thought and applied strategy of increasing its market share.

Loan book closed at Rs. 708.228 billion while maintaining credit discipline amid challenging market fundamentals. Our underwriting discipline and rigorous client selection continued to serve us well; this is reflected in our non-performing loans ratio which stood at 5.4% despite some prudent classifications. Non-performing loans remain fully covered with coverage being 112.5% (including general provision). Further, during the period, the Bank has taken an additional general provision of Rs. 2.322 billion against high risk portfolio due to the economic vulnerability faced by such loans, whereas the provision held for flood impacted portfolio was reversed as headwinds in that portfolio have eased up.

As at September 30, 2023, the Bank remains adequately capitalised with CAR at 15.50%.

## 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 remains well-positioned to achieve sustainable growth and create long-term shareholder value, despite prevailing macroeconomic challenges. Our foremost goal is to fortify our market share, further extending our domestic footprint and delivering unparalleled services to our valued customers while expanding our reach to a broader audience. We are committed to fine-tuning our strategic actions to ensure alignment with national economic objectives and an evolving macro-economic landscape.

Our strategic pillars include the expansion of market share, a heightened focus on the consumer sector, robust support for SME growth, and the adept use of technology to cater to our customers' banking needs. Additionally, we will prioritise increasing trade volumes, broadening our cash management capabilities, and optimising our processes to underpin our strategy effectively.

Responding to ever-changing business dynamics, we are expediting our digital transformation journey; collaborating with fintech companies allows us to harness their disruptive technologies and solutions, thereby enhancing our technological advantage and accelerating digital adoption while leveraging our core competencies.

Crucially, we remain steadfast in our commitment to investing in our invaluable human capital and nurturing a culture characterised by care, collaboration, creativity, and innovation. Furthermore, recognising the pivotal role of transforming the customer and employee experience, we are dedicated to enhancing these aspects of our operations.

Through strategic vision, a customer-centric approach, dedication to innovation, and a holistic focus on our human capital, 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. We also wish to convey our appreciation to our shareholders, customers, and business collaborators for their ongoing support.

Over the years, we have laid the foundations to provide exceptional value and service to our clientele concurrently enhancing our financial performance and reinforcing our financial stability. Our commitment remains unwavering in serving our customers and playing a pivotal role in bolstering Pakistan's economic resurgence. In the process, we will maintain a conscientious approach towards our obligations to our employees and local communities, and our dedication to delivering consistent returns to our shareholders.

**Atif Aslam Bajwa**  
President and Chief Executive Officer

October 26, 2023  
Dubai

**Khalid Qurashi**  
Director

کہوڑا تھا۔ غیر فعال قرضے پر 112.5 فیصد (بشمول عام پروویژن) کی کوریج موجود ہے۔ اسی مدت کے دوران، معاشی حالات کے باعث بانی رسک پورٹ فولیو سے جڑے خطرات کا مقابلہ کرنے کے لیے بینک نے 2.322 ارب روپے کا اضافی جنرل پروویژن حاصل کیا جبکہ سیلاب سے متاثرہ پورٹ فولیو میں دستیاب پروویژن کو واپس کر دیا کیونکہ اس پر دباؤ کم ہو چکا ہے۔

30 ستمبر 2023 کو بینک 15.50 فیصد CAR کے ساتھ کافی حد تک سرمایہ دار ہے۔

تجربے کو تبدیل کرنے کے اہم کردار کو تسلیم کرتے ہوئے، ہم اپنے آپریٹنگز کے ان پہلوؤں کو بڑھانے کے لیے وقف ہیں۔

اسٹریٹیجک وژن، صارف پر مرکوز نقطہ نظر، اختراع کے لیے لگن، اور ہمارے انسانی سرمائے پر ایک جامع توجہ کے ذریعے، بینک الفلاح مستقبل کو قبول کرنے اور پائیدار کامیابی حاصل کرنے 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 کا شکریہ ادا کرنا چاہتے ہیں۔ اس کے ساتھ ساتھ، ہم اپنے شیئر ہولڈرز، اپنے صارفین اور کاروباری شراکت داروں کی مسلسل سرپرستی پر اظہار تشکر کرنا چاہیں گے۔

گزشتہ برسوں کے دوران، ہم نے اپنے صارفین کو غیر معمولی قدر اور خدمات فراہم کرنے کے لیے بنیادیں رکھی ہیں جو بیک وقت ہماری مالی کارکردگی کو بڑھاتی ہیں اور ہمارے مالی استحکام کو تقویت دیتی ہیں۔ ہمارا عزم اپنے صارفین کی خدمت کرنے اور پاکستان کی معاشی بحالی کو تقویت دینے میں اہم کردار ادا کرنے میں غیر متزلزل ہے۔ اس عمل میں، ہم اپنے ملازمین اور مقامی کمیونٹیز کے لیے اپنی ذمہ داریوں کے لیے ایک مخلصانہ انداز کو برقرار رکھیں گے، اور اپنے شیئر ہولڈرز کو مستقل منافع فراہم کرنے کے لیے اپنی لگن کو برقرار رکھیں گے۔

عاطف اسلم باجوہ  
صدر اور چیف ایگزیکٹو آفیسر  
26 اکتوبر، 2023

خالد قریشی  
ڈائریکٹر

دہلی

## مستقبل کا منظر نامہ

بینک الفلاح موجودہ میکر اوکنامک چیلنجوں کے باوجود پائیدار ترقی حاصل کرنے اور طویل مدتی شیئر ہولڈرز کی قدر پیدا کرنے کے لیے اچھی پوزیشن میں ہے۔ ہمارا اولین مقصد اپنے بازار کے حصص کو مضبوط بنانا، اپنے گھریلو تئش کو مزید بڑھانا اور وسیع تر سامعین تک اپنی رسائی کو بڑھانے ہونے قابل قدر صارفین کو بے مثال خدمات فراہم کرنا ہے۔ ہم قومی اقتصادی مقاصد اور ایک ابھرتے ہوئے میکر اوکنامک منظر نامے کے ساتھ ہم آہنگی کو یقینی بنانے کے لیے اپنے اسٹریٹیجک اقدامات کو ٹھیک کرنے کے لیے پرعزم ہیں۔

ہمارے اسٹریٹیجک ستونوں میں مارکیٹ شیئر کی توسیع، صارفین کے شعبے پر زیادہ توجہ، ایس ایم ای کی ترقی کے لیے مضبوط تعاون، اور اپنے صارفین کی بینکنگ ضروریات کو پورا کرنے کے لیے ٹیکنالوجی کا ماہر استعمال شامل ہیں۔ مزید برآں، ہم تجارت کے حجم کو بڑھانے، اپنی نقدی کے انتظام کی صلاحیتوں کو وسیع کرنے، اور اپنی حکمت عملی کو مؤثر طریقے سے آگے بڑھانے کے لیے اپنے عمل کو بہتر بنانے کو ترجیح دیں گے۔

بدلتی ہوئی کاروباری حرکیات کا جواب دیتے ہوئے، ہم اپنے ڈیجیٹل تبدیلی کے سفر کو تیز کر رہے ہیں۔ فنٹیک کمپنیوں کے ساتھ تعاون ہمیں ان کی خلل ڈالنے والی ٹیکنالوجیز اور حلوں کو بروئے کار لانے کی اجازت دیتا ہے، اس طرح ہمارے تکنیکی فائدے کو بڑھاتا ہے اور اپنی بنیادی صلاحیتوں سے فائدہ اٹھاتے ہوئے ڈیجیٹل اپنانے میں تیزی لاتا ہے۔

اہم بات یہ ہے کہ ہم اپنے انمول انسانی سرمائے میں سرمایہ کاری کرنے اور دیکھ بھال، تعاون، تخلیقی صلاحیتوں اور جدت طرازی کی خصوصیات والی ثقافت کو پروان چڑھانے کے اپنے عزم پر ثابت قدم رہتے ہیں۔ مزید برآں، کسٹمر اور ملازم کے

## بینک کی کارکردگی کا جائزہ

30 ستمبر 2023 کو ختم ہونے والی مدت کے لیے بینک کے مالیاتی نتائج کی جھلکیاں مندرجہ ذیل ہیں :

مالیاتی پوزیشن	
30 ستمبر، 2023	31 دسمبر، 2022
شیر ہولڈر کی ایکویٹی	119,742
کل اثاثہ جات	2,253,197
ڈیبٹز	1,486,845
ایڈوانسز - خالص	732,375
سرمایہ کاری - خالص	1,114,407

مالیاتی کارکردگی	
30 ستمبر، 2023	30 ستمبر، 2022
انٹرسٹ آمدنی اور غیر مارگ اپ آمدنی	109,504
غیر مارگ اپ ٹیکس	47,587
پروویژن اور رائٹ آف (نیٹ)	9,164
منافع قبل از ٹیکس	52,753
منافع بعد از ٹیکس	27,252
بنیادی اور ڈائیلیوٹڈ منافع فی شیر - روپیہ	17.28

اخراجات کی مسلسل نگرانی کی جاتی ہے، اور بینک نئے منصوبوں میں توسیع اور سرمایہ کاری کے ذریعے رفتار بڑھانے پر توجہ مرکوز کرتے ہوئے لاگت کا احتیاط سے انتظام کرتا ہے۔ بینک کی نئی شاخیں کھولنے، ڈیجیٹل ٹیکنالوجیز اور انفارمیشن ٹیکنالوجی پلیٹ فارمز میں سرمایہ کاری کرنے کی حکمت عملی سیلاب سے نجات کی کوششوں، مارکیٹنگ، روپیہ کی قدر میں کمی اور مہنگائی سے متعلق اثرات کی وجہ سے آپریٹنگ اخراجات میں اضافہ ہوا۔ 2022 سے، بینک نے 160 سے زیادہ نئی شاخیں کھولی ہیں، جو صارفین کے حصول، ڈیپازٹ کو متحرک کرنے اور اس وجہ سے آمدنی میں اضافے میں ہماری مدد کر رہی ہیں۔ صنعت میں پہل کرتے ہوئے، بینک نے جدید ترین ڈیجیٹل لائف اسٹائل برانچ کھولی ہے، جس میں جدید خصوصیات ہیں جن میں کیش اور چیک ڈیپازٹ مشینیں، ڈیجیٹل لاکرز اور Alfa Mall کے ذریعے ڈائننگ اور ورگ اسپیس شپنگ کے طور پر شامل ہے۔ مضبوط آمدنی میں اضافے سے تعاون حاصل کرتے ہوئے، بینک کی لاگت سے آمدنی کا تناسب 42.2 فیصد گزشتہ سال کی اسی مدت کے مقابلے میں 49.0 فیصد تک بہتر ہوا۔

ڈیپازٹس ستمبر 23 کے آخر میں 1.821 ٹریلین روپیہ بتائے گئے، جس کی سالانہ نمو 31.5 فیصد رہی۔ موجودہ ڈیپازٹس میں 23.7 فیصد سال بہ سال اضافہ ہوا۔ یہ اپنے مارکیٹ شیئر کو بڑھانے کے لیے بینک کی سوچی سمجھی اور لاگو حکمت عملی کی عکاسی کرتا ہے۔

مشکل معاشی صورتحال کے باوجود، کریڈٹ ڈسپنل کو برقرار رکھتے ہوئے قرضے 708.228 ارب روپیہ پر بند ہوئے۔ ہمارا انڈر رائٹنگ ڈسپنل اور سخت کلارنٹ کا انتخاب ہماری اچھی طرح سے مدد کرتا رہا۔ یہ ہمارے غیر فعال قرضوں کے تناسب سے ظاہر ہوتا ہے جو کچھ سمجھدار درجہ بندی کے باوجود 5.4 فیصد پر

بینک الفلاح نے تیسری سہ ماہی کے دوران اپنی ترقی کی رفتار کو جاری رکھا، ٹیکس کے بعد منافع 27.252 ارب تک پہنچ گیا، جو گزشتہ سال کی اسی مدت سے 93.4 فیصد زیادہ ہے۔ نو ماہ کی مدت کے لیے فی شیر کمائی (EPS) 17.28 روپیہ ہے۔ (ستمبر 2022: 7.93 روپیہ)۔ بینک نے نیٹ ورگ، لوگوں اور ٹیکنالوجی میں بھی نمایاں سرمایہ کاری جاری رکھی۔

آمدنی 109.504 ارب روپیہ رہی۔ گزشتہ سال کی اسی مدت کے مقابلے میں 53.2 فیصد کا اضافہ دکھایا گیا ہے۔ کلیدی شراکت مارگ اپ آمدنی سے تھی جس میں 68.5 فیصد اضافہ ہوا اور 90.985 ارب روپیہ پر بند ہوئی۔ خالص آمدنی والے اثاثوں میں اضافہ اور اثاثہ کی کتاب کی اعلیٰ شرحوں پر دوبارہ قیمتوں کا مجموعہ مارگ اپ آمدنی میں اضافے کا باعث بنا۔ غیر مارگ اپ آمدنی 18.519 ارب روپیہ ہے، گزشتہ سال کی اسی مدت کے مقابلے میں 6.1 فیصد زیادہ۔ زیادہ فیس اور ڈیپریٹوز کی آمدنی کم FX اور سرمائے کے نقصان سے پوری کی گئی۔ سرکاری سیکیورٹیز پر ہونے والے سرمائے کے نقصان کی وجہ شرح سود کے تقطع نظر کے پیش نظر کتاب میں توازن پیدا کرنا تھا۔

فیس اور کمیشن کی آمدنی نے سال بہ سال 32.8 فیصد کی مضبوط ترقی ظاہر کی۔ کارڈ (ڈیپٹ اور کریڈٹ) سے متعلقہ فیس 50.4 فیصد زیادہ کسٹمر کے اخراجات کی وجہ سے بڑھ گئی ہے۔ مزید برآں، ای کامرس کے اخراجات اور POS مرچنٹ کی فروخت میں 46.0 فیصد اضافے کی وجہ سے کارڈ حاصل کرنے والی آمدنی میں اضافہ ہوا۔ برانچ بینکنگ، تجارت، ضمانتیں، کریڈٹ سے متعلقہ فیس اور ترسیلات زر کی آمدنی میں بھی اضافہ ہوا۔ الفلاح / انٹرنیٹ بینکنگ / ای ٹی ایمز اور کیش ڈیپازٹ مشینوں (سی ڈی ایم) کے ذریعے ڈیجیٹل لین دین کے حجم میں اضافہ اور ای ٹی ایم نکالنے کی فیس میں اوپر کی طرف نظر ثانی کے نتیجے میں متبادل ڈیلیوری چینلز کی آمدنی میں اضافہ ہوا۔

اسٹاک مارکیٹ، جو سال کے ابتدائی حصے میں نسبتاً کمزور رہی، آئی ایم ایف پروگرام کے سائٹ آف اور میکرو بہتری کے درمیان ایک مضبوط بحالی کا مظاہرہ کیا۔ KSE 100، پاکستان اسٹاک ایکسچینج (PSX) کا بینچ مارک انڈیکس، 9MICY23 کے دوران 14.4 فیصد کا اضافہ ریکارڈ کر کے 46,233 انڈیکس پوائنٹس پر بند ہوا۔

آگے بڑھتے ہوئے، غیر مستحکم سیاسی دور میں معاشی پالیسی سازی کے لیے IMF پروگرام کا تسلسل بہت ضروری ہے۔ موجودہ سال اور اس سے آگے کے دوران قرضوں کی بڑے پیمانے پر ادائیگیوں کے لیے بیرونی فنڈنگ کو محفوظ بنانا، افراط زر کے دباؤ کا انتظام کرنا اور ترقی کی حوصلہ افزائی کرنا، طویل مدتی ڈھانچہ جاتی اصلاحات کے لیے ایک بڑے اور مستحکم IMF پروگرام کو حاصل کرنا انتخابات کے بعد نئی حکومت کے لیے اہم چیلنجز ہوں گے۔

بم بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2023 کو ختم ہونے والی مدت کے لیے بینک الافلاح لمیٹڈ عبوری مالیاتی اسٹیٹمنٹ جاری کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## معاشی جائزہ

پہلی ششماہی 2023 کے آخر میں آئی ایم ایف کے معاہدے کے بعد پاکستان کی معیشت نے مثبت اشارے دکھانا شروع کر دیے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ذخائر میں نمایاں اضافہ ہوا، جو جولائی 2023 تک 8.0 ارب امریکی ڈالر تک پہنچ گئے تھے جبکہ ایک ماہ قبل 4.47 ارب امریکی ڈالر کی انتہائی کم سطح تھی۔ اس مدت کے دوران، روپیے کی قدر امریکی ڈالر کے مقابلے میں تقریباً 36 فیصد تک گر گئی۔ تاہم، نگران حکومت کے اہم انتظامی اقدامات اور بتدریج معاشی منظر نامے کو بہتر بنانے کی وجہ سے، روپیہ تیسری سہ ماہی میں امریکی ڈالر کے مقابلے میں بہتر ہوا اور سہ ماہی 287.7 روپیے کی سطح پر بند ہوئی۔

مہنگائی 1H'23 کے دوران 38 فیصد کی بلسندی تک پہنچنے کے بعد Q3'23 کے دوران کم ہوئی، جس کی وجہ اعلیٰ بنیاد اثر اور ماہانہ بنیادوں پر خوراک کی قیمتوں میں کچھ بہتری ہے۔ مجموعی طور پر، CV23 کی اب تک کی مہنگائی 31.7 فیصد ہے۔ اعلیٰ افراط زر کی ریڈنگز اور مسلسل منفی حقیقی شرح سود کے باوجود، SBP نے آئندہ چند مہینوں میں افراط زر میں بتدریج کمی کی توقع کے ساتھ گزشتہ دو مانیٹری پالیسی میٹنگز میں 22 فیصد کی غیر تبدیل شدہ پالیسی ریٹ برقرار رکھنے کا فیصلہ کیا۔

مالی سال 23 کے دوران، کرنٹ اکاؤنٹ بیلنس نے گزشتہ سال کی اسی مدت کے مقابلے میں 2.4 ارب امریکی ڈالر کا خسارہ پوسٹ کیا جب خسارہ 17.5 ارب امریکی ڈالر تک پہنچ گیا، جو کہ 86 فیصد کی نمایاں بہتری ہے۔ یہ بہتری انتظامیہ کے مضبوط درآمدی کنٹرول کے نتیجے میں آئی کیونکہ پاکستان کو قرضوں کی فراہمی، دوست ممالک کی جانب سے تاخیری معاونت، اور برآمدات اور ترسیلات زر میں کمی کی وجہ سے ڈالر کی قلت کا سامنا کرنا پڑا۔ درآمدی کنٹرول کی وجہ سے گھریلو رسد کی رکاوٹوں نے صنعتی سرگرمیوں کو متاثر کیا۔ تاہم درآمدی پابندیوں میں نرمی کے بعد معاشی سرگرمیاں بحال ہوئیں۔ اس کے مطابق، 2MFY24 کرنٹ اکاؤنٹ خسارہ 935 ملین امریکی ڈالر تک پہنچ گیا جو پچھلے سال کی اسی مدت میں 2.0 ارب امریکی ڈالر تھا۔

پاکستان کا مالیاتی خسارہ 6,521 ارب روپیے (GDP کا 7.75 فیصد) ہے جو بجٹ کے تخمینہ اور پچھلے سال کے خسارے سے زیادہ ہے۔ حکومت مالی سال 2023-24 کے لیے 6,923 ارب روپیے (GDP کا 6.5 فیصد) خسارہ دیکھ رہی ہے، جو کہ ایک امید افزا ہدف ہے اس بات پر غور کرتے ہوئے کہ معیشت بلند افراط زر اور دباؤ والے بیرونی اکاؤنٹ کے ساتھ سنست ترقی کے مرحلے سے گزر رہی ہے۔ حکومت GDP کی نمو کے بارے میں بھی پر امید نظریہ رکھتی ہے، 2023 میں 0.3 فیصد کے مقابلے میں 2024 میں 3.5 فیصد کی شرح نمو کا تخمینہ لگا رہی ہے، صنعتی شعبے کی مضبوط کارکردگی پر زور دیا گیا ہے، اس سال صنعتی ترقی کا ہدف 3.4 فیصد ہے جو کہ پچھلے سال 2.1 فیصد سے گرا تھا۔

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 has red dots and a red line connecting them, showing an overall upward trend. The candlestick chart consists of several white candles with black outlines, arranged in a row. The hand is positioned in the lower right, with the pen tip pointing towards the line graph.

BANK ALFALAH LIMITED

**UNCONSOLIDATED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

# Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2023

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	198,021,222	140,613,348
Balances with other banks	8	17,411,919	9,485,380
Lendings to financial institutions	9	60,245,503	115,353,599
Investments	10	1,506,083,771	1,114,406,758
Advances	11	665,595,656	732,374,851
Fixed assets	12	58,602,172	48,424,722
Intangible assets	13	1,387,439	1,296,297
Deferred tax assets	14	17,090,712	9,012,648
Other assets	15	151,150,574	82,229,125
		2,675,588,968	2,253,196,728
<b>LIABILITIES</b>			
Bills payable	16	21,539,292	40,033,806
Borrowings	17	505,792,941	491,179,531
Deposits and other accounts	18	1,821,312,937	1,486,845,346
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	14,000,000	14,000,000
Other liabilities	20	193,202,177	121,123,422
		2,555,847,347	2,153,182,105
<b>NET ASSETS</b>		119,741,621	100,014,623
<b>REPRESENTED BY</b>			
Share capital		15,771,651	15,771,651
Reserves		41,324,406	34,283,201
Surplus on revaluation of assets	21	1,626,117	4,858,723
Unappropriated profit		61,019,447	45,101,048
		119,741,621	100,014,623
<b>CONTINGENCIES AND COMMITMENTS</b>	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 nine months period ended September 30, 2023

	Note	Quarter ended September 30, 2023	Quarter ended September 30, 2022	Nine months period ended September 30, 2023	Nine months period ended September 30, 2022
------(Rupees in '000)-----					
Mark-up/return/interest earned	24	109,776,373	61,676,003	286,232,638	144,100,836
Mark-up/return/interest expensed	25	77,982,313	39,807,053	195,247,418	90,089,119
Net Mark-up/return/interest income		<u>31,794,060</u>	<u>21,868,950</u>	<u>90,985,220</u>	<u>54,011,717</u>
<b>NON MARK-UP/RETURN/INTEREST INCOME</b>					
Fee and commission income	26	3,804,269	2,793,426	10,562,623	7,952,714
Dividend income		234,394	171,199	857,534	837,598
Foreign exchange income	27	2,412,544	3,481,691	7,518,196	8,333,329
Gain from derivatives		438,255	109,970	1,127,246	211,053
Loss on securities	28	(1,483,792)	(48,242)	(1,804,260)	(129,912)
Other income	29	124,981	46,821	257,741	250,887
Total non-mark-up / interest income		<u>5,530,651</u>	<u>6,554,865</u>	<u>18,519,080</u>	<u>17,455,669</u>
Total income		<u>37,324,711</u>	<u>28,423,815</u>	<u>109,504,300</u>	<u>71,467,386</u>
<b>NON MARK-UP/INTEREST EXPENSES</b>					
Operating expenses	30	15,895,031	13,299,038	46,257,636	35,010,111
Workers' welfare fund	31	378,112	239,626	1,191,335	663,445
Other charges	32	1,300	7,110	138,261	14,280
Total non-mark-up / interest expenses		<u>16,274,443</u>	<u>13,545,774</u>	<u>47,587,232</u>	<u>35,687,836</u>
Profit before provisions		<u>21,050,268</u>	<u>14,878,041</u>	<u>61,917,068</u>	<u>35,779,550</u>
Provisions and write offs - net	33	4,162,498	4,095,069	9,164,461	8,136,508
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<u>16,887,770</u>	<u>10,782,972</u>	<u>52,752,607</u>	<u>27,643,042</u>
Taxation	34	8,256,102	5,396,255	25,501,012	13,553,124
<b>PROFIT AFTER TAXATION</b>		<u>8,631,668</u>	<u>5,386,717</u>	<u>27,251,595</u>	<u>14,089,918</u>
------(Rupees)-----					
<b>Basic and diluted earnings per share</b>	35	<u>5.47</u>	<u>3.03</u>	<u>17.28</u>	<u>7.93</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 Comprehensive Income (Un-audited)

For the nine months period ended September 30, 2023

	Quarter ended September 30, 2023	Quarter ended September 30, 2022	Nine months period ended September 30, 2023	Nine months period ended September 30, 2022
	------(Rupees in '000)-----			
Profit after taxation for the period	8,631,668	5,386,717	27,251,595	14,089,918
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Effect of translation of net investment in foreign branches	(118,076)	1,211,378	4,316,045	2,803,379
Movement in surplus / (deficit) on revaluation of investments - net of tax	2,175,044	(3,411,461)	(3,080,201)	(5,554,430)
	2,056,968	(2,200,083)	1,235,844	(2,751,051)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of investments - net of tax	(6,631)	-	19,007	-
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax	(9,708)	(6,996)	(97,318)	(73,988)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	405	762	(7,722)	11,884
	(15,934)	(6,234)	(86,033)	(62,104)
<b>Total comprehensive income</b>	<u>10,672,702</u>	<u>3,180,400</u>	<u>28,401,406</u>	<u>11,276,763</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 nine months period ended September 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)									
<b>Balances as at January 01, 2022 (audited)</b>	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
<b>Changes in equity for the nine months period ended September 30, 2022</b>									
Profit after taxation	-	-	-	-	-	-	-	14,089,918	14,089,918
Other comprehensive income / (loss) - net of tax	-	-	2,803,379	-	(5,554,430)	(73,988)	11,884	-	(2,813,155)
Transfer to statutory reserve	-	-	-	1,408,992	-	-	-	(1,408,992)	-
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	-	-	-	-	-	(66,441)	(90)	66,531	-
<b>Transactions with owners, recorded directly in equity</b>									
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)
<b>Balance as at September 30, 2022 (un-audited)</b>	<b>17,771,651</b>	<b>4,731,049</b>	<b>11,014,468</b>	<b>18,420,817</b>	<b>(6,781,731)</b>	<b>12,476,648</b>	<b>62,598</b>	<b>45,586,701</b>	<b>103,282,201</b>
<b>Changes in equity for the three months period December 31, 2022</b>									
Profit after taxation	-	-	-	-	-	-	-	4,116,527	4,116,527
Other comprehensive income / (loss) - net of tax	-	-	(294,786)	-	(763,143)	(8,248)	19,939	(294,012)	(1,340,250)
Transfer to statutory reserve	-	-	-	411,653	-	-	-	(411,653)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(147,308)	(32)	147,340	-
<b>Transactions with owners, recorded directly in equity</b>									
Own shares purchased during the year	(2,000,000)	-	-	-	-	-	-	(4,043,855)	(6,043,855)
<b>Balance as at December 31, 2022 (audited)</b>	<b>15,771,651</b>	<b>4,731,049</b>	<b>10,719,682</b>	<b>18,832,470</b>	<b>(7,544,874)</b>	<b>12,321,092</b>	<b>82,505</b>	<b>45,101,048</b>	<b>100,014,623</b>
<b>Changes in equity for the nine months period ended September 30, 2023</b>									
Profit after taxation	-	-	-	-	-	-	-	27,251,595	27,251,595
Other comprehensive income / (loss) - net of tax	-	-	4,316,045	-	(3,061,194)	(97,318)	(7,722)	-	1,149,811
Transfer to statutory reserve	-	-	-	2,725,160	-	-	-	(2,725,160)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(66,372)	-	66,372	-
<b>Transactions with owners, recorded directly in equity</b>									
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)
<b>Balance as at September 30, 2023 (un-audited)</b>	<b>15,771,651</b>	<b>4,731,049</b>	<b>15,035,727</b>	<b>21,557,630</b>	<b>(10,606,068)</b>	<b>12,157,402</b>	<b>74,783</b>	<b>61,019,447</b>	<b>119,741,621</b>

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 nine months period ended September 30, 2023

	Note	Nine months period ended	
		September 30, 2023	September 30, 2022
------(Rupees in '000)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		52,752,607	27,643,042
Dividend income		(857,534)	(837,598)
		<u>51,895,073</u>	<u>26,805,444</u>
<b>Adjustments:</b>			
Depreciation	30	4,978,074	3,897,446
Amortisation	30	234,409	267,008
Provisions and write offs - net	33	9,164,461	8,136,508
Unrealised loss on revaluation of investments classified as held for trading-net	28	90,643	208,311
Gain on sale of fixed assets and non banking assets - net	29	(118,381)	(67,516)
Gain on termination of leases (IFRS 16) - net	29	(70,186)	(120,852)
Borrowing cost on lease liability	25	1,903,382	1,376,571
Workers' Welfare Fund		1,191,335	663,445
Charge for defined benefit plan	30.1	350,251	256,200
Charge for staff compensated absences	30.1	142,497	135,000
		<u>17,866,485</u>	<u>14,752,121</u>
		<u>69,761,558</u>	<u>41,557,565</u>
<b>Decrease / (Increase) in operating assets</b>			
Lendings to financial institutions		48,272,315	11,722,572
Held for trading securities		(24,688,989)	37,901,692
Advances		57,015,117	(78,559,324)
Other assets (excluding advance taxation)		(68,285,456)	(40,106,313)
		<u>12,312,987</u>	<u>(69,041,373)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(18,494,514)	611,647
Borrowings		16,910,575	152,824,138
Deposits		334,467,591	246,407,220
Other liabilities (excluding current taxation)		59,578,898	32,885,338
		<u>392,462,550</u>	<u>432,728,343</u>
		<u>474,537,095</u>	<u>405,244,535</u>
		<u>(24,061,060)</u>	<u>(8,520,117)</u>
Income tax paid		450,476,035	396,724,418
<b>Net cash generated from operating activities</b>		<u>450,476,035</u>	<u>396,724,418</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(298,295,110)	(358,112,205)
Net investments in held to maturity securities		(76,468,510)	(10,309,749)
Investment in subsidiary		-	(5,217)
Dividends received		802,617	779,855
Investments in operating fixed assets		(9,291,667)	(6,576,712)
Proceeds from sale of fixed assets and non banking assets		132,021	79,113
Effect of translation of net investment in foreign branches		4,316,045	2,803,379
<b>Net cash used in investing activities</b>		<u>(378,804,604)</u>	<u>(371,341,536)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets		(3,792,474)	(2,854,960)
Dividend paid		(7,083,456)	(3,379,251)
<b>Net cash used in financing activities</b>		<u>(10,875,930)</u>	<u>(6,234,211)</u>
<b>Increase in cash and cash equivalents</b>		<u>60,795,501</u>	<u>19,148,671</u>
Cash and cash equivalents at the beginning of the period		205,930,975	147,254,212
Effects of exchange rate changes on cash and cash equivalents - (gain)		(20,442,845)	(12,380,065)
		<u>185,488,130</u>	<u>134,874,147</u>
<b>Cash and cash equivalents at the end of the period</b>		<u>246,283,631</u>	<u>154,022,818</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 nine months period ended September 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 942 branches (December 31, 2022: 877 branches) and 15 sub-branches (December 31, 2022: 17 sub-branches). Out of the 942 branches, 619 (December 31, 2022: 586) are conventional, 312 (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 (IFIS). Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

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; except for overseas branches where this standard is 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 40 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:

<b>Standard, interpretation or amendment</b>		<b>Effective date (annual periods beginning on or after)</b>
- 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.

<b>(Un-audited)</b>	<b>(Audited)</b>
<b>September 30,</b>	<b>December 31,</b>
<b>2023</b>	<b>2022</b>
<b>----- (Rupees in '000) -----</b>	

## 7 CASH AND BALANCES WITH TREASURY BANKS

In hand		
- local currency	34,808,144	34,295,195
- foreign currency	8,662,321	3,692,104
	43,470,465	37,987,299
With State Bank of Pakistan in		
- local currency current accounts	72,125,068	46,845,917
- foreign currency current accounts	8,633,455	3,528,124
- foreign currency deposit accounts	12,128,725	687,240
	92,887,248	51,061,281
With other central banks in		
- foreign currency current accounts	57,367,138	49,697,265
- foreign currency deposit accounts	1,485,121	1,679,531
	58,852,259	51,376,796
With National Bank of Pakistan in local currency current account	2,680,789	92,097
Prize bonds	130,461	95,875
	198,021,222	140,613,348

## 8 BALANCES WITH OTHER BANKS

In Pakistan in current account	24,532	17,994
Outside Pakistan		
- in current accounts	17,352,324	9,438,572
- in deposit accounts	35,063	28,814
	17,387,387	9,467,386
	17,411,919	9,485,380

## 9 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	33,438,238	40,384,136
Repurchase agreement lendings (Reverse Repo)	26,807,265	74,969,700
	60,245,503	115,353,836
Less: expected credit loss - overseas branches	-	(237)
Lendings to financial institutions - net of provision	60,245,503	115,353,599

10 INVESTMENTS

10.1 Investments by type:

Note	September 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)-----							
<b>Held for trading securities</b>								
<b>Federal Government Securities</b>								
- Market Treasury Bills	20,161,082	-	(46,519)	20,114,563	2,074,210	-	(2,994)	2,071,216
- Pakistan Investment Bonds	14,827,991	-	6,079	14,834,070	4,173,096	-	33,445	4,206,541
- Ijarah Sukuk	601,668	-	(3,706)	597,962	3,059,648	-	7,862	3,067,510
<b>Shares</b>								
- Ordinary shares / units - Listed	68,026	-	374	68,400	567,811	-	(49,754)	518,057
<b>Foreign Securities</b>								
- Overseas Bonds - Sovereign	2,587,119	-	(46,871)	2,540,248	3,698,451	-	(4,878)	3,693,573
	38,245,886	-	(90,643)	38,155,243	13,573,216	-	(16,319)	13,556,897
<b>Available for sale securities</b>								
<b>Federal Government Securities</b>								
- Market Treasury Bills	184,750,466	-	(2,139,627)	182,610,839	2,402	-	(7)	2,395
- Pakistan Investment Bonds	819,353,721	-	(13,345,390)	806,008,331	831,017,092	-	(7,636,247)	823,380,845
- Ijarah Sukuk	215,822,680	-	(1,629,053)	214,193,627	104,886,109	-	(939,360)	103,946,749
- Government of Pakistan Euro Bonds	15,043,845	(2,601,158)	(3,556,470)	8,886,217	11,917,603	(2,012,101)	(4,753,348)	5,152,154
- Naya Pakistan Certificates	6,921,738	-	-	6,921,738	4,779,075	-	-	4,779,075
<b>Shares</b>								
- Ordinary shares - Listed	5,908,325	(143,201)	(99,282)	5,665,842	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)	-	-
<b>Non Government Debt Securities</b>								
- Term Finance Certificates	3,527,852	(363,744)	-	3,164,108	2,764,517	(411,218)	(48)	2,353,251
- Sukuk	16,668,706	(96,511)	46,637	16,618,832	16,898,056	(96,511)	129,707	16,931,252
<b>REIT Fund - Unlisted</b>	700,000	-	-	700,000	700,000	-	-	700,000
<b>Foreign Securities</b>								
- Overseas Bonds - Sovereign	35,673,919	(91,884)	(2,684,077)	32,897,958	26,861,689	(64,732)	(1,679,122)	25,117,835
- Overseas Bonds - Others	25,168,078	(9,388)	(2,249,644)	22,909,046	25,310,922	(10,416)	(2,074,381)	23,226,125
- Redeemable Participating Certificates	5,573,057	-	-	5,573,057	4,338,537	-	-	4,338,537
- Equity security - Listed	274,186	-	37,268	311,454	-	-	-	-
	1,336,731,771	(3,527,759)	(25,619,638)	1,307,584,374	1,038,026,783	(3,646,191)	(17,406,375)	1,016,974,217
<b>Held to maturity securities</b>								
<b>Federal Government Securities</b>								
- Pakistan Investment Bonds	110,916,359	-	-	110,916,359	68,564,798	-	-	68,564,798
- Ijarah Sukuk	27,734,961	-	-	27,734,961	-	-	-	-
<b>Non Government Debt Securities</b>								
- Term Finance Certificates	814,680	(214,680)	-	600,000	864,680	(24,680)	-	840,000
- Sukuk	3,184,761	(78,076)	-	3,106,685	1,895,679	(80,722)	-	1,814,957
<b>Foreign Securities</b>								
- Overseas Bonds - Sovereign	16,546,551	(244)	-	16,546,307	11,216,215	(168)	-	11,216,047
	159,197,312	(293,000)	-	158,904,312	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
<b>Total Investments</b>	<b>1,535,657,792</b>	<b>(3,863,740)</b>	<b>(25,710,281)</b>	<b>1,506,083,771</b>	<b>1,135,624,194</b>	<b>(3,794,742)</b>	<b>(17,422,694)</b>	<b>1,114,406,758</b>

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) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
<b>10.2 Investments given as collateral</b>		
Pakistan Investment Bonds	309,663,500	307,049,207
Ijarah Sukuk	20,000,000	-
Overseas Bonds	6,021,789	4,981,480
	<u>335,685,289</u>	<u>312,030,687</u>

**10.2.1** The market value of securities given as collateral is Rs. 324,118.809 million (December 31, 2022: Rs. 308,263.867 million).

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
<b>10.3 Provision for diminution in value of investments</b>		
<b>10.3.1</b> Opening balance	3,794,742	1,228,991
Exchange and other adjustments	597,308	66,733
Charge / (reversals)		
Charge for the period / year	405,910	2,668,843
Reversals for the period / year	(88,323)	(9,397)
Reversal on disposals	(845,897)	(160,428)
	(528,310)	2,499,018
Closing balance	<u>3,863,740</u>	<u>3,794,742</u>

**10.3.2 Particulars of provision against debt securities**

Category of classification	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing Investment	Provision	Non Performing Investment	Provision
<b>Domestic</b>	----- (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. 2,702.674 million (December 31, 2022: Rs. 2,087.417 million) against investments in accordance with ECL requirements of IFRS 9.

**10.3.3** The market value of securities classified as held-to-maturity as at September 30, 2023 amounted to Rs. 143,279.480 million (December 31, 2022: Rs. 73,518.445 million).

## 11 ADVANCES

Note	Performing		Non Performing		Total	
	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----						
Loans, cash credits, running finances, etc.	522,172,009	570,301,605	33,044,074	22,797,118	555,216,083	593,098,723
Islamic financing and related assets	136,911,168	149,839,163	4,684,385	4,893,861	141,595,553	154,733,024
Bills discounted and purchased	11,237,842	14,580,885	178,501	3,280,234	11,416,343	17,861,119
Advances - gross	670,321,019	734,721,653	37,906,960	30,971,213	708,227,979	765,692,866
Provision against advances						
- Specific	-	-	(33,616,169)	(25,396,608)	(33,616,169)	(25,396,608)
- General / expected credit loss	(9,016,154)	(7,921,407)	-	-	(9,016,154)	(7,921,407)
	(9,016,154)	(7,921,407)	(33,616,169)	(25,396,608)	(42,632,323)	(33,318,015)
Advances - net of provision	661,304,865	726,800,246	4,290,791	5,574,605	665,595,656	732,374,851

**11.1** Advances include an amount of Rs. 329.751 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 SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 17.52% to 33.69% (December 31, 2022: 13.37% to 27.25%) with maturities up to February 2043 (December 31, 2022: October 2042).

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

### 11.2 Particulars of advances (Gross)

In local currency	625,435,453	713,973,693
In foreign currencies	82,792,526	51,719,173
	<u>708,227,979</u>	<u>765,692,866</u>

**11.3** Advances include Rs. 37,906.960 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	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
------(Rupees in '000)-----				
<b>Domestic</b>				
Other Assets Especially Mentioned	174,866	2,063	178,723	15,814
Substandard	1,597,039	438,012	2,352,882	683,787
Doubtful	5,069,553	2,475,822	6,885,829	3,407,905
Loss	30,350,194	30,122,357	20,896,541	20,794,387
	37,191,652	33,038,254	30,313,975	24,901,893
Overseas				
Overdue by:				
91 to 180 days	43,711	26,105	35,903	21,952
181 to 365 days	-	-	139,472	119,706
Above 365 days	671,597	551,810	481,863	353,057
	715,308	577,915	657,238	494,715
Total	<u>37,906,960</u>	<u>33,616,169</u>	<u>30,971,213</u>	<u>25,396,608</u>

#### 11.4 Particulars of provision against advances

	September 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	92,537	65,047	157,584	32,240	22,887	55,127
Charge for the period / year	10,258,551	1,029,700	11,288,251	7,010,664	3,831,284	10,841,948
Reversals for the period / year	(1,524,173)	-	(1,524,173)	(1,898,149)	-	(1,898,149)
	8,734,378	1,029,700	9,764,078	5,112,515	3,831,284	8,943,799
Amounts written off	(607,354)	-	(607,354)	(497,192)	-	(497,192)
Amounts charged off - agriculture financing	-	-	-	(69,791)	-	(69,791)
Amounts charged off - balance sheet cleaning	-	-	-	(306,232)	-	(306,232)
	(607,354)	-	(607,354)	(873,215)	-	(873,215)
Closing balance	33,616,169	9,016,154	42,632,323	25,396,608	7,921,407	33,318,015

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at September 30, 2023 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 98.444 million (December 31, 2022: Rs. 94.554 million).

11.4.2 During the period, non performing loans and provisions were reduced by Rs. 231.391 million (December 31, 2022: Rs. 175.000 million) due to debt property swap transaction.

11.4.3 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. 6,917.000 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.

11.4.4 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.

	Note	(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
----- (Rupees in '000) -----			
<b>12 FIXED ASSETS</b>			
Capital work-in-progress	12.1	3,536,741	944,206
Property and equipment	12.2	35,917,659	32,090,993
Right-of-use assets		19,147,772	15,389,523
		<u>58,602,172</u>	<u>48,424,722</u>
<b>12.1 Capital work-in-progress</b>			
Civil works		2,096,784	706,019
Equipment		1,398,227	214,126
Others		41,730	24,061
		<u>3,536,741</u>	<u>944,206</u>

12.2 It includes land and buildings carried at revalued amount of Rs. 23,735.645 million (December 31, 2022: Rs. 21,661.195 million).

(Un-audited)	
<u>For the nine months period ended</u>	
September 30, 2023	September 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	2,592,535	600,726
<b>Property and equipment</b>		
Freehold land	558,586	912,286
Leasehold land	584,800	-
Buildings on freehold land	332,560	532,247
Buildings on leasehold land	769,862	146,766
Leasehold improvement	870,764	722,027
Furniture and fixtures	223,940	125,756
Office equipment	2,950,740	2,870,360
Vehicles	66,698	35,500
	6,357,950	5,344,942
<b>Total additions to fixed assets</b>	<u><u>8,950,485</u></u>	<u><u>5,945,668</u></u>

### 12.4 Disposals of fixed assets

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

Leasehold improvements	7,004	1,864
Furniture and fixtures	665	361
Office equipment	5,971	9,372
<b>Total disposal of fixed assets</b>	<u><u>13,640</u></u>	<u><u>11,597</u></u>
	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022
	----- (Rupees in '000) -----	

### 13 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers	714,957	455,945
Software	672,482	840,352
	<u><u>1,387,439</u></u>	<u><u>1,296,297</u></u>

(Un-audited)	
<u>For the nine months period ended</u>	
September 30, 2023	September 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	259,012	131,086
Directly purchased	66,167	302,366
<b>Total additions to intangible assets</b>	<u><u>325,179</u></u>	<u><u>433,452</u></u>

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

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

#### 14 DEFERRED TAX ASSETS

##### Deductible Temporary Differences on:

- Provision against investments	2,138,625	1,702,211
- Provision against advances	5,871,679	3,096,128
- Unrealised loss on revaluation of held for trading investments	37,978	7,017
- Deficit on revaluation of available for sale investments - net of derivatives	10,190,145	5,691,747
- Provision against other assets	1,271,969	1,001,744
- Provision against lending to financial institutions	-	32
- Workers' Welfare Fund	1,272,147	604,100
	<u>20,782,543</u>	<u>12,102,979</u>

##### Taxable Temporary Differences on:

- Surplus on revaluation of fixed assets	(584,206)	(486,889)
- Surplus on revaluation of non banking assets	(72,820)	(63,108)
- Accelerated tax depreciation	(3,034,805)	(2,540,334)
	<u>(3,691,831)</u>	<u>(3,090,331)</u>
	<u>17,090,712</u>	<u>9,012,648</u>

#### 15 OTHER ASSETS

Income / mark-up accrued in local currency - net of provision		90,148,123	42,710,321
Income / mark-up accrued in foreign currency - net of provision		2,822,156	2,011,398
Advances, deposits, advance rent and other prepayments		8,100,709	3,542,062
Advance against subscription of share		140,000	-
Non-banking assets acquired in satisfaction of claims	15.1	1,681,830	1,439,606
Dividend receivable		54,917	-
Mark to market gain on forward foreign exchange contracts		4,047,970	922,573
Mark to market gain on derivatives	23.1	5,472,025	4,795,545
Stationery and stamps on hand		21,966	23,253
Defined benefit plan		-	153,707
Branch adjustment account		181,380	24,430
Due from card issuing banks		3,822,352	4,544,609
Accounts receivable		5,155,995	5,180,427
Claims against fraud and forgeries		119,294	119,455
Acceptances		32,014,698	19,090,181
Receivable against DSC / SSC and overseas government securities		42,390	131,517
Receivable against marketable securities		33,276	-
Others		<u>70,472</u>	<u>66,212</u>
		153,929,553	84,755,296
Less: Provision held against other assets	15.2	<u>(2,926,582)</u>	<u>(2,671,784)</u>
Other assets (net of provision)		151,002,971	82,083,512
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	15.1	<u>147,603</u>	<u>145,613</u>
Other assets - total		<u>151,150,574</u>	<u>82,229,125</u>

15.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,829.433 million (December 31, 2022: Rs. 1,585.219 million).

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
<b>15.2 Provision held against other assets</b>		
Impairment against overseas operations	2,148,583	2,114,963
Expected credit loss (overseas operations)	35,134	10,397
Fraud and forgeries	119,294	119,455
Accounts receivable	66,824	38,349
Others	556,747	388,620
	<u>2,926,582</u>	<u>2,671,784</u>
<b>15.2.1 Movement in provision held against other assets</b>		
Opening balance	2,671,784	1,309,288
Exchange and other adjustments	2,728	35,684
Charge for the period / year	254,903	1,493,475
Reversals for the period / year	(2,833)	(164,308)
	252,070	1,329,167
Amount written off	-	(2,355)
Closing balance	<u>2,926,582</u>	<u>2,671,784</u>
<b>16 BILLS PAYABLE</b>		
In Pakistan	20,730,329	37,705,524
Outside Pakistan	808,963	2,328,282
	<u>21,539,292</u>	<u>40,033,806</u>
<b>17 BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan under:		
Export Refinance Scheme	41,932,206	53,477,830
Long-Term Finance Facility	25,557,855	28,643,178
Financing Facility for Renewable Energy Projects	12,088,252	11,917,647
Financing Facility for Storage of Agriculture Produce (FFSAP)	573,170	738,979
Refinance for Wages & Salaries	-	300,821
Temporary Economic Refinance Facility (TERF)	49,701,387	49,721,502
Export Refinance under Bill Discounting	14,769,657	10,633,712
SME Asaan Finance (SAAF)	2,021,323	949,413
Refinance Facility for Combating COVID (RFCC)	892,690	692,957
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	130,004	279,374
Modernization of Small and Medium Entities (MSMES)	1,162,957	871,659
Other refinance schemes	637	890
Repurchase agreement borrowings	253,107,290	256,900,000
	401,937,428	415,127,962
Repurchase agreement borrowings	26,108,966	4,830,897
Bai Muajjal	44,899,520	42,113,040
Medium Term Note	11,000,000	11,000,000
<b>Total secured</b>	<u>483,945,914</u>	<u>473,071,899</u>
<b>Unsecured</b>		
Call borrowings	12,152,304	5,766,732
Overdrawn nostro accounts	2,587,748	4,884,913
Others		
- Pakistan Mortgage Refinance Company	4,174,178	2,180,208
- Karandaaz Risk Participation	2,932,797	2,331,958
- Other financial institutions	-	2,943,821
<b>Total unsecured</b>	<u>21,847,027</u>	<u>18,107,632</u>
	<u>505,792,941</u>	<u>491,179,531</u>

## 18 DEPOSITS AND OTHER ACCOUNTS

	September 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)-----					
<b>Customers</b>						
- Current deposits	586,896,858	154,846,226	741,743,084	523,834,695	131,267,950	655,102,645
- Savings deposits	411,799,273	41,760,621	453,559,894	294,762,649	37,937,222	332,699,871
- Term deposits	351,556,329	68,382,155	419,938,484	287,557,414	49,767,276	337,324,690
- Others	36,852,280	13,188,174	50,040,454	35,941,042	8,943,974	44,885,016
	1,387,104,740	278,177,176	1,665,281,916	1,142,095,800	227,916,422	1,370,012,222
<b>Financial Institutions</b>						
- Current deposits	3,209,370	1,511,201	4,720,571	3,196,183	3,065,704	6,261,887
- Savings deposits	81,320,072	4,028,089	85,348,161	68,751,793	2,911,307	71,663,100
- Term deposits	62,552,200	2,856,325	65,408,525	38,073,100	354,319	38,427,419
- Others	536,850	16,914	553,764	404,457	76,261	480,718
	147,618,492	8,412,529	156,031,021	110,425,533	6,407,591	116,833,124
	1,534,723,232	286,589,705	1,821,312,937	1,252,521,333	234,324,013	1,486,845,346

18.1 Current deposits include remunerative current deposits of Rs. 18,335.164 million (December 31, 2022: Rs. 14,325.601 million).

## 19 SUBORDINATED DEBT

### Term Finance Certificates (VI) - Additional Tier-I (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) September 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		
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) September 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		
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>

**20 OTHER LIABILITIES**

	<b>Note</b>	<b>(Un-audited)</b> <b>September 30,</b> <b>2023</b>	<b>(Audited)</b> <b>December 31,</b> <b>2022</b>
----- <b>(Rupees in '000)</b> -----			
Mark-up / return / interest payable in local currency		41,534,716	16,617,807
Mark-up / return / interest payable in foreign currency		1,709,589	1,443,987
Unearned fee commission and income on bills discounted and guarantees		3,245,381	2,591,163
Accrued expenses		13,738,221	12,576,602
Current taxation		18,016,802	12,890,155
Acceptances		32,014,698	19,090,181
Dividends payable		6,358,162	4,767,210
Mark to market loss on forward foreign exchange contracts		6,439,150	455,164
Mark to market loss on derivatives	23.1	110,009	-
Payable to defined benefit plan		196,545	-
Alternative Delivery Channel (ADC) settlement accounts		5,325,620	2,035,378
Provision for compensated absences		843,989	701,492
Payable against redemption of customer loyalty / reward points		783,524	607,208
Charity payable		93,593	65,998
Provision against off-balance sheet obligations	20.1	79,355	62,948
Security deposits against leases, lockers and others		14,307,077	13,300,923
Workers' Welfare Fund		4,570,232	3,378,897
Payable to vendors and suppliers		464,711	556,205
Margin deposits on derivatives		4,736,174	4,077,091
Payable to merchants (card acquiring)		1,264,214	16,536
Indirect taxes payable		2,928,579	2,360,341
Lease liabilities against right-of-use assets		21,735,780	17,495,747
Payable against marketable securities		-	339,679
Trading liability		7,311,824	2,638,773
Others		5,394,232	3,053,937
		<u>193,202,177</u>	<u>121,123,422</u>

**20.1 Provision against off-balance sheet obligations**

Opening balance	62,948	137,639
Exchange and other adjustments	4,558	12,348
Charge / (reversal) for the period / year	11,849	(87,039)
Closing balance	<u>79,355</u>	<u>62,948</u>

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
<b>21 SURPLUS ON REVALUATION OF ASSETS</b>			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	10.1	(25,619,638)	(17,406,375)
- Fixed assets		12,741,608	12,807,981
- Non-banking assets acquired in satisfaction of claims		147,603	145,613
		(12,730,427)	(4,452,781)
Less: Deferred tax asset / (liability) on surplus / (deficit) on revaluation of:			
- Available for sale securities		12,553,623	7,484,741
- Fixed assets		(584,206)	(486,889)
- Non-banking assets acquired in satisfaction of claims		(72,820)	(63,108)
		11,896,597	6,934,744
Derivatives (deficit) / surplus		(4,823,425)	(4,169,754)
Less: Deferred tax asset / (liability) on derivative		2,363,478	1,792,994
		(2,459,947)	(2,376,760)
		<u>1,626,117</u>	<u>4,858,723</u>
<b>22 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	22.1	169,800,891	140,370,087
- Commitments	22.2	659,740,420	438,780,552
- Other contingent liabilities	22.3.1	23,885,547	6,903,292
		<u>853,426,858</u>	<u>586,053,931</u>
<b>22.1 Guarantees:</b>			
Performance guarantees		56,404,545	53,798,209
Other guarantees		113,396,346	86,571,878
		<u>169,800,891</u>	<u>140,370,087</u>
<b>22.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- Letters of credit		225,325,112	171,719,857
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	293,154,054	170,721,451
- forward government securities transactions	22.2.2	68,841,847	17,438,813
- derivatives	22.2.3	52,228,926	46,734,911
- forward lending	22.2.4	16,073,740	26,798,555
Commitments for acquisition of:			
- operating fixed assets		2,828,141	3,004,717
- intangible assets		421,100	465,248
Commitments in respect of donations		867,500	1,897,000
		<u>659,740,420</u>	<u>438,780,552</u>
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		170,726,192	120,494,702
Sale		122,427,862	50,226,749
		<u>293,154,054</u>	<u>170,721,451</u>
<b>22.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		47,039,645	12,990,116
Sale		21,802,202	4,448,697
		<u>68,841,847</u>	<u>17,438,813</u>

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
<b>22.2.3 Commitments in respect of derivatives</b>			
<b>Interest Rate Swaps</b>			
Purchase	23.1	40,227,094	46,160,838
Sale		-	-
		40,227,094	46,160,838
<b>Cross Currency Swaps</b>			
Purchase		-	-
Sale	23.1	12,001,832	574,073
		12,001,832	574,073
<b>Total commitments in respect of derivatives</b>		<b>52,228,926</b>	<b>46,734,911</b>
<b>22.2.4 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.4.1	13,272,886	21,639,590
Commitments in respect of investments		2,800,854	5,158,965
		16,073,740	26,798,555

**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.

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
<b>22.3 Other contingent liabilities</b>			
<b>22.3.1</b> Claims against the Bank not acknowledged as debts		<b>23,885,547</b>	<b>6,903,292</b>

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 34.1.

## 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	September 30, 2023 (Un-audited)					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
----- (Rupees in '000) -----						
<b>With Banks for Hedging</b>	41	40,227,094	4,800,505	-	-	-
<b>With other entities</b>						
Market making	-	-	-	6	12,001,832	561,511
	41	40,227,094	4,800,505	6	12,001,832	561,511
----- (Rupees in '000) -----						
Counterparties	December 31, 2022 (Audited)					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net
----- (Rupees in '000) -----						
<b>With Banks for Hedging</b>	51	46,160,838	4,761,605	-	-	-
<b>With other entities</b>						
Market making	-	-	-	1	574,073	33,940
	51	46,160,838	4,761,605	1	574,073	33,940

	Note	(Un-audited)	
		For the nine months period ended	
		September 30, 2023	September 30, 2022
----- (Rupees in '000) -----			
<b>24 MARK-UP/RETURN/INTEREST EARNED</b>			
On:			
a) Loans and advances		85,424,521	55,444,131
b) Investments		187,774,845	83,785,208
c) Lendings to financial institutions / Bai Muajjal		3,368,989	1,047,564
d) Balances with banks		54,363	36,231
e) On securities purchased under resale agreements		9,609,920	3,787,702
		<u>286,232,638</u>	<u>144,100,836</u>
<b>25 MARK-UP/RETURN/INTEREST EXPENSED</b>			
On:			
a) Deposits		114,143,317	51,085,958
b) Borrowings		13,645,390	7,151,155
c) Securities sold under repurchase agreements		59,047,293	27,306,690
d) Subordinated debt		2,205,050	670,590
e) Cost of foreign currency swaps against foreign currency deposits / borrowings		4,006,780	2,321,683
f) Borrowing cost on leased properties		1,903,382	1,376,571
g) Reward points / customer loyalty		296,206	176,472
		<u>195,247,418</u>	<u>90,089,119</u>
<b>26 FEE &amp; COMMISSION INCOME</b>			
Branch banking customer fees		940,075	819,189
Consumer finance related fees		452,781	365,541
Card related fees (debit and credit cards)		1,762,509	1,138,976
Credit related fees		432,891	246,045
Investment banking fees		197,800	194,520
Commission on trade		1,865,761	1,644,677
Commission on guarantees		571,264	414,595
Commission on cash management		65,335	40,947
Commission on remittances including home remittances		1,005,811	930,637
Commission on bancassurance		435,548	476,041
Card acquiring business		1,204,101	658,959
Wealth Management Fee		143,790	77,577
Commission on Employees' Old-Age Benefit Institution (EOBI)		-	23,771
Commission on Benazir Income Support Programme (BISP)		401,622	227,127
Alternative Delivery Channel (ADC) settlement accounts		924,807	518,571
Others		158,528	175,541
		<u>10,562,623</u>	<u>7,952,714</u>
<b>27 FOREIGN EXCHANGE INCOME</b>			
Foreign exchange income		7,811,510	8,335,714
Foreign exchange loss related to derivatives		(293,314)	(2,385)
		<u>7,518,196</u>	<u>8,333,329</u>
<b>28 LOSS ON SECURITIES</b>			
Realised	28.1	(1,726,754)	78,399
Unrealised - held for trading	10.1	(90,643)	(208,311)
Unrealised gain on trading liabilities - net		13,137	-
		<u>(1,804,260)</u>	<u>(129,912)</u>
<b>28.1 Realised (loss) / gain on:</b>			
Federal Government Securities		(1,424,213)	92,891
Shares		(586,359)	(178,753)
Non Government Debt Securities		-	21,262
Foreign Securities		283,818	142,999
		<u>(1,726,754)</u>	<u>78,399</u>

	Note	(Un-audited)	
		For the nine months period ended	
		September 30, 2023	September 30, 2022
----- (Rupees in '000) -----			
<b>29 OTHER INCOME</b>			
Rent on property		20,939	23,191
Gain on sale of fixed assets-net		118,381	58,316
Gain on sale of non banking assets	29.1	-	9,200
Profit on termination of leased contracts (Ijarah)		48,235	39,328
Gain on termination of leases (IFRS 16)		70,186	120,852
		<u>257,741</u>	<u>250,887</u>

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

	Note	(Un-audited)	
		For the nine months period ended	
		September 30, 2023	September 30, 2022
----- (Rupees in '000) -----			
<b>30 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	30.1	19,950,124	15,445,106
<b>Property expense</b>			
Rates and taxes		129,235	92,400
Utilities cost		1,956,512	1,462,189
Security (including guards)		972,522	721,994
Repair and maintenance (including janitorial charges)		964,468	763,137
Depreciation on right-of-use assets		2,441,062	1,986,404
Depreciation on non-banking assets acquired in satisfaction of claims		3,737	3,256
Depreciation on owned assets		628,831	474,785
		<u>7,096,367</u>	<u>5,504,165</u>
<b>Information technology expenses</b>			
Software maintenance		1,940,817	1,500,504
Hardware maintenance		723,112	492,481
Depreciation		780,716	559,659
Amortisation		234,409	267,008
Network charges		452,034	414,534
Consultancy and support services		141,174	257,572
		<u>4,272,262</u>	<u>3,491,758</u>
<b>Other operating expenses</b>			
Directors' fees and allowances		111,137	161,353
Fees and allowances to Shariah Board		10,268	10,036
Legal and professional charges		347,159	709,041
Outsourced services costs		757,841	628,219
Travelling and conveyance		921,731	612,593
Clearing and custodian charges		119,386	83,414
Depreciation		1,123,728	873,342
Training and development		102,072	85,568
Postage and courier charges		362,891	505,087
Communication		1,231,413	658,676
Stationery and printing		961,296	741,741
Marketing, advertisement and publicity		3,482,012	1,365,332
Donations		1,030,920	66,222
Auditors' remuneration		53,749	44,941
Brokerage and commission		305,704	199,518
Entertainment		435,972	345,034
Repairs and maintenance		604,909	560,177
Insurance		1,102,888	1,055,979
Cash handling charges		1,125,757	856,588
CNIC verification		184,694	145,943
Others		563,356	860,278
		<u>14,938,883</u>	<u>10,569,082</u>
		<u>46,257,636</u>	<u>35,010,111</u>

(Un-audited)	
For the nine months period ended	
September 30, 2023	September 30, 2022
----- (Rupees in '000) -----	

### 30.1 Total compensation expense

Managerial remuneration	13,915,932	11,113,991
i) Fixed		
ii) Variable:		
a) Cash Bonus / Awards etc.	3,164,311	2,223,993
b) Bonus and Awards in Shares etc.	243,747	180,000
Charge for defined benefit plan	350,251	256,200
Contribution to defined contribution plan	544,633	453,738
Medical	969,892	610,512
Conveyance	387,453	273,027
Staff compensated absences	142,497	135,000
Others	212,444	169,674
<b>Sub-total</b>	<b>19,931,160</b>	<b>15,416,135</b>
Sign-on bonus	18,964	23,971
Severance allowance	-	5,000
<b>Grand Total</b>	<b>19,950,124</b>	<b>15,445,106</b>

### 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 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 nine months period ended	
	September 30, 2023	September 30, 2022
	----- (Rupees in '000) -----	

### 32 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	138,261	11,730
Penalties imposed by other regulatory bodies	-	2,550
	<u>138,261</u>	<u>14,280</u>

### 33 PROVISIONS & WRITE OFFS - NET

(Reversal) / provision against lending to financial institutions / IFRS 9 - ECL		(296)	803
(Reversal) / provision for diminution in value of investments / IFRS 9 - ECL	10.3.1	(528,310)	494,598
Provision against loans & advances / IFRS 9 - ECL	11.4	9,764,078	7,807,078
Provision against other assets / IFRS 9 - ECL	15.2.1	252,070	93,508
Provision / (reversal) against off-balance sheet obligations / IFRS 9 - ECL	20.1	11,849	(28,607)
Other provisions / write off - net		12,341	12,936
Recovery of written off / charged off bad debts		(347,271)	(243,808)
		<u>9,164,461</u>	<u>8,136,508</u>

### 34 TAXATION

<b>Charge / (reversal) :</b>			
Current		29,187,707	16,254,394
Prior years		-	(2,039,756)
Deferred		(3,686,695)	(661,514)
		<u>25,501,012</u>	<u>13,553,124</u>

- 34.1 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 had 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 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. Appeals against these orders are pending before 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 Bank's favour through appellate process.
- c) The Bank had received an order from a tax authority wherein Sales tax and penalty amounting to Rs. 5.191 million [excluding default surcharge] was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and appeal against this order is pending before Commissioner Appeals. Another 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 is pending before Appellate Tribunal. The Bank has not made any provision against these orders and the management is of the view that these matters will be favourably settled through appellate process.

		(Un-audited)	
		<u>For the nine months period ended</u>	
		<u>September 30,</u>	<u>September 30,</u>
		<u>2023</u>	<u>2022</u>
		------(Rupees in '000)-----	
<b>35</b>	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the period	<u>27,251,595</u>	<u>14,089,918</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>17.28</u>	<u>7.93</u>

**35.1** Diluted earnings per share has not been presented separately as the Bank 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 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:

	<b>September 30, 2023 (Un-audited)</b>			
	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
- Federal Government Securities	-	1,254,167,347	-	1,254,167,347
- Non-Government Debt Securities	14,939,400	4,843,540	-	19,782,940
- Shares - listed companies	5,734,242	-	-	5,734,242
- Foreign Government Securities	-	35,438,206	-	35,438,206
- Foreign Non-Government Debt Securities	-	28,482,103	-	28,482,103
- Foreign Equity Securities	311,454	-	-	311,454
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments - held to maturity securities	-	143,279,480	-	143,279,480
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- Forward purchase of foreign exchange	-	4,047,970	-	4,047,970
- Forward sale of foreign exchange	-	(6,439,150)	-	(6,439,150)
- Forward purchase of government securities	-	(18,259)	-	(18,259)
- Forward sale government securities	-	(30,394)	-	(30,394)
- Derivatives purchases	-	4,800,505	-	4,800,505
- Derivatives sales	-	561,511	-	561,511
<b>December 31, 2022 (Audited)</b>				
	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
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
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments - held to maturity securities	-	73,518,446	-	73,518,446
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- 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 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.

**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 Bank 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 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.

37 SEGMENT INFORMATION  
37.1 Segment details with respect to Business Activities

	For the nine months period ended September 30, 2023 (Un-audited)						
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital *	Others **	Total
	(Rupees in '000)						
<b>Profit and loss</b>							
Net mark-up / return / profit	(48,919,254)	12,680,860	19,174,068	104,768,743	7,926	5,397,631	(2,124,754)
Inter segment revenue - net	104,827,892	(1,813,484)	(710,241)	(106,137,349)	1,391,393	732,653	1,709,136
Non mark-up / return / interest income	6,111,999	2,704,585	1,499,020	6,349,758	594,563	843,537	415,618
Total Income	62,020,637	13,571,961	19,962,847	4,981,152	1,993,882	6,973,821	109,504,300
Segment direct expenses	17,964,069	3,011,490	6,933,103	601,270	1,579,432	2,581,563	14,916,305
Inter segment expense allocation	9,599,806	1,047,927	2,697,470	469,856	786,411	314,835	(14,916,305)
Total expenses	27,563,875	4,059,417	9,630,573	1,071,126	2,365,843	2,896,398	47,587,232
Provisions / (reversals)	4,699,845	3,847,523	104,863	(496,283)	22,740	39,773	946,000
Profit / (loss) before tax	29,756,917	5,665,021	10,227,411	4,406,309	(394,701)	4,037,650	(946,000)

	As at September 30, 2023 (Un-audited)					
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital *	Others **
	(Rupees in '000)					

	As at September 30, 2023 (Un-audited)						
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital *	Others **	Total
	(Rupees in '000)						
<b>Statement of financial position</b>							
Cash and bank balances	91,790,783	17,811,651	35,689,138	-	936,065	69,205,504	215,433,141
Investments	-	3,826,107	201,157,682	1,210,919,706	-	89,270,068	1,506,083,771
Net inter segment lending	840,673,641	55,096,198	-	-	14,194,922	67,457,869	977,422,630
Lendings to financial institutions	188,676,738	274,959,269	26,800,000	29,463,235	-	3,982,268	60,245,503
Advances - performing	2,551,831	1,095,955	136,781,001	-	83,962	45,434,442	661,304,865
- non-performing	31,291,366	36,719,979	46,106,337	396,086	15,592	137,393	4,290,791
Others	1,154,984,359	389,509,159	446,930,244	72,269,335	1,250,071	17,260,426	228,230,897
<b>Total assets</b>							
	1,154,984,359	389,509,159	446,930,244	1,312,652,276	16,480,612	225,290,101	107,164,847
Borrowings	23,773,166	90,449,019	60,874,635	311,502,980	-	19,193,141	505,792,941
Subordinated debt	-	-	-	-	-	-	14,000,000
Deposits and other accounts	1,087,495,650	250,007,147	313,568,420	-	16,206,660	154,035,060	1,821,312,937
Net inter segment borrowing	-	-	-	977,422,630	-	-	977,422,630
Others	43,715,543	49,052,993	49,760,680	31,500,514	273,952	14,719,348	25,718,439
<b>Total liabilities</b>							
	1,154,984,359	389,509,159	424,203,735	1,320,426,124	16,480,612	187,947,549	39,718,439
<b>Net assets</b>							
<b>Equity</b>							
	-	-	22,726,509	(7,773,848)	-	37,342,552	67,446,408
	122,548,692	242,295,979	69,962,977	351,097,625	622	63,500,730	4,020,233
							853,426,858

	As at September 30, 2023 (Un-audited)						
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital *	Others **	Total
	(Rupees in '000)						
<b>Contingencies and commitments</b>							
	122,548,692	242,295,979	69,962,977	351,097,625	622	63,500,730	4,020,233
							853,426,858

\* The revenues of many digital products have been mapped into business segments according to the ownership of customer, and this profit and loss does not reflect it.

\*\* Others include head office related activities.

For the nine months period ended September 30, 2022 (Un-audited)						
Retail	Corporate	Islamic (Domestic)	Treasury	Digital *	Overseas	Total

---(Rupees in '000)						
<b>Profit and loss</b>						
Net mark-up / return / profit	(10,811,123)	9,425,154	43,516,426	(56,614)	2,811,444	(502,018)
Inter segment revenue - net	40,243,881	(3,176,723)	(170,853)	628,737	487,974	13,353
Non mark-up / return / interest income	4,350,023	2,273,122	1,551,905	391,974	1,038,663	488,655
Total income	33,782,781	8,724,847	10,806,206	12,851,374	4,338,081	71,467,386
Segment direct expenses	13,858,132	1,106,399	4,805,800	404,773	1,780,193	12,255,215
Inter segment expense allocation	6,967,265	965,709	1,894,540	403,548	193,813	(11,455,215)
Total expenses	20,825,397	2,072,108	6,700,340	808,321	2,507,664	800,000
Provisions / (reversals)	4,709,929	(186,898)	315,897	480,740	8,763	2,750,000
Profit before tax	8,247,455	6,839,637	3,789,969	11,562,313	2,305,998	(3,550,000)

As at December 31, 2022 (Audited)						
Retail	Corporate	Islamic (Domestic)	Treasury	Digital *	Overseas	Total

---(Rupees in '000)						
<b>Statement of financial position</b>						
Cash and bank balances	54,505,261	13,526,538	22,294,976	-	1,380,127	58,391,826
Investments	-	3,065,299	123,324,033	913,838,262	-	72,564,199
Net inter segment lending	614,225,790	1,195,293	-	-	20,415,824	-
Lendings to financial institutions	-	-	30,000,061	81,309,765	-	4,043,773
Advances - performing	221,934,495	307,817,003	149,691,194	73,590	36,725,043	10,557,921
- non-performing	2,942,331	1,660,287	726,449	3,985	162,523	79,030
Others	21,320,626	28,322,398	27,309,005	28,284,908	15,012,516	19,230,259
<b>Total assets</b>	914,928,503	355,586,818	353,345,718	1,023,432,935	186,900,880	93,682,322
Borrowings	26,937,622	95,851,939	39,964,773	314,660,326	-	13,764,871
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	860,878,107	210,843,465	255,671,950	698,037,054	23,002,118	14,000,000
Net inter segment borrowing	-	-	-	-	-	57,693
Others	27,112,774	48,891,414	40,320,509	15,282,536	354,488	16,378,125
<b>Total liabilities</b>	914,928,503	355,586,818	335,958,732	1,027,979,916	23,356,606	30,435,818
<b>Net Assets</b>	-	-	17,387,486	(4,546,981)	-	63,246,504
<b>Equity</b>	-	-	-	-	-	100,014,623

<b>Contingencies and commitments</b>	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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\* The revenues of many digital products have been mapped into business segments according to the ownership of customer, and this profit and loss does not reflect it.

\*\* Others include head office related activities.

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 Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of 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 September 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)								
<b>Lendings to financial institutions</b>								
Opening balance	-	-	-	-	-	-	-	2,330,078
Addition during the period / year	-	-	-	6,332,364	-	-	-	25,964,631
Repaid during the period / year	-	-	-	(6,332,364)	-	-	-	(28,294,709)
Closing balance	-	-	-	-	-	-	-	-
<b>Investments</b>								
Opening balance	-	-	305,217	1,552,048	-	-	300,000	1,119,230
Investment made during the period / year	-	-	-	452,658	-	-	5,217	274,246
Investment redeemed / disposed off during the period / year	-	-	-	(125,555)	-	-	-	(190,468)
Revaluation of investment during the period / year	-	-	-	(37,274)	-	-	-	(7,511)
Transfer in / (out) - net	-	-	-	-	-	-	-	366,551
Closing balance	-	-	305,217	1,841,877	-	305,217	1,177,606	1,552,048
Provision for diminution in value of investments	-	-	42,981	-	-	-	42,981	-
<b>Advances</b>								
Opening balance	18,062	672,608	-	2,367,924	77	1,184,057	-	1,997,552
Addition during the period / year	88	499,507	-	63,691,893	20,498	605,570	-	37,536,790
Repaid during the period / year	(3,025)	(276,428)	-	(62,687,034)	(2,513)	(173,521)	-	(38,264,097)
Transfer in / (out) - net	-	(27,495)	-	-	-	(943,498)	-	1,097,679
Closing balance	15,125	868,192	-	3,372,785	18,062	672,608	-	2,367,924
Provision held against advances	-	-	-	1,045,459	-	-	-	1,097,028
<b>Other assets</b>								
Interest / mark-up accrued	2,294	53,280	-	70,199	944	54,009	-	30,381
Receivable from staff retirement fund	-	-	-	-	-	-	-	153,707
Prepayment / rent receivable	-	-	-	3,642	-	-	-	975
Advance against shares	-	-	-	140,000	-	-	-	-



39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) September 30, 2023 (Audited) December 31, 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	94,232,786	81,419,248
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,550,000
Total Eligible Tier 1 Capital	107,782,786	94,969,248
Eligible Tier 2 Capital	25,764,289	23,447,310
Total Eligible Capital (Tier 1 + Tier 2)	133,547,075	118,416,558

**Risk Weighted Assets (RWAs):**

Credit risk	734,178,250	727,196,837
Market risk	7,250,250	8,784,588
Operational risk	120,042,363	120,042,363
Total	861,470,863	856,023,788

Common Equity Tier 1 Capital Adequacy ratio	10.94%	9.51%
Tier 1 Capital Adequacy Ratio	12.51%	11.09%
Total Capital Adequacy Ratio	15.50%	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	107,782,786	95,911,585
Total exposures	3,160,947,730	2,706,795,649
Leverage ratio	3.41%	3.54%

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets	1,156,594,013	688,048,074
Total Net Cash Outflow	486,192,617	371,947,384
Liquidity coverage ratio	238%	185%

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding	1,515,451,967	1,275,978,211
Total Required Stable Funding	974,149,508	849,343,576
Net Stable Funding Ratio	156%	150%

The Bank operates 312 Islamic banking branches (December 31, 2022: 280 branches) and 5 sub branches (December 31, 2022: 5 sub branch) as at September 30, 2023.

## STATEMENT OF FINANCIAL POSITION

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		33,740,831	20,521,711
Balances with other banks		1,948,307	1,773,265
Due from financial institutions	40.1	26,800,000	30,000,061
Investments	40.2	201,157,682	123,324,033
Islamic financing and related assets - net	40.3	137,177,087	150,417,644
Fixed assets		16,278,570	12,336,223
Intangible assets		39,872	32,914
Deferred tax assets		51,877	-
Other assets		29,736,018	14,939,868
<b>Total Assets</b>		<b>446,930,244</b>	<b>353,345,719</b>
<b>LIABILITIES</b>			
Bills payable		4,477,211	4,673,534
Due to financial institutions		60,874,635	39,964,773
Deposits and other accounts	40.4	313,568,420	255,671,950
Deferred tax liabilities		-	158,892
Other liabilities		45,283,469	35,489,084
		<u>424,203,735</u>	<u>335,958,233</u>
<b>NET ASSETS</b>		<u><b>22,726,509</b></u>	<u><b>17,387,486</b></u>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		3,950,000	3,950,000
Surplus on revaluation of assets		1,749,718	2,007,741
Unappropriated/ Unremitted profit	40.5	17,026,791	11,429,745
		<u><b>22,726,509</b></u>	<u><b>17,387,486</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	40.6		

**PROFIT AND LOSS ACCOUNT**

	(Un-audited)	
	Nine months period ended	
	September 30, 2023	September 30, 2022
	Note	------(Rupees in '000)-----
Profit / return earned on Islamic financing and related assets, investments and placements	40.7	41,493,055
Profit / return expensed on deposits and other dues expensed	40.8	22,318,987
Net Profit / return		19,174,068
		9,425,154
Fee and commission income		1,049,493
Foreign exchange income		396,951
(Loss) / gain on securities		(14,422)
Other income		66,998
Total other income		1,499,020
		889,262
		590,576
		22,375
		49,692
		1,551,905
<b>Total income</b>		<b>20,673,088</b>
		<b>10,977,059</b>
<b>OTHER EXPENSES</b>		
Operating expenses		9,388,052
Workers' welfare fund		223,217
Other charges		19,304
Total other expenses		9,630,573
		6,619,291
		80,833
		216
		6,700,340
Profit before provisions		11,042,515
		4,276,719
Provisions and write offs - net		104,863
<b>PROFIT BEFORE TAXATION</b>		<b>10,937,652</b>
		<b>3,960,822</b>
Taxation		5,341,638
<b>PROFIT AFTER TAXATION</b>		<b>5,596,014</b>
		<b>1,866,860</b>
		<b>2,093,962</b>

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

#### 40.1 Due from Financial Institutions

Musharaka Placements	26,800,000	-	26,800,000	30,000,061	-	30,000,061
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#### 40.2 Investments

September 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	173,128,633	-	(1,396,206)	171,732,427	100,945,854	-	(925,105)	100,020,749
Naya Pakistan Certificates	6,921,738	-	-	6,921,738	4,779,075	-	-	4,779,075
	180,050,371	-	(1,396,206)	178,654,165	105,724,929	-	(925,105)	104,799,824

##### Non Government Debt Securities

###### Available for sale securities

Sukuk - Unlisted	16,350,195	-	46,637	16,396,832	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	3,184,761	(78,076)	-	3,106,685	1,895,679	(80,722)	-	1,814,957
	6,184,761	(78,076)	-	6,106,685	1,895,679	(80,722)	-	1,814,957

##### Total investments

	202,585,327	(78,076)	(1,349,569)	201,157,682	124,200,153	(80,722)	(795,398)	123,324,033
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(Un-audited) (Audited)  
September 30, 2023 December 31, 2022  
----- (Rupees in '000) -----

#### 40.3 Islamic financing and related assets

Ijarah	19,271,787	21,842,453
Murabaha	4,371,379	4,427,417
Musharaka	31,107,378	42,074,849
Diminishing Musharaka	4,239,061	3,747,820
Salam	1,769,490	3,561,970
Musawama Financing	4,508,796	6,215,478
Tijarah Financing	5,005,531	-
Islamic Staff financing	4,738,698	3,494,484
SBP Islamic Export Refinance	10,439,630	11,638,939
SBP Refinance Scheme For Wages & Salaries	1,803	306,658
Islamic Long Term Finance Facility Plant & Machinery	3,418,067	1,484,760
Islamic Refinance Renewable Energy	158,370	127,342
Islamic Temporary Economic Refinance Facility (ITERF)	12,907,764	10,119,342
Naya Pakistan Home Financing	3,391,334	3,548,291
Islamic Refinance Facility for Combating COVID	807,624	605,195
Refinance Facility under Bills discounting	6,163,195	3,476,879
Advances against Islamic assets	20,856,085	29,243,089
Inventory related to Islamic financing	6,848,574	6,597,230
Other Islamic modes	1,590,987	2,220,828
	141,595,553	154,733,024

Less: provision against Islamic financings

- Specific	(4,288,298)	(4,167,412)
- General	(130,168)	(147,968)

Islamic financing and related assets - net of provision

	(4,418,466)	(4,315,380)
	137,177,087	150,417,644

#### 40.4 Deposits

	September 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)-----					
<b>Customers</b>						
- Current deposits	124,411,891	8,887,455	133,299,346	107,113,838	6,825,030	113,938,868
- Savings deposits	65,212,237	3,681,512	68,893,749	64,899,308	3,174,282	68,073,590
- Term deposits	44,669,701	277,144	44,946,845	45,821,709	212,069	46,033,778
- Other deposits	2,745,826	1,522,025	4,267,851	2,290,176	465,542	2,755,718
	237,039,655	14,368,136	251,407,791	220,125,031	10,676,923	230,801,954
<b>Financial Institutions</b>						
- Current deposits	1,259,636	-	1,259,636	244,430	-	244,430
- Savings deposits	14,990,993	-	14,990,993	270,566	-	270,566
- Term deposits	45,910,000	-	45,910,000	24,355,000	-	24,355,000
	62,160,629	-	62,160,629	24,869,996	-	24,869,996
	299,200,284	14,368,136	313,568,420	244,995,027	10,676,923	255,671,950

40.4.1 Current deposits include remunerative current deposits of Rs. 18,335.164 million (December 31, 2022: Rs. 14,325.601 million).

	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022
	------(Rupees in '000)-----	
<b>40.5 Islamic Banking Business Unappropriated Profit</b>		
Opening balance	11,429,745	8,924,121
Add: Islamic Banking profit before taxation for the period / year	10,937,652	4,945,055
Less: Taxation for the period / year	(5,341,638)	(2,440,810)
Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	1,032	1,379
Closing balance	17,026,791	11,429,745
<b>40.6 Contingencies and Commitments</b>		
- Guarantees	5,178,219	4,306,277
- Commitments	64,784,758	58,893,007
	69,962,977	63,199,284
	(Un-audited)	
	For the nine months period ended	
	September 30, 2023	September 30, 2022
	------(Rupees in '000)-----	
<b>40.7 Profit/Return earned on Islamic financing and related assets, investments and placements</b>		
Profit earned on:		
- Islamic financing and related assets	18,445,444	10,234,205
- Investments	22,089,513	9,029,583
- Placements	958,098	884,271
	41,493,055	20,148,059
<b>40.8 Profit on deposits and other dues expensed</b>		
Deposits and other accounts	17,597,531	8,150,704
Due to financial institutions	2,240,605	1,365,462
Securities sold under repurchase agreements	1,452,085	547,418
Cost of foreign currency swaps against foreign currency deposits / borrowings	257,644	160,778
Borrowing cost on lease liability	746,339	486,345
Reward points / customer loyalty	24,783	12,198
	22,318,987	10,722,905

#### 40.9 PLS Pool Management- Islamic Banking Group (IBG)

##### 40.9.1 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. All pools are usually exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved in pool.

##### 40.9.2 Avenues/sectors where Mudaraba based deposits have been deployed.

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Agriculture, Forestry, Hunting and Fishing	1,037,984	784,589
Automobile and transportation equipment	5,540,898	7,595,658
Cement	4,795,684	4,622,222
Chemical and Pharmaceuticals	7,872,394	9,349,258
Construction	2,528,265	2,877,944
Electronics and electrical appliances	697,090	1,553,152
Exports / Imports	-	556
Financial	43,750	220,000
Food & Allied Products	7,164,521	9,398,453
Footwear and Leather garments	763,734	871,411
Glass and Ceramics	30,349	127,652
Individuals	33,367,938	33,543,245
Insurance	-	783
Metal & Allied industries	2,796,773	2,445,184
Mining and Quarrying	506,058	507,314
Oil and Allied	3,579,014	4,427,967
Paper and Board	477,315	957,214
Plastic and Allied Industries	4,443,306	2,979,808
Power (electricity), Gas, Water, Sanitary	4,380,545	7,923,231
Services	2,456,204	2,657,917
Sugar	575,438	2,778,838
Technology and Related services	39,191	56,530
Textile	45,584,569	46,702,510
Transport, Storage and Communication	7,494,167	6,289,478
Wholesale and Retail Trade	3,710,027	4,226,059
Others	1,710,339	1,836,051
<b>Total Gross Islamic Financing and Related Assets</b>	<b>141,595,553</b>	<b>154,733,024</b>
Total gross investments (at cost)	202,585,327	124,200,153
Total Islamic placements	26,800,000	30,000,061
<b>Total Invested Funds</b>	<b>370,980,880</b>	<b>308,933,238</b>

#### 40.9.3 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.

#### 40.9.4 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				
<b>General Pools</b>								
PKR Pool	Monthly	16.14%	50.00%	50.00%	7,361,571	10.16%	0.47%	28,011
USD Pool	Monthly	3.98%	85.00%	15.00%	84,890	1.18%	27.92%	19,305
GBP Pool	Monthly	3.22%	85.00%	15.00%	7,960	0.42%	0.00%	-
EUR Pool	Monthly	2.66%	85.00%	15.00%	6,502	0.49%	1.69%	96
AED Pool	Monthly	1.30%	85.00%	15.00%	289	0.12%	0.00%	-
SAR Pool	Monthly	3.09%	85.00%	15.00%	568	0.18%	0.00%	-
CAD Pool	Monthly	6.53%	85.00%	15.00%	272	0.21%	0.00%	-
<b>Specific Pools</b>								
Special Pool (Saving & TDRs)	Monthly	18.57%	1.86%	98.14%	118,691	17.70%	29.00%	24,532
<b>SBP Refinance Borrowing Pool</b>								
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	16.27%	83.74%	16.26%	3,235,590	Nil	4.79%	155,000

## 41 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.

**42 DATE OF AUTHORISATION**

These unconsolidated condensed interim financial statements were authorised for issue on October 26, 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:

<b>Description of item</b>	<b>Nature</b>	<b>(Rupees in '000)</b>	<b>From</b>	<b>To</b>
Net interest on Interest Rate Swap	Income	115,383	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  
NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

# Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2023

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

## ASSETS

Cash and balances with treasury banks	7	198,021,299	140,613,751
Balances with other banks	8	17,613,889	10,105,449
Lendings to financial institutions	9	60,245,503	115,353,599
Investments	10	1,510,132,795	1,117,616,363
Advances	11	665,620,880	732,385,815
Fixed assets	12	58,658,739	48,493,284
Intangible assets	13	1,397,848	1,304,181
Deferred tax assets	14	15,009,955	7,550,773
Other assets	15	152,161,143	83,296,493
		2,678,862,051	2,256,719,708

## LIABILITIES

Bills payable	16	21,539,292	40,033,806
Borrowings	17	506,470,592	491,649,941
Deposits and other accounts	18	1,821,305,308	1,486,836,260
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	14,000,000	14,000,000
Other liabilities	20	193,545,839	122,136,332
		2,556,861,031	2,154,656,339

## NET ASSETS

122,001,020 102,063,369

## REPRESENTED BY

Share capital		15,771,651	15,771,651
Reserves		41,324,406	34,283,201
Surplus on revaluation of assets	21	1,618,752	4,847,101
Unappropriated profit		63,162,254	47,033,616
Total equity attributable to the equity holders of the Holding Company		121,877,063	101,935,569
Non-controlling interest	22	123,957	127,800
		<u>122,001,020</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 nine months period ended September 30, 2023

	Note	Quarter ended September 30, 2023	Quarter ended September 30, 2022	Nine months period ended September 30, 2023	Nine months period ended September 30, 2022
------(Rupees in '000)-----					
Mark-up/return/interest earned	25	109,801,772	61,695,065	286,279,568	144,143,553
Mark-up/return/interest expensed	26	78,034,067	39,843,376	195,379,231	90,171,280
Net Mark-up/return/interest income		31,767,705	21,851,689	90,900,337	53,972,273
<b>NON MARK-UP/RETURN/INTEREST INCOME</b>					
Fee and commission income	27	3,975,388	2,904,394	10,960,126	8,229,485
Dividend income		234,394	171,204	701,559	762,603
Foreign exchange income	28	2,412,544	3,481,691	7,518,196	8,333,329
Gain from derivatives		438,255	109,970	1,127,246	211,053
Loss on securities	29	(1,552,078)	(48,863)	(1,799,345)	(133,723)
Share of profit from associates		475,325	230,650	989,827	619,548
Other income	30	125,009	46,821	257,787	251,050
Total non-mark-up / interest income		6,108,837	6,895,867	19,755,396	18,273,345
Total income		37,876,542	28,747,556	110,655,733	72,245,618
<b>NON MARK-UP/INTEREST EXPENSES</b>					
Operating expenses	31	16,009,783	13,392,058	46,576,334	35,246,298
Workers' welfare fund	32	378,112	239,626	1,191,335	663,445
Other charges	33	1,300	7,110	138,261	14,280
Total non-mark-up / interest expenses		16,389,195	13,638,794	47,905,930	35,924,023
Profit before provisions		21,487,347	15,108,762	62,749,803	36,321,595
Provisions and write offs - net	34	4,162,498	4,095,069	9,164,461	8,135,217
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		17,324,849	11,013,693	53,585,342	28,186,378
Taxation	35	8,492,369	5,493,843	26,127,351	13,910,770
<b>PROFIT AFTER TAXATION</b>		8,832,480	5,519,850	27,457,991	14,275,608
<b>Profit / (loss) attributable to:</b>					
Equity holders of the Holding Company		8,848,082	5,519,227	27,461,834	14,278,268
Non-controlling interest		(15,602)	623	(3,843)	(2,660)
		8,832,480	5,519,850	27,457,991	14,275,608
------(Rupees)-----					
<b>Basic and diluted earnings per share</b>	36	5.61	3.10	17.41	8.03

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 nine months period ended September 30, 2023

	Quarter ended September 30, 2023	Quarter ended September 30, 2022	Nine months period ended September 30, 2023	Nine months period ended September 30, 2022
	------(Rupees in '000)-----			
Profit after taxation for the period	8,832,480	5,519,850	27,457,991	14,275,608
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Effect of translation of net investment in foreign branches	(118,076)	1,211,378	4,316,045	2,803,379
Movement in surplus / (deficit) on revaluation of investments - net of tax	2,175,044	(3,411,461)	(3,080,201)	(5,554,428)
Movement in surplus / (deficit) on revaluation of investments - net of tax (share of associates)	1,347	770	4,257	(6,567)
	2,058,315	(2,199,313)	1,240,101	(2,757,616)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of investments - net of tax	(6,631)	-	19,007	-
Movement in surplus / (deficit) on revaluation of operating fixed assets - net of tax	(9,708)	(6,996)	(97,318)	(73,988)
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	405	762	(7,722)	11,884
	(15,934)	(6,234)	(86,033)	(62,104)
<b>Total comprehensive income</b>	<u>10,874,861</u>	<u>3,314,303</u>	<u>28,612,059</u>	<u>11,455,888</u>
<b>Total comprehensive income / (loss) attributable to:</b>				
Equity holders of the Holding Company	10,890,463	3,314,643	28,615,902	11,458,548
Non-controlling interest	(15,602)	(340)	(3,843)	(2,660)
	<u>10,874,861</u>	<u>3,314,303</u>	<u>28,612,059</u>	<u>11,455,888</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 nine months period ended September 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)										
<b>Balances as at January 01, 2022 (audited)</b>	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
<b>Changes in equity for the nine months period ended September 30, 2022</b>											
Profit / (loss) after taxation	-	-	-	-	-	-	-	14,278,268	14,278,268	(2,660)	14,275,608
Other comprehensive income / (loss) - net of tax	-	-	2,803,379	-	(5,560,995)	(73,988)	11,884	-	(2,819,720)	-	(2,819,720)
Transfer to statutory reserve	-	-	-	1,408,992	-	-	-	(1,408,992)	-	-	-
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,684	(36,684)	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(4,024)	(66,441)	(90)	70,555	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
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)
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)	-	(4,442,913)
<b>Balance as at September 30, 2022 (un-audited)</b>	17,771,651	4,731,049	11,014,468	18,420,817	(6,792,654)	12,476,648	62,598	47,519,977	105,204,554	122,973	105,327,527
<b>Changes in equity for the three months period ended December 31, 2022</b>											
Profit after taxation	-	-	-	-	-	-	-	4,116,498	4,116,498	5,358	4,121,856
Other comprehensive income / (loss) - net of tax	-	-	(294,786)	-	(763,842)	(8,248)	19,939	(294,691)	(1,341,628)	(531)	(1,342,159)
Transfer to statutory reserve	-	-	-	411,653	-	-	-	(411,653)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(147,308)	(32)	147,340	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
Own shares purchased during the year	(2,000,000)	-	-	-	-	-	-	(4,043,855)	(6,043,855)	-	(6,043,855)
<b>Balance as at December 31, 2022 (audited)</b>	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
<b>Changes in equity for the nine months period ended September 30, 2023</b>											
Profit / (loss) after taxation	-	-	-	-	-	-	-	27,461,834	27,461,834	(8,843)	27,452,991
Other comprehensive income / (loss) - net of tax	-	-	4,316,045	-	(3,056,937)	(97,318)	(7,722)	-	1,154,068	-	1,154,068
Transfer to statutory reserve	-	-	-	2,725,160	-	-	-	(2,725,160)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(66,372)	-	66,372	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)	-	(4,731,495)
<b>Balance as at September 30, 2023 (un-audited)</b>	15,771,651	4,731,049	15,035,727	21,557,630	(10,613,433)	12,157,402	74,783	63,162,254	121,877,063	123,957	122,001,020

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 nine months period ended September 30, 2023

	Note	Nine months period ended	
		September 30, 2023	September 30, 2022
------(Rupees in '000)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		53,585,342	28,186,378
Dividend income		(701,559)	(762,603)
Share of profit from associates		(989,827)	(619,548)
		<u>51,893,956</u>	<u>26,804,227</u>
<b>Adjustments:</b>			
Depreciation	31	4,999,347	3,915,874
Amortisation	31	234,936	267,410
Provisions and write offs - net	34	9,164,461	8,135,217
Unrealised loss on revaluation of investments classified as held for trading - net	29	91,005	215,733
Gain on sale of fixed assets and non banking assets - net	30	(118,427)	(67,679)
Gain on termination of leases (IFRS 16) - net	30	(70,186)	(120,852)
Borrowing cost on lease liability	26	1,905,217	1,379,454
Workers' Welfare Fund		1,191,335	663,445
Charge for defined benefit plan	31.1	350,251	256,200
Charge for staff compensated absences	31.1	142,497	135,000
		<u>17,890,436</u>	<u>14,779,802</u>
		<u>69,784,392</u>	<u>41,584,029</u>
<b>Decrease / (Increase) in operating assets</b>			
Lendings to financial institutions		48,272,315	11,722,572
Held for trading securities		(24,688,989)	37,901,692
Advances		57,000,857	(78,576,195)
Other assets (excluding advance taxation)		(68,228,656)	(40,509,723)
		<u>12,355,527</u>	<u>(69,461,654)</u>
<b>Increase/ (decrease) in operating liabilities</b>			
Bills payable		(18,494,514)	611,647
Borrowings		17,117,816	153,191,578
Deposits		334,469,048	246,435,252
Other liabilities (excluding current taxation)		58,928,893	33,051,489
		<u>392,021,243</u>	<u>433,289,966</u>
		<u>474,161,162</u>	<u>405,412,341</u>
		<u>(24,079,292)</u>	<u>(8,530,361)</u>
		<u>450,081,870</u>	<u>396,881,980</u>
Income tax paid			
<b>Net cash generated from operating activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(298,295,110)	(358,112,205)
Net investments in held-to-maturity securities		(76,468,510)	(10,309,749)
Dividends received from associates		155,995	74,995
Dividends received		646,642	704,860
Investments in operating fixed assets		(9,301,422)	(6,601,371)
Proceed from sale proceeds of fixed assets		132,067	79,276
Effect of translation of net investment in foreign branches		4,316,045	2,803,379
<b>Net cash used in investing activities</b>		<u>(378,814,293)</u>	<u>(371,360,815)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of leased obligations		(3,807,045)	(2,867,270)
Dividend paid		(7,083,456)	(3,379,251)
<b>Net cash used in financing activities</b>		<u>(10,890,501)</u>	<u>(6,246,521)</u>
<b>Increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		60,377,076	19,274,644
Effects of exchange rate changes on cash and cash equivalents - (gain)		206,551,447	147,453,546
		<u>(20,442,845)</u>	<u>(12,380,065)</u>
		<u>186,108,602</u>	<u>135,073,481</u>
<b>Cash and cash equivalents at end of the period</b>		<u>246,485,678</u>	<u>154,348,125</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 nine months period ended September 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 942 branches (December 31, 2022: 877 branches) and 15 sub-branches (December 31, 2022: 17 sub-branches). Out of the 942 branches, 619 (December 31, 2022: 586) are conventional, 312 (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	
	September 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 (IFIS). Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

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; except for overseas branches where this standard is 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 40 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) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
- local currency	34,808,221	34,295,288
- foreign currency	8,662,321	3,692,104
	43,470,542	37,987,392
With State Bank of Pakistan in		
- local currency current accounts	72,125,068	46,845,917
- foreign currency current accounts	8,633,455	3,528,124
- foreign currency deposit accounts	12,128,725	687,240
	92,887,248	51,061,281
With other central banks in		
- foreign currency current accounts	57,367,138	49,697,265
- foreign currency deposit accounts	1,485,121	1,679,531
	58,852,259	51,376,796
With National Bank of Pakistan in local currency current account	2,680,789	92,407
Prize bonds	130,461	95,875
	<u>198,021,299</u>	<u>140,613,751</u>
<b>8 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
- in current accounts	220,187	625,050
- in deposit accounts	6,315	13,013
	226,502	638,063
Outside Pakistan		
- in current accounts	17,352,324	9,438,572
- in deposit accounts	35,063	28,814
	17,387,387	9,467,386
	<u>17,613,889</u>	<u>10,105,449</u>
<b>9 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call / clean money lendings	33,438,238	40,384,136
Repurchase agreement lendings (Reverse Repo)	26,807,265	74,969,700
	60,245,503	115,353,836
Less: expected credit loss - overseas branches	-	(237)
Lending to financial institutions - net of provision	<u>60,245,503</u>	<u>115,353,599</u>

10 INVESTMENTS

10.1 Investments by type:

	September 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)-----								
<b>Held-for-trading securities</b>								
<b>Federal Government Securities</b>								
- Market Treasury Bills	20,161,082	-	(46,519)	20,114,563	2,074,210	-	(2,994)	2,071,216
- Pakistan Investment Bonds	14,827,991	-	6,079	14,834,070	4,173,096	-	33,445	4,206,541
- Ijarah Sukuk	601,668	-	(3,706)	597,962	3,059,648	-	7,862	3,067,510
<b>Shares</b>								
- Ordinary shares / units - Listed	83,402	-	12	83,414	593,977	-	(60,544)	533,433
<b>Foreign Securities</b>								
- Overseas Bonds - Sovereign	2,587,119	-	(46,871)	2,540,248	3,698,451	-	(4,878)	3,693,573
	38,261,262	-	(91,005)	38,170,257	13,599,382	-	(27,109)	13,572,273
<b>Available-for-sale securities</b>								
<b>Federal Government Securities</b>								
- Market Treasury Bills	184,750,466	-	(2,139,627)	182,610,839	2,402	-	(7)	2,395
- Pakistan Investment Bonds	819,353,721	-	(13,345,390)	806,008,331	831,017,092	-	(7,636,247)	823,380,845
- Ijarah Sukuk	215,822,680	-	(1,629,053)	214,193,627	104,886,109	-	(939,360)	103,946,749
- Government of Pakistan Euro Bonds	15,043,845	(2,601,158)	(3,556,470)	8,886,217	11,917,603	(2,012,101)	(4,753,348)	5,152,154
- Naya Pakistan Certificates	6,921,738	-	-	6,921,738	4,779,075	-	-	4,779,075
<b>Shares</b>								
- Ordinary shares - Listed	5,908,325	(143,201)	(99,282)	5,665,842	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)	-	-
<b>Non Government Debt Securities</b>								
- Term Finance Certificates	3,527,852	(363,744)	-	3,164,108	2,764,517	(411,218)	(48)	2,353,251
- Sukuk	16,668,706	(96,511)	46,637	16,618,832	16,898,056	(96,511)	129,707	16,931,252
<b>REIT Fund - Unlisted</b>	700,000	-	-	700,000	700,000	-	-	700,000
<b>Foreign Securities</b>								
- Overseas Bonds - Sovereign	35,673,919	(91,884)	(2,684,077)	32,897,958	26,861,689	(64,732)	(1,679,122)	25,117,835
- Overseas Bonds - Others	25,168,078	(9,388)	(2,249,644)	22,909,046	25,310,922	(10,416)	(2,074,381)	23,226,125
- Redeemable Participating Certificates	5,573,057	-	-	5,573,057	4,338,537	-	-	4,338,537
- Equity security - Listed	274,186	-	37,268	311,454	-	-	-	-
	1,336,731,771	(3,527,759)	(25,619,638)	1,307,584,374	1,038,026,783	(3,646,191)	(17,406,375)	1,016,974,217
<b>Held-to-maturity securities</b>								
<b>Federal Government Securities</b>								
- Pakistan Investment Bonds	110,916,359	-	-	110,916,359	68,564,798	-	-	68,564,798
- Ijarah Sukuk	27,734,961	-	-	27,734,961	-	-	-	-
<b>Non Government Debt Securities</b>								
- Term Finance Certificates	814,680	(214,680)	-	600,000	864,680	(24,680)	-	840,000
- Sukuk	3,184,761	(78,076)	-	3,106,685	1,895,679	(80,722)	-	1,814,957
<b>Foreign Securities</b>								
Overseas Bonds - Sovereign	16,546,551	(244)	-	16,546,307	11,216,215	(168)	-	11,216,047
	159,197,312	(293,000)	-	158,904,312	82,541,372	(105,570)	-	82,435,802
<b>Associates (valued at equity method)</b>								
- Alfalah Insurance Company Limited	706,268	-	-	706,268	601,034	-	-	601,034
- Sapphire Wind Power Company Limited	4,091,607	-	-	4,091,607	3,436,726	-	-	3,436,726
- Alfalah Asset Management Limited	675,977	-	-	675,977	596,311	-	-	596,311
	5,473,852	-	-	5,473,852	4,634,071	-	-	4,634,071
<b>Total Investments</b>	<b>1,539,664,197</b>	<b>(3,820,759)</b>	<b>(25,710,643)</b>	<b>1,510,132,795</b>	<b>1,138,801,608</b>	<b>(3,751,761)</b>	<b>(17,433,484)</b>	<b>1,117,616,363</b>

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)      (Audited)  
**September 30,**      **December 31,**  
**2023**                      **2022**  
-----**(Rupees in '000)**-----

**10.2 Investments given as collateral**

Pakistan Investment Bonds	309,663,500	307,049,207
Ijarah Sukuk	20,000,000	-
Overseas Bonds	6,021,789	4,981,480
	335,685,289	312,030,687

**10.2.1** The market value of securities given as collateral is Rs. 324,118.809 million (December 31, 2022: Rs. 308,263.867 million).

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

**10.3 Provision for diminution in value of investments**

Opening balance	3,751,761	1,186,010
Exchange and other adjustments	597,308	66,733
Charge / (reversals)		
Charge for the period / year	405,910	2,668,843
Reversals for the period / year	(88,323)	(9,397)
Reversal on disposals	(845,897)	(160,428)
	(528,310)	2,499,018
Closing Balance	3,820,759	3,751,761

**10.3.2 Particulars of provision against debt securities**

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

**10.3.2.1** The overseas branches hold a provision of Rs. 2,702.674 million (December 31, 2022: Rs. 2,087.417 million) against investments in accordance with ECL requirements of IFRS 9.

**10.3.3** The market value of securities classified as held-to-maturity as at September 30, 2023 amounted to Rs. 143,279.480 million (December 31, 2022: Rs. 73,518.445 million).

11 ADVANCES

Note	Performing		Non Performing		Total	
	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----						
Loans, cash credits, running finances, etc.	522,197,234	570,312,570	33,045,343	22,798,387	555,242,577	593,110,957
Islamic financing and related assets	136,911,168	149,839,163	4,684,385	4,893,861	141,595,553	154,733,024
Bills discounted and purchased	11,237,842	14,580,885	178,501	3,280,234	11,416,343	17,861,119
Advances - gross	670,346,244	734,732,618	37,908,229	30,972,482	708,254,473	765,705,100
Provision against advances						
- Specific	11.4	-	(33,617,439)	(25,397,878)	(33,617,439)	(25,397,878)
- General / expected credit loss	11.4	(9,016,154)	-	-	(9,016,154)	(7,921,407)
		(9,016,154)	(33,617,439)	(25,397,878)	(42,633,593)	(33,319,285)
Advances - net of provision	661,330,090	726,811,211	4,290,790	5,574,604	665,620,880	732,385,815

11.1 Advances include an amount of Rs. 329.751 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 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 SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 17.52% to 33.69% (December 31, 2022: 13.37% to 27.25%) with maturities up to February 2043 (December 31, 2022: October 2042).

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

11.2 Particulars of advances (Gross)

In local currency	625,461,947	713,985,927
In foreign currencies	82,792,526	51,719,173
	708,254,473	765,705,100

11.3 Advances include Rs. 37,908.229 million (December 31, 2022: Rs. 30,972.482 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
------(Rupees in '000)-----				
<b>Domestic</b>				
Other Assets Especially Mentioned	174,866	2,063	178,723	15,814
Substandard	1,597,039	438,012	2,352,882	683,787
Doubtful	5,069,553	2,475,822	6,885,829	3,407,905
Loss	30,351,463	30,123,627	20,897,810	20,795,657
	37,192,921	33,039,524	30,315,244	24,903,163
<b>Overseas</b>				
Overdue by:				
91 to 180 days	43,711	26,105	35,903	21,952
181 to 365 days	-	-	139,472	119,706
Above 365 days	671,597	551,810	481,863	353,057
	715,308	577,915	657,238	494,715
<b>Total</b>	37,908,229	33,617,439	30,972,482	25,397,878

#### 11.4 Particulars of provision against advances

	September 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	92,537	65,047	157,584	32,240	22,887	55,127
Charge for the period / year	10,258,551	1,029,700	11,288,251	7,010,664	3,831,284	10,841,948
Reversals for the period / year	(1,524,173)	-	(1,524,173)	(1,898,149)	-	(1,898,149)
	8,734,378	1,029,700	9,764,078	5,112,515	3,831,284	8,943,799
Amounts written off	(607,354)	-	(607,354)	(497,192)	-	(497,192)
Amounts charged off - agriculture financing	-	-	-	(69,791)	-	(69,791)
Amounts charged off - balance sheet cleaning	-	-	-	(306,232)	-	(306,232)
	(607,354)	-	(607,354)	(873,215)	-	(873,215)
Closing balance	33,617,439	9,016,154	42,633,593	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 September 30, 2023 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 98.444 million (December 31, 2022: Rs. 94.554 million).

11.4.2 During the period, non performing loans and provisions were reduced by Rs. 231.391 million (December 31, 2022: Rs. 175.000 million) due to debt property swap transaction.

11.4.3 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. 6,917.000 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.

11.4.4 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) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
<b>12 FIXED ASSETS</b>			
Capital work-in-progress	12.1	3,537,654	944,206
Property and equipment	12.2	35,956,920	32,132,604
Right-of-use assets		19,164,165	15,416,474
		<u>58,658,739</u>	<u>48,493,284</u>
<b>12.1 Capital work-in-progress</b>			
Civil works		2,096,784	706,019
Equipment		1,398,227	214,126
Others		42,643	24,061
		<u>3,537,654</u>	<u>944,206</u>

12.2 It includes land and buildings carried at revalued amount of Rs. 23,735.645 million (December 31, 2022: Rs. 21,661.195 million).

(Un-audited)	
For the nine months period ended	
September 30, 2023	September 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	2,593,448	600,726
Property and equipment		
Freehold land	558,586	912,286
Leasehold land	584,800	-
Buildings on freehold land	332,560	532,247
Buildings on leasehold land	769,862	146,766
Leasehold improvement	870,764	722,027
Furniture and fixtures	225,913	136,499
Office equipment	2,954,557	2,882,303
Vehicles	66,698	35,500
	6,363,740	5,367,628
Total additions to fixed assets	8,957,188	5,968,354

### 12.4 Disposals of fixed assets

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

Leasehold improvements	7,004	1,864
Furniture and fixtures	665	361
Office equipments	5,971	9,372
Total disposal of fixed assets	13,640	11,597
	(Un-audited)	(Audited)
	September 30,	December 31,
	2023	2022
	----- (Rupees in '000) -----	

### 13 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers	717,701	455,945
Software	674,147	842,236
Membership Card	6,000	6,000
	1,397,848	1,304,181

(Un-audited)	
For the nine months period ended	
September 30, 2023	September 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	261,756	131,086
Directly purchased	66,476	304,339
Total additions to intangible assets	328,232	435,425

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

14	DEFERRED TAX ASSETS	Note	(Un-audited)	(Audited)
			September 30, 2023	December 31, 2022
------(Rupees in '000)-----				
<b>Deductible temporary differences on:</b>				
	- Provision against investments		2,138,625	1,702,211
	- Provision against advances		5,871,679	3,096,128
	- Unrealised loss on revaluation of held for trading investments		37,978	7,472
	- Deficit on revaluation of available for sale investments - net of derivatives		10,190,145	5,690,672
	- Provision against other assets		1,271,969	1,002,851
	- Provision against lending to financial institutions		-	32
	- Workers' Welfare Fund		1,272,147	604,100
	- Others		24,404	24,404
			20,806,947	12,127,870
<b>Taxable temporary differences on:</b>				
	- Surplus on revaluation of fixed assets		(584,206)	(486,889)
	- Surplus on revaluation of non banking assets		(72,820)	(63,108)
	- Share of profit and other comprehensive income from associates		(2,105,161)	(1,486,280)
	- Accelerated tax depreciation		(3,034,805)	(2,540,820)
			(5,796,992)	(4,577,097)
			15,009,955	7,550,773
<b>15 OTHER ASSETS</b>				
	Income / mark-up accrued in local currency - net of provision		90,148,123	42,711,601
	Income / mark-up accrued in foreign currency - net of provision		2,822,156	2,011,398
	Advances, deposits, advance rent and other prepayments		8,185,087	3,748,465
	Advance against subscription of share		140,000	-
	Non-banking assets acquired in satisfaction of claims	15.1	1,681,830	1,439,606
	Dividend receivable		54,917	-
	Mark to market gain on forward foreign exchange contracts		4,047,970	922,573
	Mark to market gain on derivatives	24.1	5,472,025	4,795,545
	Stationery and stamps on hand		21,966	23,253
	Defined benefit plan		-	153,707
	Branch adjustment account		181,380	24,430
	Due from card issuing banks		3,822,352	4,544,609
	Accounts receivable		5,665,755	5,690,187
	Claims against fraud and forgeries		119,294	119,455
	Acceptances		32,014,698	19,090,181
	Receivable against DSC / SSC and overseas government securities		42,390	131,517
	Receivable against marketable securities		963,450	860,261
	Others		66,489	65,636
			155,449,882	86,332,424
	Less: Provision held against other assets	15.2	(3,436,342)	(3,181,544)
	Other assets (net of provision)		152,013,540	83,150,880
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	15.1	147,603	145,613
	Other assets - total		152,161,143	83,296,493

**15.1** The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 1,829.433 million (December 31, 2022: Rs. 1,585.219 million).

## 15.2 Provision held against other assets

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Impairment against overseas operations	2,148,583	2,114,963
Expected credit loss (overseas operations)	35,134	10,397
Fraud and forgeries	119,294	119,455
Accounts receivable	576,584	548,109
Others	556,747	388,620
	<u>3,436,342</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	2,728	35,684
Charge for the period / year	254,903	1,493,475
Reversals for the period / year	(2,833)	(165,599)
	252,070	1,327,876
Amount written off	-	(30,423)
Closing balance	<u>3,436,342</u>	<u>3,181,544</u>

## 16 BILLS PAYABLE

In Pakistan	20,730,329	37,705,524
Outside Pakistan	808,963	2,328,282
	<u>21,539,292</u>	<u>40,033,806</u>

## 17 BORROWINGS

### Secured

Borrowings from State Bank of Pakistan under:

Export Refinance Scheme	41,932,206	53,477,830
Long-Term Finance Facility	25,557,855	28,643,178
Financing Facility for Renewable Energy Projects	12,088,252	11,917,647
Financing Facility for Storage of Agriculture Produce (FFSAP)	573,170	738,979
Refinance for Wages & Salaries	-	300,821
Temporary Economic Refinance Facility (TERF)	49,701,387	49,721,502
Export Refinance under Bill Discounting	14,769,657	10,633,712
SME Asaan Finance (SAAF)	2,021,323	949,413
Refinance Facility for Combating COVID (RFCC)	892,690	692,957
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	130,004	279,374
Modernization of Small and Medium Entities (MSMES)	1,162,957	871,659
Other refinance schemes	637	890
Repurchase agreement borrowings	253,107,290	256,900,000
	401,937,428	415,127,962

Repurchase agreement borrowings	26,108,966	4,830,897
Bai Muajjal	44,899,520	42,113,040
Medium Term Note	11,000,000	11,000,000
Others	677,651	470,410
<b>Total secured</b>	<u>484,623,565</u>	<u>473,542,309</u>

### Unsecured

Call borrowings	12,152,304	5,766,732
Overdrawn nostro accounts	2,587,748	4,884,913
Others		
- Pakistan Mortgage Refinance Company	4,174,178	2,180,208
- Karandaaz Risk Participation	2,932,797	2,331,958
- Other financial institutions	-	2,943,821
<b>Total unsecured</b>	<u>21,847,027</u>	<u>18,107,632</u>
	<u>506,470,592</u>	<u>491,649,941</u>

## 18 DEPOSITS AND OTHER ACCOUNTS

	September 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)						
<b>Customers</b>						
Current deposits	586,896,858	154,846,226	741,743,084	523,834,695	131,267,950	655,102,645
Savings deposits	411,799,273	41,760,621	453,559,894	294,762,649	37,937,222	332,699,871
Term deposits	351,556,329	68,382,155	419,938,484	287,557,414	49,767,276	337,324,690
Others	36,852,280	13,188,174	50,040,454	35,941,042	8,943,974	44,885,016
	1,387,104,740	278,177,176	1,665,281,916	1,142,095,800	227,916,422	1,370,012,222
<b>Financial Institutions</b>						
Current deposits	3,205,913	1,511,201	4,717,114	3,192,672	3,065,704	6,258,376
Savings deposits	81,315,900	4,028,089	85,343,989	68,746,218	2,911,307	71,657,525
Term deposits	62,552,200	2,856,325	65,408,525	38,073,100	354,319	38,427,419
Others	536,850	16,914	553,764	404,457	76,261	480,718
	147,610,863	8,412,529	156,023,392	110,416,447	6,407,591	116,824,038
	1,534,715,603	286,589,705	1,821,305,308	1,252,512,247	234,324,013	1,486,836,260

18.1 Current deposits include remunerative current deposits of Rs. 18,335.164 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) September 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		
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 Holding Company 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) September 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		
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 Holding Company 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.		

14,000,000	14,000,000
------------	------------

20 OTHER LIABILITIES	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		41,534,716	16,650,129
Mark-up / return / interest payable in foreign currency		1,709,589	1,443,987
Unearned fee commission and income on bills discounted and guarantees		3,245,381	2,591,163
Accrued expenses		13,863,097	12,610,353
Current taxation		17,961,130	12,843,565
Acceptances		32,014,698	19,090,181
Dividends payable		6,358,162	4,767,210
Mark to market loss on forward foreign exchange contracts		6,439,150	455,164
Mark to market loss on derivatives	24.1	110,009	-
Payable to defined benefit plan		196,545	-
Alternative Delivery Channel (ADC) settlement accounts		5,325,620	2,035,378
Provision for compensated absences		843,989	701,492
Payable against redemption of customer loyalty / reward points		783,524	607,208
Charity payable		93,593	65,998
Provision against off-balance sheet obligations	20.1	79,355	62,948
Security deposits against leases, lockers and others		14,307,077	13,300,923
Workers' Welfare Fund		4,570,232	3,378,897
Payable to vendors and suppliers		464,711	556,205
Margin deposits on derivatives		4,736,174	4,077,091
Payable to merchants (card acquiring)		1,264,214	16,536
Indirect Taxes Payable		2,928,579	2,360,341
Lease liabilities against right-of-use assets		21,744,073	17,514,201
Payable against marketable securities		220,444	1,277,915
Trading Liability		7,311,824	2,638,773
Others		5,439,953	3,090,674
		<u>193,545,839</u>	<u>122,136,332</u>

#### 20.1 Provision against off-balance sheet obligations

Opening balance	62,948	137,639
Exchange and other adjustments	4,558	12,348
Charge / (reversal) for the period / year	11,849	(87,039)
Closing balance	<u>79,355</u>	<u>62,948</u>

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
<b>21 SURPLUS ON REVALUATION OF ASSETS</b>		----- (Rupees in '000) -----	
(Deficit) / surplus on revaluation of:			
- Available for sale securities	10.1	(25,619,638)	(17,406,375)
- Available for sale securities of associates		(14,440)	(20,389)
- Fixed assets		12,741,608	12,807,981
- Non-banking assets acquired in satisfaction of claims		147,603	145,613
		(12,744,867)	(4,473,170)
Less: Deferred tax asset / (liability) on (deficit) / surplus on revaluation of:			
- Available for sale securities		12,553,623	7,484,741
- Available for sale securities of associates		7,075	8,767
- Fixed assets		(584,206)	(486,889)
- Non-banking assets acquired in satisfaction of claims		(72,820)	(63,108)
		11,903,672	6,943,511
Derivatives (deficit) / surplus		(4,823,425)	(4,169,754)
Less: Deferred tax asset / (liability) on derivative		2,363,478	1,792,994
		(2,459,947)	(2,376,760)
			-
		<u>1,618,752</u>	<u>4,847,101</u>
<b>22 NON-CONTROLLING INTEREST</b>		(Un-audited) September 30, 2023	(Audited) December 31, 2022
<b>Name</b>	<b>Principal activity</b>	<b>Ownership interest held by NCI</b>	
		<b>Principal place of Business</b>	
Alfalah CLSA Securities (Private) Limited, Pakistan	Stock Brokerage	Pakistan	
		37.50%	37.50%
<b>Key financial information of the subsidiary</b>		(Un-audited) September 30, 2023	(Audited) December 31, 2022
		----- (Rupees in '000) -----	
Assets		1,414,479	1,875,409
Liabilities		1,083,929	1,534,610
Net Assets		<u>330,550</u>	<u>340,799</u>
<b>Non-Controlling Interest (NCI)</b>		<u>123,957</u>	<u>127,800</u>
		<b>(Un-audited)</b>	
		<b>For the nine months period ended</b>	
		September 30, 2023	September 30, 2022
		----- (Rupees in '000) -----	
Revenue		328,236	237,891
Expenses and provision		329,333	239,108
Loss before tax		(1,097)	(1,217)
Loss after tax		<u>(10,247)</u>	<u>(8,461)</u>
Total comprehensive loss for the period		<u>(10,247)</u>	<u>(8,461)</u>
<b>Cash Flows:</b>			
Cash flows used in operating activities		(609,907)	(348,023)
Cash flows used in investing activities		(8,628)	(23,602)
Cash flows used in Financing Activities		(11,995)	(2,081)
<b>Net decrease in cash and cash equivalent</b>		<u>(630,530)</u>	<u>(373,706)</u>

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
------(Rupees in '000)-----			
<b>23 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	23.1	169,800,891	140,370,087
- Commitments	23.2	660,190,420	439,230,552
- Other contingent liabilities	23.3.1	23,885,547	6,903,292
		<u>853,876,858</u>	<u>586,503,931</u>
<b>23.1 Guarantees:</b>			
Performance guarantees		56,404,545	53,798,209
Other guarantees		113,396,346	86,571,878
		<u>169,800,891</u>	<u>140,370,087</u>
<b>23.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- Letters of credit		225,325,112	171,719,857
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	293,154,054	170,721,451
- forward government securities transactions	23.2.2	68,841,847	17,438,813
- derivatives	23.2.3	52,228,926	46,734,911
- forward lending	23.2.4	16,073,740	26,798,555
Commitments for acquisition of:			
- operating fixed assets		2,828,141	3,004,717
- intangible assets		421,100	465,248
Commitments in respect of donations		867,500	1,897,000
Other commitments	23.2.5	450,000	450,000
		<u>660,190,420</u>	<u>439,230,552</u>
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		170,726,192	120,494,702
Sale		122,427,862	50,226,749
		<u>293,154,054</u>	<u>170,721,451</u>
<b>23.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		47,039,645	12,990,116
Sale		21,802,202	4,448,697
		<u>68,841,847</u>	<u>17,438,813</u>
<b>23.2.3 Commitments in respect of derivatives</b>			
<b>Interest rate swap</b>			
Purchase	24.1	40,227,094	46,160,838
Sale		-	-
		<u>40,227,094</u>	<u>46,160,838</u>
<b>Cross Currency Swaps</b>			
Purchase		-	-
Sale	24.1	12,001,832	574,073
		<u>12,001,832</u>	<u>574,073</u>
<b>Total commitments in respect of derivatives</b>		<u>52,228,926</u>	<u>46,734,911</u>
<b>23.2.4 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.4.1	13,272,886	21,639,590
Commitments in respect of investments		2,800,854	5,158,965
		<u>16,073,740</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.

	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>September 30,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
	----- <b>(Rupees in '000)</b> -----	
<b>23.3 Other contingent liabilities</b>		
<b>23.3.1</b> Claims against the Holding Company not acknowledged as debts	<u>23,885,547</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 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 35.1.

**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**

<b>September 30, 2023 (Un-audited)</b>						
<b>Counterparties</b>	<b>Interest Rate Swaps</b>			<b>Cross Currency Swaps</b>		
	<b>No. of contracts</b>	<b>Notional Principal</b>	<b>Mark to market gain - net</b>	<b>No. of contracts</b>	<b>Notional Principal</b>	<b>Mark to market gain - net</b>
	----- <b>(Rupees in '000)</b> -----					
<b>With Banks for Hedging</b>	41	40,227,094	4,800,505	-	-	-
<b>With other entities Market making</b>	-	-	-	6	12,001,832	561,511
	<u>41</u>	<u>40,227,094</u>	<u>4,800,505</u>	<u>6</u>	<u>12,001,832</u>	<u>561,511</u>

<b>December 31, 2022 (Audited)</b>						
<b>Counterparties</b>	<b>Interest Rate Swaps</b>			<b>Cross Currency Swaps</b>		
	<b>No. of contracts</b>	<b>Notional Principal</b>	<b>Mark to market gain - net</b>	<b>No. of contracts</b>	<b>Notional Principal</b>	<b>Mark to market gain - net</b>
	----- <b>(Rupees in '000)</b> -----					
<b>With Banks for Hedging</b>	51	46,160,838	4,761,605	-	-	-
<b>With other entities Market making</b>	-	-	-	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 nine months period ended	
		September 30, 2023	September 30, 2022
------(Rupees in '000)-----			
<b>25</b>	<b>MARK-UP/RETURN/INTEREST EARNED</b>		
	On:		
	a) Loans and advances	85,426,305	55,448,431
	b) Investments	187,774,845	83,785,208
	c) Lendings to financial institutions / Bai Muajjal	3,368,989	1,047,564
	d) Balances with banks / financial institutions	77,658	69,685
	e) On securities purchased under resale agreements	9,631,771	3,792,665
		<u>286,279,568</u>	<u>144,143,553</u>
<b>26</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
	On:		
	a) Deposits	114,142,778	51,085,769
	b) Borrowings	13,775,907	7,230,622
	c) Securities sold under repurchase agreements	59,047,293	27,306,690
	d) Subordinated debt	2,205,050	670,590
	e) Cost of foreign currency swaps against foreign currency deposits / borrowings	4,006,780	2,321,683
	f) Borrowing cost on leased properties	1,905,217	1,379,454
	g) Reward points / customer loyalty	296,206	176,472
		<u>195,379,231</u>	<u>90,171,280</u>
<b>27</b>	<b>FEE &amp; COMMISSION INCOME</b>		
	Branch banking customer fees	940,003	819,081
	Consumer finance related fees	452,781	365,541
	Card related fees (debit and credit cards)	1,762,509	1,138,976
	Credit related fees	432,891	246,045
	Investment banking fees	199,300	214,340
	Commission on trade	1,865,761	1,644,677
	Commission on guarantees	571,264	414,595
	Commission on cash management	65,335	40,947
	Commission on remittances including home remittances	1,005,811	930,637
	Commission on bancassurance	435,548	476,041
	Card acquiring business	1,204,101	658,959
	Wealth Management Fee	143,790	77,577
	Commission on Employees' Old-Age Benefit Institution (EOBI)	-	23,771
	Commission on Benazir Income Support Programme (BISP)	401,622	227,127
	Alternative Delivery Channel (ADC) settlement accounts	924,807	518,571
	Brokerage/ Commission Income	396,075	257,059
	Others	158,528	175,541
		<u>10,960,126</u>	<u>8,229,485</u>
<b>28</b>	<b>FOREIGN EXCHANGE INCOME</b>		
	Foreign exchange income	7,811,510	8,335,714
	Foreign exchange loss related to derivatives	(293,314)	(2,385)
		<u>7,518,196</u>	<u>8,333,329</u>
<b>29</b>	<b>LOSS ON SECURITIES</b>		
	Realised	29.1 (1,721,477)	82,010
	Unrealised - held for trading	10.1 (91,005)	(215,733)
	Unrealised gain on trading liabilities - net		13,137
		<u>(1,799,345)</u>	<u>(133,723)</u>
<b>29.1</b>	<b>Realised (loss) / gain on:</b>		
	Federal Government Securities	(1,424,213)	92,891
	Shares	(581,082)	(175,142)
	Non Government Debt Securities	-	21,262
	Foreign Securities	283,818	142,999
		<u>(1,721,477)</u>	<u>82,010</u>

30	OTHER INCOME	Note	(Un-audited)	
			For the nine months period ended	
			September 30, 2023	September 30, 2022
------(Rupees in '000)-----				
	Rent on property		20,939	23,191
	Gain on sale of fixed assets-net		118,427	58,479
	Gain on sale of non banking assets	30.1	-	9,200
	Profit on termination of leased contracts (Ijarah)		48,235	39,328
	Gain on termination of leases (IFRS 16)		70,186	120,852
			<u>257,787</u>	<u>251,050</u>

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

31	OPERATING EXPENSES	Note	(Un-audited)	
			For the nine months period ended	
			September 30, 2023	September 30, 2022
------(Rupees in '000)-----				
	<b>Total compensation expense</b>	31.1	20,138,244	15,572,759
	<b>Property expense</b>			
	Rates and taxes		129,235	92,400
	Utilities cost		1,966,556	1,468,585
	Security (including guards)		972,522	721,994
	Repair and maintenance (including janitorial charges)		964,468	763,137
	Depreciation on right-of-use assets		2,454,195	1,998,390
	Depreciation on non-banking assets acquired in satisfaction of claims		3,737	3,256
	Depreciation on owned assets		628,831	474,785
			7,119,544	5,522,547
	<b>Information technology expenses</b>			
	Software maintenance		1,946,432	1,503,539
	Hardware maintenance		723,134	492,679
	Depreciation		780,716	559,659
	Amortisation		234,936	267,410
	Network charges		458,376	418,884
	Consultancy and support services		145,538	257,572
			4,289,132	3,499,743
	<b>Other operating expenses</b>			
	Directors' fees and allowances		111,137	161,353
	Fees and allowances to Shariah Board		10,268	10,036
	Legal and professional charges		350,675	712,733
	Outsourced services costs		757,841	628,219
	Travelling and conveyance		945,125	630,114
	Clearing and custodian charges		144,107	108,819
	Depreciation		1,131,868	879,784
	Training and development		102,370	85,856
	Postage and courier charges		362,985	505,290
	Communication		1,244,135	670,665
	Stationery and printing		962,889	743,107
	Marketing, advertisement and publicity		3,482,048	1,367,095
	Donations		1,030,920	66,222
	Auditors' remuneration		54,680	45,961
	Brokerage and commission		307,651	203,216
	Entertainment		437,644	346,475
	Repairs and maintenance		608,476	563,601
	Insurance		1,105,553	1,058,109
	Cash Handling charges		1,125,757	856,588
	CNIC verification		184,694	145,943
	Others		568,591	862,063
			15,029,414	10,651,249
			<u>46,576,334</u>	<u>35,246,298</u>

(Un-audited)  
For the nine months period ended  
September 30, 2023      September 30, 2022  
------(Rupees in '000)-----

**31.1 Total compensation expense**

Managerial Remuneration		
i) Fixed	14,025,143	11,218,170
ii) Variable:		
a) Cash Bonus / Awards etc.	3,234,471	2,247,407
b) Bonus and Awards in Shares etc.	243,747	180,000
Charge for defined benefit plan	350,251	256,200
Contribution to defined contribution plan	544,633	453,738
Medical	969,902	610,572
Conveyance	387,453	273,027
Staff compensated absences	142,497	135,000
Others	221,183	169,674
<b>Sub-total</b>	<b>20,119,280</b>	<b>15,543,788</b>
Sign-on Bonus	18,964	23,971
Severance Allowance	-	5,000
<b>Grand Total</b>	<b>20,138,244</b>	<b>15,572,759</b>

**32 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 nine months period ended  
September 30, 2023      September 30, 2022  
------(Rupees in '000)-----

**33 OTHER CHARGES**

Penalties imposed by the State Bank of Pakistan	138,261	11,730
Penalties imposed by other regulatory bodies	-	2,550
	<b>138,261</b>	<b>14,280</b>

**34 PROVISIONS & WRITE OFFS - NET**

Reversal / (provision) against lending to financial institutions (IFRS 9 - ECL)		(296)	803
(Reversal) / provision for diminution in value of investments / IFRS 9 - ECL	10.3.1	(528,310)	494,598
Provision against loans & advances / IFRS 9 - ECL	11.4	9,764,078	7,807,078
Provision against other assets / IFRS 9 - ECL	15.2.1	252,070	92,217
Provision / (reversal) against off-balance sheet obligations / IFRS 9 - ECL	20.1	11,849	(28,607)
Other provisions / write off - net		12,341	12,936
Recovery of written off / charged off bad debts		(347,271)	(243,808)
		<b>9,164,461</b>	<b>8,135,217</b>

**35 TAXATION**

**Charge / (reversal) :**

Current	29,196,857	16,259,976
Prior years	-	(2,039,756)
Deferred	(3,069,506)	(309,450)
	<b>26,127,351</b>	<b>13,910,770</b>

- 35.1 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 had 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 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. Appeals against these orders are pending before 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 Holding Company's favour through appellate process.
- c) The Holding Company had received an order from a tax authority wherein Sales tax and penalty amounting to Rs. 5.191 million (excluding default surcharge) was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and appeal against this order is pending before Commissioner Appeals. Another 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 is pending before Appellate Tribunal. The Holding Company has not made any provision against these orders and the management is of the view that these matters will be favourably settled through appellate process.

		(Un-audited)	
		<u>For the nine months period ended</u>	
		<u>September 30,</u>	<u>September 30,</u>
		<u>2023</u>	<u>2022</u>
		------(Rupees in '000)-----	
36	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the period attributable to equity holders of the Holding Company	<u>27,461,834</u>	<u>14,278,268</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>17.41</u>	<u>8.03</u>

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

### 37 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.

### 37.1 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:

	<b>September 30, 2023 (Un-audited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>On balance sheet financial instruments</b>	----- <b>(Rupees in '000)</b> -----			
<b>Financial assets - measured at fair value</b>				
Investments				
- Federal Government Securities	-	1,254,167,347	-	1,254,167,347
- Non-Government Debt Securities	14,939,400	4,843,540	-	19,782,940
- Shares - listed companies	5,749,256	-	-	5,749,256
- Foreign Government Securities	-	35,438,206	-	35,438,206
- Foreign Non-Government Debt Securities	-	28,482,103	-	28,482,103
- Foreign Equity Securities	311,454	-	-	311,454
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments - held to maturity securities	-	143,279,480	-	143,279,480
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- Forward purchase of foreign exchange	-	4,047,970	-	4,047,970
- Forward sale of foreign exchange	-	(6,439,150)	-	(6,439,150)
- Forward purchase of government securities	-	(18,259)	-	(18,259)
- Forward sale government securities	-	(30,394)	-	(30,394)
- Derivatives purchases	-	4,800,505	-	4,800,505
- Derivatives sales	-	561,511	-	561,511
	<b>December 31, 2022 (Audited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>On balance sheet financial instruments</b>	----- <b>(Rupees in '000)</b> -----			
<b>Financial assets - measured at fair value</b>				
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
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments - held to maturity securities	-	73,518,446	-	73,518,446
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- 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

**37.2** 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.

**37.3 Valuation techniques used in determination of fair values:**

**37.3.1 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 37.3.2.

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.

**37.3.2 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.

**37.3.3 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.

38 SEGMENT INFORMATION

38.1 Segment details with respect to Business Activities

	For the nine months period ended September 30, 2023 (Un-audited)							Total
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital *	Overseas	Brokersage	
	(Rupees in '000)							
<b>Profit &amp; Loss</b>								
Net mark-up/return/profit	(48,919,254)	12,680,860	19,174,068	104,766,743	7,926	5,397,631	(84,883)	90,900,337
Inter segment revenue - net	10,427,892	(1,813,484)	(710,241)	(106,137,349)	1,391,293	732,653	-	17,091,136
Non mark-up/return/interest income	6,111,999	2,704,585	1,499,020	6,349,758	594,563	843,537	413,119	17,236,815
Total Income	62,020,637	13,571,961	19,996,287	4,981,152	1,993,882	6,973,821	328,236	110,655,733
Segment direct expenses	17,964,069	3,011,490	6,933,103	601,270	1,579,432	2,581,504	329,333	14,905,670
Inter segment expense allocation	9,599,806	1,047,927	2,697,470	469,856	786,411	314,835	-	(14,916,305)
Total expenses	27,563,875	4,059,417	9,630,573	1,071,126	2,365,843	2,896,338	329,333	(10,635)
Provisions / (reversals)	4,699,845	3,847,523	104,863	(496,283)	22,740	39,773	-	946,000
Profit / (loss) before tax	29,756,937	5,665,021	10,227,411	4,406,309	(394,701)	4,037,650	(1,097)	53,585,342

	As at September 30, 2023 (Un-audited)							Total
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital *	Overseas	Brokersage	
	(Rupees in '000)							
<b>Statement of financial position</b>								
Cash & Bank balances	91,787,137	17,811,651	35,689,138	-	936,065	69,205,504	205,693	215,635,188
Investments	-	3,826,107	201,157,682	1,210,919,706	-	89,270,068	15,014	1,510,132,795
Net inter segment lending	840,673,641	55,096,198	-	29,463,235	14,194,922	3,982,268	-	977,422,630
Lendings to financial institutions	-	-	26,800,000	-	-	45,434,442	-	60,245,503
Advances - performing	188,676,739	274,959,269	136,781,001	-	83,962	15,592	25,224	661,330,090
Advances - non-performing	2,551,830	1,095,955	396,086	-	15,592	137,393	-	4,290,790
Others	3,295,012	36,719,979	46,106,337	72,269,395	1,250,071	17,260,426	1,168,548	227,227,685
<b>Total assets</b>	1,154,984,359	389,509,159	446,930,244	1,312,652,276	16,480,612	225,290,101	1,414,479	3,656,284,681
Borrowings	23,773,166	90,449,019	60,874,635	311,502,980	-	19,193,141	677,651	506,470,592
Subordinated debt	-	-	-	-	-	15,035,060	-	14,000,000
Deposits & other accounts	1,087,495,650	250,007,147	313,566,420	977,422,630	16,206,660	-	-	1,821,905,308
Net inter segment borrowing	-	-	-	-	-	-	-	(7,629)
Others	43,715,543	49,052,993	49,760,680	31,500,514	273,952	14,719,348	406,278	25,655,823
<b>Total liabilities</b>	1,154,984,359	389,509,159	424,203,725	1,320,426,124	16,480,612	187,947,549	1,083,929	3,534,283,661
<b>Net assets</b>	-	-	22,726,509	(773,848)	-	37,342,552	330,550	69,975,257
<b>Equity</b>								122,001,020
<b>Contingencies &amp; Commitments</b>	122,548,692	242,295,979	69,962,977	351,097,625	622	63,500,730	450,000	4,020,233

\* The revenues of many digital products have been mapped into business segments according to the ownership of customer, and this profit and loss does not reflect it.

\*\* Others include head office related activities.

For the nine months ended period September 30, 2022 (Un-audited)									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital *	Overseas	Brokerage	Others**	Total

**Profit & Loss**

Net mark-up/return/profit  
 Inter segment revenue - net  
 Non mark-up/return/interest income  
 Total Income

	(10,811,123)	9,628,448	9,425,154	43,516,426	(56,614)	2,811,444	(44,407)	(502,018)	53,967,310
	40,243,881	(3,176,723)	(170,853)	(38,026,369)	628,737	487,974	-	13,353	-
	4,350,023	2,273,122	1,551,905	7,361,317	391,974	1,038,663	282,298	1,029,006	18,278,308
	33,782,781	8,724,847	10,806,206	12,851,374	964,097	4,338,081	237,891	540,341	72,245,618
	13,858,132	1,106,399	4,805,800	404,773	1,477,324	1,780,193	240,399	12,251,003	35,924,023
	6,967,265	965,709	1,894,540	403,540	1,030,340	193,813	-	(11,455,215)	-
	20,825,397	2,072,108	6,700,340	808,321	2,507,664	1,974,006	240,399	795,788	35,924,023
	4,709,929	(186,898)	315,897	480,740	8,763	58,077	(1,291)	2,750,000	8,135,217
	8,247,455	6,839,667	3,789,969	11,562,313	(1,552,330)	2,305,998	(1,217)	(3,005,447)	28,186,378

As at December 31, 2022 (Audited)									
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital *	Overseas	Brokerage	Others**	Total

**Statement of financial position**

Cash & Bank balances  
 Investments  
 Net inter segment lending  
 Lendings to financial institutions  
 Advances - performing  
 Advances - non-performing  
 Others  
 Total assets

	54,496,751	13,526,538	22,294,976	-	1,380,127	58,391,826	628,982	-	150,719,200
	-	3,065,299	123,324,033	913,838,262	-	72,564,199	15,376	4,809,194	1,117,616,363
	614,225,790	1,195,293	-	81,309,765	20,415,824	4,043,773	-	62,200,147	698,037,054
	221,934,495	307,817,003	30,000,061	-	73,590	36,726,043	10,965	-	115,353,599
	2,942,330	1,660,287	149,691,194	-	3,985	162,523	-	10,557,921	726,811,211
	21,320,625	28,322,398	27,309,005	28,284,908	1,483,080	15,012,516	1,220,086	17,692,113	5,574,604
	914,919,991	355,586,818	353,345,718	1,023,432,935	23,356,606	186,900,880	1,875,409	95,338,405	2,954,756,762

	26,937,622	95,851,939	39,964,773	314,660,326	-	13,764,871	470,410	-	491,649,941
	-	-	-	-	-	-	-	14,000,000	14,000,000
	860,869,595	210,843,465	255,671,950	698,037,054	23,002,118	136,392,013	-	57,119	1,486,836,260
	27,112,774	48,891,414	40,321,509	15,282,536	354,488	12,816,382	1,064,200	16,326,895	698,037,054
	914,919,991	355,586,818	335,958,232	1,027,979,916	23,356,606	162,973,266	1,534,610	30,383,954	2,852,693,393
	-	-	17,387,486	(4,546,981)	-	23,927,614	340,799	64,954,451	102,063,369
	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

**Contingencies & Commitments**

\* The revenues of many digital products have been mapped into business segments according to the ownership of customer, and this profit and loss does not reflect it.  
 \*\* Others include head office related activities.

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:

	Key management personnel		Other related parties		Key management personnel		Other related parties	
	Directors/ CEO	As at September 30, 2023 (Un-audited)	Associates	(Rupees in '000)	Directors/ CEO	As at December 31, 2022 (Audited)	Associates	(Rupees in '000)
<b>Lendings to financial institutions</b>								
Opening balance	-	-	-	-	-	-	-	2,330,078
Addition during the period / year	-	6,332,364	-	6,332,364	-	-	-	25,964,631
Repaid during the period / year	-	(6,332,364)	-	(6,332,364)	-	-	-	(28,294,709)
Closing balance	-	-	-	-	-	-	-	-
<b>Investments</b>								
Opening balance	-	-	4,634,071	1,552,048	-	4,118,122	-	1,119,230
Investment made during the period / year	-	-	-	452,658	-	-	-	274,246
Investment redeemed / disposed off during the period / year	-	-	-	(125,555)	-	-	-	(90,468)
Revaluation of investment during the period / year	-	-	-	(37,274)	-	-	-	(17,511)
Equity method adjustment	-	-	839,781	-	-	515,949	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	366,551
Closing balance	-	-	5,473,852	1,841,877	-	4,634,071	-	1,552,048
<b>Advances</b>								
Opening balance	18,062	672,608	-	2,367,924	77	1,184,057	-	1,997,552
Addition during the period / year	88	495,507	-	63,691,893	20,498	605,570	-	37,536,790
Repaid during the period / year	(3,025)	(276,428)	-	(62,687,034)	(2,513)	(173,521)	-	(38,264,097)
Transfer in / (out) - net	-	(27,495)	-	-	-	(943,498)	-	1,097,679
Closing balance	15,125	868,182	-	3,372,783	18,062	672,608	-	2,367,924
Provision held against advances	-	-	-	1,045,459	-	-	-	1,097,028
<b>Other Assets</b>								
Interest / mark-up accrued	-	-	-	70,199	944	54,009	-	30,381
Receivable from staff retirement fund	2,294	53,280	-	-	-	-	-	153,707
Prepayment / rent receivable	-	-	7,394	140,000	-	-	975	-
Advance against shares	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	337	-
<b>Borrowings</b>								
Opening balance	-	-	-	2,180,207	-	-	-	2,280,921
Borrowings - during the period / year	-	-	-	1,645,000	-	-	-	21,218,466
Settled during the period / year	-	-	-	(101,029)	-	-	-	(21,319,210)
Closing balance	-	-	-	3,724,178	-	-	-	2,180,207

	As at September 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
<b>Deposits and other accounts</b>								
Opening balance	38,466	184,994	3,078,698	12,308,779	59,026	371,859	13,465,085	6,410,266
Received during the period / year	1,167,453	2,470,066	569,983,648	219,528,800	517,842	4,736,925	255,922,887	92,145,150
Withdrawn during the period / year	(661,027)	(2,394,056)	(554,729,045)	(213,204,015)	(538,402)	(4,728,481)	(266,309,224)	(87,581,596)
Transfer in / (out) - net	-	(34,806)	-	-	-	(195,309)	-	1,334,959
Closing balance	544,892	226,198	18,333,301	18,633,564	38,466	184,994	3,078,698	12,308,779
<b>Other Liabilities</b>								
Interest / mark-up payable	628	1,668	11,727	53,289	253	158	-	13,231
Dividend Payable	2,166,128	-	-	1,845,246	1,146,264	39	-	2,201,513
Payable to defined benefit plan	-	-	-	196,545	-	-	-	-
Others	-	-	-	111,898	-	-	-	70,267
<b>Contingencies and Commitments</b>								
Other contingencies	-	-	-	870,136	-	-	-	463,191

	For the nine months period ended September 30, 2023 (Un-audited)				For the nine months period ended September 30, 2022 (Un-audited)			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
<b>Income</b>								
Mark-up / return / interest earned	1,345	30,889	-	207,031	520	18,669	-	126,942
Fee and commission income	-	-	136,689	-	-	197	72,401	-
Dividend income	-	-	155,995	132,209	-	-	74,995	328,072
(Loss) / gain on sale of securities	-	9	-	(1,956)	-	(113)	-	3,020
Other income	-	48	6,805	-	-	9	25,903	-
<b>Expenses</b>								
Mark-up / return / interest paid	9,558	23,054	668,430	1,582,748	1,134	13,812	593,490	683,312
Operating expenses								
Directors fee	11,137	-	-	-	161,353	-	-	-
Managerial remuneration	248,384	1,046,467	195,155	150,497	698,397	-	-	98,026
Software maintenance	-	-	-	-	-	-	-	1,914
Travelling and accommodation	-	-	-	180,014	-	-	-	47,669
Communication cost	-	-	-	-	-	-	-	-
Brokerage and commission	-	-	-	-	-	2,887	-	-
Charge for defined benefit plan	-	-	-	350,251	-	-	-	211,213
Contribution to defined contribution plan	-	-	-	544,653	-	-	-	367,329
Others	-	-	-	3,181	-	-	-	8,740
<b>Other information</b>								
Dividend paid	969,155	11,062	10,136	2,209,369	4,611	10,750	2,463	241,565
Insurance premium paid	-	-	1,043,459	-	-	-	708,676	-
Insurance claims settled	-	-	514,798	-	-	-	419,808	-

40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) (Audited)  
September 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	98,767,581	84,234,454
Eligible Additional Tier 1 (ADT 1) Capital	13,567,390	13,568,130
Total Eligible Tier 1 Capital	112,334,971	97,802,584
Eligible Tier 2 Capital	26,081,950	23,442,613
Total Eligible Capital (Tier 1 + Tier 2)	138,416,921	121,245,197

**Risk Weighted Assets (RWAs):**

Credit risk	759,538,778	755,004,734
Market risk	6,405,500	8,815,338
Operational risk	121,895,800	121,895,800
Total	887,840,078	885,715,872

**Common Equity Tier 1 Capital Adequacy ratio**

	11.12%	9.51%
Tier 1 Capital Adequacy Ratio	12.65%	11.04%
Total Capital Adequacy Ratio	15.59%	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	112,334,971	98,201,491
Total exposures	3,154,386,157	2,710,331,582
Leverage ratio	3.56%	3.62%

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets	1,156,594,013	688,048,074
Total Net Cash Outflow	486,192,617	371,947,384
Liquidity coverage ratio	238%	185%

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding	1,515,451,967	1,275,978,211
Total Required Stable Funding	974,149,508	849,343,576
Net Stable Funding Ratio	156%	150%

#### 41 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.

#### 42 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on October 26, 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	115,383	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**  
The Way Forward



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**Bank Alfalah Limited**  
B. A. Building, I. I. Chundrigar Road  
Karachi, Pakistan.  
111 777 786