



Bank Alfalah

LDN/CA/24
24th April 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Financial Results for the Quarter ended 31st March 2024 of Bank Alfalah Limited

Dear Sir,

We have to inform you that the Board of Directors of Bank Alfalah Limited (“**the Bank**”) in its meeting held on 24th April 2024 at 11:00 A.M. (UAE time) at Abu Dhabi and via Weblink, recommended the following:

- (i) **CASH DIVIDEND** - An interim Cash Dividend for the quarter ended 31st March 2024 at the rate of Rs. 2/- per share i.e.20%.
- (ii) **BONUS SHARES** - Nil
- (iii) **RIGHT SHARES** - Nil
- (iv) **ANY OTHER PRICE-SENSITIVE INFORMATION** - Nil
- (v) **ANY OTHER ENTITLEMENT/CORPORATE ACTION** -

The Board of Director of the Bank has decided to convene an Extra Ordinary General Meeting (“**EOGM**”) of the shareholders on **Monday, 27th May 2024 at 10:30 AM at Karachi**, for the purpose of election of directors. The share transfer books for EOGM will be closed from **20th May 2024 to 27th May 2024** (both days inclusive). The Notice of EOGM will be dispatched to the shareholders and the Exchange as per requirements of the PSX Rule Book in due course.

The Share Transfer Books of the Bank for the purpose of interim cash dividend will be closed from **7th May 2024 to 9th May 2024** (both days inclusive). The above entitlement will be paid to the shareholders whose names will appear in the Register of Members on the close of business on 6th May 2024. Transfers received at the office of Bank’s Share Registrar F.D. Registrar Services (Pvt.) Ltd (1705, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi-74000) at the close of business on 6th May 2024 will be treated in time for the purpose of above entitlement to the transferees.

The unconsolidated and consolidated financial results of the Bank as on 31st March 2024 are enclosed as Annexures ‘A’, ‘B’ and ‘C’. The Quarterly Report will be transmitted through PUCARS separately, within the specified time.

Yours truly,

Muhammad Akram Sawleh
Company Secretary

Encl: as above

c.c. Executive Director/HOD,
Offsite-II Department, Supervision Division,
Securities & Exchange Commission of Pakistan,
63, NIC Building, Jinnah Avenue, Blue Area, Islamabad.

Annexure 'A'

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

| | Note | Quarter ended March 31, 2024 | Quarter ended March 31, 2023 |
|--|------|------------------------------------|------------------------------------|
| | | -----Rupees in '000----- | |
| Mark-up / return / interest earned | 26 | 128,673,751 | 75,588,730 |
| Mark-up / return / interest expensed | 27 | 97,862,789 | 47,651,510 |
| Net mark-up / return / interest income | | <u>30,810,962</u> | <u>27,937,220</u> |
| NON MARK-UP/RETURN/INTEREST INCOME | | | |
| Fee and commission income | 28 | 4,401,554 | 3,329,180 |
| Dividend income | | 402,545 | 273,950 |
| Foreign exchange income | 29 | 2,303,621 | 3,324,964 |
| Gain / (loss) from derivatives | | 544,412 | (100,717) |
| Gain / (loss) on securities | 30 | 67,676 | (315,549) |
| Net gains / (loss) on derecognition of financial assets measured at amortised cost | | - | - |
| Other income | 31 | 54,135 | 64,183 |
| Total non-mark-up / interest income | | <u>7,773,943</u> | <u>6,576,011</u> |
| Total income | | <u>38,584,905</u> | <u>34,513,231</u> |
| NON MARK-UP / INTEREST EXPENSES | | | |
| Operating expenses | 32 | 18,353,904 | 14,608,513 |
| Workers' welfare fund | 33 | 425,221 | 397,746 |
| Other charges | 34 | 208,643 | 10,973 |
| Total non-mark-up / interest expenses | | <u>18,987,768</u> | <u>15,017,232</u> |
| Profit before credit loss allowance / provisions | | <u>19,597,137</u> | <u>19,495,999</u> |
| Credit loss allowance / provisions and write offs - net | 35 | (112,425) | 521,775 |
| Extra ordinary / unusual items | | - | - |
| PROFIT BEFORE TAXATION | | <u>19,709,562</u> | <u>18,974,224</u> |
| Taxation | 36 | 9,798,053 | 8,231,574 |
| PROFIT AFTER TAXATION | | <u>9,911,509</u> | <u>10,742,650</u> |
| -----Rupees----- | | | |
| Basic and diluted earnings per share | 37 | <u>6.28</u> | <u>6.81</u> |

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.



President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Annexure 'B'

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

| | Note | Quarter ended March 31, 2024 | Quarter ended March 31, 2023 |
|--|------|------------------------------------|------------------------------------|
| ------(Rupees in '000)----- | | | |
| Mark-up / return / interest earned | 27 | 128,652,122 | 75,600,919 |
| Mark-up / return / interest expensed | 28 | 97,866,549 | 47,687,134 |
| Net mark-up / return / interest income | | 30,785,573 | 27,913,785 |
| NON MARK-UP / RETURN / INTEREST INCOME | | | |
| Fee and commission income | 29 | 4,534,694 | 3,449,508 |
| Dividend income | | 297,545 | 207,950 |
| Foreign exchange income | 30 | 2,303,621 | 3,324,964 |
| Gain / (loss) from derivatives | | 544,412 | (100,717) |
| Gain / (loss) on securities | 31 | 65,723 | (312,459) |
| Net gains / (loss) on derecognition of financial assets measured at amortised cost | | - | - |
| Share of profit from associates | | 274,893 | 123,158 |
| Other income | 32 | 54,135 | 64,201 |
| Total non-mark-up / interest income | | 8,075,023 | 6,756,605 |
| Total Income | | 38,860,596 | 34,670,390 |
| NON MARK-UP / INTEREST EXPENSES | | | |
| Operating expenses | 33 | 18,523,925 | 14,710,756 |
| Workers' welfare fund | 34 | 425,656 | 397,746 |
| Other charges | 35 | 208,643 | 10,973 |
| Total non-mark-up / interest expenses | | 19,158,224 | 15,119,475 |
| Profit before credit loss allowance / provisions | | 19,702,372 | 19,550,915 |
| Credit loss allowance / provisions and write offs - net | 36 | (112,425) | 521,775 |
| Extra ordinary / unusual items | | - | - |
| PROFIT BEFORE TAXATION | | 19,814,797 | 19,029,140 |
| Taxation | 37 | 9,886,855 | 8,258,450 |
| PROFIT AFTER TAXATION | | 9,927,942 | 10,770,690 |
| Profit / (loss) attributable to: | | | |
| Equity holders of the Holding Company | | 9,954,444 | 10,772,393 |
| Non-controlling interest | | (26,502) | (1,703) |
| | | 9,927,942 | 10,770,690 |
| -----Rupees----- | | | |
| Basic and diluted earnings per share | 38 | 6.31 | 6.83 |

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.



President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Annexure "C"



Bank Alfalah Limited
Financial Statements
Quarter ended March 31, 2024



Bank Alfalah Limited
Unconsolidated Condensed Interim
Financial Statements
Quarter ended March 31, 2024

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

| | Note | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---------------------------------------|------|-----------------------------------|-----------------------------------|
| ------(Rupees in '000)----- | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | 7 | 186,677,247 | 202,692,402 |
| Balances with other banks | 8 | 23,931,858 | 16,617,834 |
| Lendings to financial institutions | 9 | 19,717,872 | 119,554,109 |
| Investments | 10 | 1,813,007,537 | 2,067,262,700 |
| Advances | 11 | 708,028,748 | 735,051,510 |
| Property and equipment | 12 | 48,717,873 | 41,816,110 |
| Right-of-use assets | 13 | 20,149,872 | 19,951,571 |
| Intangible assets | 14 | 1,351,567 | 1,369,899 |
| Deferred tax assets | 15 | 5,505,510 | 6,008,159 |
| Other assets | 16 | 157,597,021 | 135,592,533 |
| Total assets | | 2,984,685,105 | 3,345,916,827 |
| LIABILITIES | | | |
| Bills payable | 17 | 21,737,546 | 26,004,538 |
| Borrowings | 18 | 581,463,765 | 909,543,453 |
| Deposits and other accounts | 19 | 2,043,329,315 | 2,084,997,130 |
| Lease liabilities | 20 | 23,654,781 | 22,894,533 |
| Subordinated debt | 21 | 14,000,000 | 14,000,000 |
| Deferred tax liabilities | | - | - |
| Other liabilities | 22 | 160,164,606 | 150,554,340 |
| Total liabilities | | 2,844,350,013 | 3,207,993,994 |
| NET ASSETS | | <u>140,335,092</u> | <u>137,922,833</u> |
| REPRESENTED BY | | | |
| Share capital | | 15,771,651 | 15,771,651 |
| Reserves | | 41,686,120 | 41,401,130 |
| Surplus on revaluation of assets | 23 | 14,506,121 | 11,268,364 |
| Unappropriated profit | | 68,371,200 | 69,481,688 |
| | | <u>140,335,092</u> | <u>137,922,833</u> |
| CONTINGENCIES AND COMMITMENTS | 24 | | |

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

| | Note | Quarter ended March 31, 2024 | Quarter ended March 31, 2023 |
|--|------|------------------------------------|------------------------------------|
| -----Rupees in '000)----- | | | |
| Mark-up / return / interest earned | 26 | 128,673,751 | 75,588,730 |
| Mark-up / return / interest expensed | 27 | 97,862,789 | 47,651,510 |
| Net mark-up / return / interest income | | <u>30,810,962</u> | <u>27,937,220</u> |
| NON MARK-UP/RETURN/INTEREST INCOME | | | |
| Fee and commission income | 28 | 4,401,554 | 3,329,180 |
| Dividend income | | 402,545 | 273,950 |
| Foreign exchange income | 29 | 2,303,621 | 3,324,964 |
| Gain / (loss) from derivatives | | 544,412 | (100,717) |
| Gain / (loss) on securities | 30 | 67,676 | (315,549) |
| Net gains / (loss) on derecognition of financial assets measured at amortised cost | | - | - |
| Other income | 31 | 54,135 | 64,183 |
| Total non-mark-up / interest income | | <u>7,773,943</u> | <u>6,576,011</u> |
| Total income | | <u>38,584,905</u> | <u>34,513,231</u> |
| NON MARK-UP / INTEREST EXPENSES | | | |
| Operating expenses | 32 | 18,353,904 | 14,608,513 |
| Workers' welfare fund | 33 | 425,221 | 397,746 |
| Other charges | 34 | 208,643 | 10,973 |
| Total non-mark-up / interest expenses | | <u>18,987,768</u> | <u>15,017,232</u> |
| Profit before credit loss allowance / provisions | | <u>19,597,137</u> | <u>19,495,999</u> |
| Credit loss allowance / provisions and write offs - net | 35 | (112,425) | 521,775 |
| Extra ordinary / unusual items | | - | - |
| PROFIT BEFORE TAXATION | | <u>19,709,562</u> | <u>18,974,224</u> |
| Taxation | 36 | 9,798,053 | 8,231,574 |
| PROFIT AFTER TAXATION | | <u>9,911,509</u> | <u>10,742,650</u> |
| -----Rupees----- | | | |
| Basic and diluted earnings per share | 37 | <u>6.28</u> | <u>6.81</u> |

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

| | Quarter ended March 31, 2024 | Quarter ended March 31, 2023 |
|---|------------------------------------|------------------------------------|
| | ------(Rupees in '000)----- | |
| Profit after taxation for the period | 9,911,509 | 10,742,650 |
| Other comprehensive income | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | |
| Effect of translation of net investment in foreign branches | (706,161) | 4,323,358 |
| Movement in deficit on revaluation of debt investments through FVOCI - net of tax | (1,844,649) | - |
| Movement in deficit on revaluation of investments - net of tax | - | (6,989,843) |
| | (2,550,810) | (2,666,485) |
| Items that will not be reclassified to the profit and loss account in subsequent periods: | | |
| Movement in surplus on revaluation of equity investments - net of tax | 121,711 | - |
| Movement in surplus on revaluation of property and equipment - net of tax | (9,824) | (8,961) |
| Movement in surplus on revaluation of non-banking assets - net of tax | (178) | (398) |
| | 111,709 | (9,359) |
| Total comprehensive income | <u>7,472,408</u> | <u>8,066,806</u> |

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2024

| | Share capital | Capital Reserves | | Statutory reserve | Surplus/(Deficit) on revaluation | | | Unappropriated profit | Total |
|--|---------------|------------------|------------------------------|-------------------|----------------------------------|------------------------|--------------------|-----------------------|-------------|
| | | Share premium | Exchange translation reserve | | Investments | Property and equipment | Non Banking Assets | | |
| ----- (Rupees in '000) ----- | | | | | | | | | |
| Opening balance as at January 01, 2023 (audited) | 15,771,651 | 4,731,049 | 10,719,682 | 18,832,470 | (7,544,874) | 12,321,092 | 82,505 | 45,101,048 | 100,014,623 |
| Changes in equity for the quarter ended March 31, 2023 | | | | | | | | | |
| Profit after taxation | - | - | - | - | - | - | - | 10,742,650 | 10,742,650 |
| Effect of translation of net investment in foreign branches | - | - | 4,323,358 | - | - | - | - | - | 4,323,358 |
| Movement in surplus / (deficit) on revaluation of investments - net of tax | - | - | - | - | (6,989,843) | - | - | - | (6,989,843) |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | (8,961) | - | - | (8,961) |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | (398) | - | (398) |
| Total other comprehensive income / (loss) - net of tax | - | - | 4,323,358 | - | (6,989,843) | (8,961) | (398) | - | (2,675,844) |
| Transfer to statutory reserve | - | - | - | 1,074,265 | - | - | - | (1,074,265) | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | (21,881) | - | 21,881 | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Final cash dividend for the year ended December 31, 2022 - 25% | - | - | - | - | - | - | - | (3,942,913) | (3,942,913) |
| Balance as at March 31, 2023 (un-audited) | 15,771,651 | 4,731,049 | 15,043,040 | 19,906,735 | (14,534,717) | 12,290,250 | 82,107 | 50,848,401 | 104,138,516 |
| Changes in equity for nine months ended December 31, 2023 | | | | | | | | | |
| Profit after taxation | - | - | - | - | - | - | - | 25,713,722 | 25,713,722 |
| Effect of translation of net investment in foreign branches | - | - | (851,066) | - | - | - | - | - | (851,066) |
| Movement in surplus / (deficit) on revaluation of investments - net of tax | - | - | - | - | 13,627,911 | - | - | - | 13,627,911 |
| Remeasurement gain on defined benefit obligations - net of tax | - | - | - | - | - | - | - | 118,891 | 118,891 |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | (98,265) | - | - | (98,265) |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | 4,619 | - | 4,619 |
| Total other comprehensive income - net of tax | - | - | (851,066) | - | 13,627,911 | (98,265) | 4,619 | 118,891 | 12,802,090 |
| Transfer to statutory reserve | - | - | - | 2,571,372 | - | - | - | (2,571,372) | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | (103,541) | - | 103,541 | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Interim cash dividend for the half year ended June 30, 2023 - 30% | - | - | - | - | - | - | - | (4,731,495) | (4,731,495) |
| Balance as at December 31, 2023 (audited) | 15,771,651 | 4,731,049 | 14,191,974 | 22,478,107 | (906,806) | 12,088,444 | 86,726 | 69,481,688 | 137,922,833 |
| Impact of adoption of IFRS 9 - net of tax | - | - | - | - | 5,002,695 | - | - | (2,177,018) | 2,825,677 |
| Balance as at January 01, 2024 after adoption of IFRS 9 / carried forward | 15,771,651 | 4,731,049 | 14,191,974 | 22,478,107 | 4,095,889 | 12,088,444 | 86,726 | 67,304,670 | 140,748,510 |

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2024

| | Share capital | Capital Reserves | | Statutory reserve | Surplus/(Deficit) on revaluation | | | Unappropriated profit | Total |
|--|-------------------|------------------|------------------------------|-------------------|----------------------------------|------------------------|--------------------|-----------------------|--------------------|
| | | Share premium | Exchange translation reserve | | Investments | Property and equipment | Non Banking Assets | | |
| ------(Rupees in '000)----- | | | | | | | | | |
| Balance brought forward | 15,771,651 | 4,731,049 | 14,191,974 | 22,478,107 | 4,095,889 | 12,088,444 | 86,726 | 67,304,670 | 140,748,510 |
| Changes in equity for the quarter ended March 31, 2024 | | | | | | | | | |
| Profit after taxation | - | - | - | - | - | - | - | 9,911,509 | 9,911,509 |
| Effect of translation of net investment in foreign branches | - | - | (706,161) | - | - | - | - | - | (706,161) |
| Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax | - | - | - | - | (1,844,649) | - | - | - | (1,844,649) |
| Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax | - | - | - | - | 121,711 | - | - | - | 121,711 |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | (9,824) | - | - | (9,824) |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | (178) | - | (178) |
| Total other comprehensive income - net of tax | - | - | (706,161) | - | (1,722,938) | (9,824) | (178) | - | (2,439,101) |
| Transfer to statutory reserve | - | - | - | 991,151 | - | - | - | (991,151) | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | (22,119) | (9,180) | 31,299 | - |
| Gain on disposal of FVOCI equity investments at transferred to unappropriated profit - net of tax | - | - | - | - | (699) | - | - | 699 | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Final cash dividend for the year ended December 31, 2023 - 50% | - | - | - | - | - | - | - | (7,885,826) | (7,885,826) |
| Closing balance as at March 31, 2024 (un-audited) | <u>15,771,651</u> | <u>4,731,049</u> | <u>13,485,813</u> | <u>23,469,258</u> | <u>2,372,252</u> | <u>12,056,501</u> | <u>77,368</u> | <u>68,371,200</u> | <u>140,335,092</u> |

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.

BANK ALFALAH LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

| | Note | Quarter ended | |
|--|------|----------------------|----------------------|
| | | March 31, 2024 | March 31, 2023 |
| ------(Rupees in '000)----- | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 19,709,562 | 18,974,224 |
| Dividend income | | (402,545) | (273,950) |
| | | <u>19,307,017</u> | <u>18,700,274</u> |
| Adjustments: | | | |
| Net Markup / interest income | | (30,810,962) | (27,937,220) |
| Depreciation | 32 | 1,038,426 | 808,582 |
| Depreciation on right-of-use assets | 32 | 924,630 | 761,494 |
| Amortisation | 32 | 86,363 | 78,082 |
| Credit loss allowance /provisions and write offs - net | 35 | (112,425) | 521,775 |
| Unrealised loss on revaluation of investments classified as held for trading-net | 30 | - | 396,921 |
| Unrealised loss- Measured at FVPL | 31 | 712,962 | - |
| Gain on sale of property and equipment - net | 31 | (3,687) | (29,067) |
| Gain on sale of non banking assets - net | 31 | (27,800) | - |
| Gain on termination of leases (IFRS 16) - net | 31 | (13,929) | (8,634) |
| Borrowing cost on leased properties | 27 | 783,923 | 584,685 |
| Workers' welfare fund | | 425,221 | 397,746 |
| Charge for defined benefit plan | 32.1 | 167,824 | 116,750 |
| Charge for staff compensated absences | 32.1 | 52,500 | 47,499 |
| | | <u>(26,776,954)</u> | <u>(24,261,387)</u> |
| | | (7,469,937) | (5,561,113) |
| Decrease / (increase) in operating assets | | | |
| Lendings to financial institutions | | 84,789,152 | (87,868,430) |
| Held for trading securities | | - | (126,751,333) |
| Securities classified as FVPL | | 14,575,634 | - |
| Advances | | 22,735,310 | 33,757,081 |
| Other assets (excluding advance taxation) | | (649,937) | (4,837,262) |
| | | <u>121,450,159</u> | <u>(185,699,944)</u> |
| (Decrease) / Increase in operating liabilities | | | |
| Bills payable | | (4,266,992) | (14,568,946) |
| Borrowings | | (328,452,569) | 182,952,296 |
| Deposits | | (41,667,815) | 67,189,637 |
| Other liabilities (excluding current taxation) | | 13,224,616 | 24,113,010 |
| | | <u>(361,162,760)</u> | <u>259,685,997</u> |
| | | (247,182,538) | 68,424,940 |
| Mark-up / Interest received | | 107,176,439 | 61,466,753 |
| Mark-up / Interest paid | | (102,126,035) | (38,213,156) |
| Income tax paid | | (12,532,344) | (4,999,319) |
| Net cash (used in) / generated from operating activities | | <u>(254,664,478)</u> | <u>86,679,218</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net investments in available for sale securities | | - | (53,108,320) |
| Net Investments in securities classified as FVOCI | | 241,542,679 | - |
| Net investments in held to maturity securities | | - | (2,288,699) |
| Net investments in amortised cost securities | | 5,805,646 | - |
| Investment in subsidiary | | (1,000,000) | - |
| Dividends received | | 326,009 | 207,269 |
| Investments in property and equipment and intangible assets | | (8,006,979) | (1,731,447) |
| Proceeds from sale of property and equipment | | 6,744 | 37,886 |
| Proceeds from sale of non-banking assets | | 267,800 | - |
| Effect of translation of net investment in foreign branches | | (706,161) | 4,323,358 |
| Net cash used in investing activities | | <u>238,235,738</u> | <u>(52,559,953)</u> |
| Balance carried forward | | (16,428,740) | 34,119,265 |

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

| | Quarter ended | |
|---|-----------------------------|-------------------|
| | March 31, 2024 | March 31, 2023 |
| | ------(Rupees in '000)----- | |
| Balance brought forward | (16,428,740) | 34,119,265 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments of lease obligations against right-of-use assets | (1,124,317) | (973,480) |
| Dividend paid | (6,552,473) | (1,872,474) |
| Net cash used in financing activities | (7,676,790) | (2,845,954) |
| Effect of translation of net investment in foreign branches (Decrease) / increase in cash and cash equivalents | (24,105,530) | 31,273,311 |
| Cash and cash equivalents at the beginning of the period | 249,548,424 | 204,174,265 |
| Effects of exchange rate changes on cash and cash equivalents - (gain) | (1,648,505) | (18,686,135) |
| | 247,899,919 | 185,488,130 |
| Cash and cash equivalents at the end of the period | 223,794,389 | 216,761,441 |

The annexed notes 1 to 46 form an integral part of these unconsolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

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 1,023 branches (December 31, 2023: 1,009 branches) and 14 sub-branches (December 31, 2023: 15 sub-branches). Out of the 1,023 branches, 662 (December 31, 2023: 650) are conventional, 350 (December 31, 2023: 348) are Islamic, 10 (December 31, 2023: 10) are overseas and 1 (December 31, 2023: 1) is an offshore banking unit.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

Moreover, as allowed by SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022, IFRS 9 has not been adopted for overseas branches where it is not applicable as per their local regulations.

2.1.1 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited unconsolidated financial statements for the year ended December 31, 2023.

2.1.2 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.

- 2.1.3 Key financial figures of the Islamic Banking branches are disclosed in note 42 to these unconsolidated condensed interim financial statements.
- 2.1.4 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.

2.2 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, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 4.2.

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

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, 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and therefore not detailed in these unconsolidated condensed interim financial statements.

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 property and equipment and non banking assets acquired in satisfaction of claims which are stated at revalued amounts; fair value through profit or loss, fair value through other comprehensive income 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 MATERIAL ACCOUNTING POLICY INFORMATION

The material 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, 2023 except for changes mentioned in notes 4.1 and 4.2.

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

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 vide BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. Significant ones being: Right of use assets and corresponding lease liability are now presented separately on the face of the Statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the unconsolidated condensed interim financial statements.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 46.2

4.2 IFRS 9 - 'Financial Instruments'

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

4.2.1 Classification

Financial Assets

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

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

Financial Liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortized cost except for derivatives which are being measured at FVTPL.

4.2.2 Business model assessment

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

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

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

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

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

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

4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. **'Principal'** for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

4.2.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukus, cash and balances with treasury banks, balances with other banks, and other financial assets.

a. These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:

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

The **Bank's** business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Bank assesses whether and how the sales are consistent with the HTC objective.

b. Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

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

c. Debt based financial assets if are held for trading purposes are classified as measured at FVTPL.

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

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in PIBs and Ijarah Sukuk held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

| Investment type and category | Balances as of December 31, 2023 (Audited) | IFRS 9 Classification | Balances as of December 31, 2023 | Remeasurements | Balances as of January 01, 2024 - before ECL |
|-----------------------------------|--|-------------------------|----------------------------------|----------------|--|
| ------(Rupees in '000)----- | | | | | |
| Federal Government Securities | | | | | |
| - Pakistan Investment Bonds - AFS | 948,595,063 | FVOCI Amortised Cost | 850,963,067 97,631,996 | - 6,276,632 | 850,963,067 103,908,628 |
| - Ijarah Sukuk - AFS | 226,923,690 | FVOCI Amortised Cost | 215,930,116 10,993,574 | - 1,538,294 | 215,930,116 12,531,868 |
| | 1,175,518,753 | | 1,175,518,753 | 7,814,926 | 1,183,333,679 |

Equity based financial assets

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has decided to classify Rs 767.222 million out of its available for sale equity investment (listed shares) portfolio as of December 31, 2023 as FVTPL on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rs. 59.818 million on listed equity investments and Rs. 88.038 million for unlisted equity investment held as at December 31, 2023 to surplus / deficit on revaluation of investments through remeasurements.

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

| Financial assets | Before adoption of IFRS 9* | | After adoption of IFRS 9 | |
|---------------------------------------|----------------------------|---|---|--|
| | Measurement category | Carrying amount as at December 31, 2023 Rupees in '000 | Measurement category | Carrying amount as at January 01, 2024 Rupees in '000 |
| Cash and balances with treasury banks | Loans and receivables | 202,692,402 | Amortised cost | 202,692,402 |
| Balances with other banks | Loans and receivables | 16,617,834 | Amortised cost | 16,617,834 |
| Lending to financial institutions | Loans and receivables | 119,554,109 | Amortised cost | 119,554,109 |
| Investments - net | Held-for-trading | 279,667,615 | Fair value through profit or loss | 279,667,615 |
| | | | Fair value through profit or loss | 14,126,368 |
| | Available-for-sale | 1,620,900,202 | Fair value through other comprehensive income | 1,501,175,992 |
| | | | Amortised cost | 116,440,496 |
| | Held-to-maturity | 165,517,277 | Fair value through profit or loss | 600,000 |
| | | | Amortised cost | 164,917,277 |
| Advances - net | Loans and receivables | 735,051,510 | Amortised cost | 735,051,510 |
| Other assets | Loans and receivables | 135,592,533 | Amortised cost | 135,592,533 |
| | | <u>3,275,593,482</u> | | <u>3,286,436,136</u> |

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

4.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the **customers'** account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised cost (AC)

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

b. Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the profit or loss account. Interest / profit / dividend income on these assets are recognised in the profit or loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the profit or loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to retained earnings.

c. Fair value through profit or loss (FVTPL)

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

Revenue:

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

4.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

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

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

Financial liabilities

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

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

4.2.7 Modification

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

4.2.8 Expected Credit Loss (ECL)

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

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 **months'** expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at transactional / facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

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

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

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

| | |
|-----|--|
| PD | The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information. |
| EAD | The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities. |

LGD

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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

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

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

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

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

Forward looking information

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

- **GDP growth**
- **Consumer price index**
- **Unemployment rate**

Definition of default

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

The Bank has defined that an exposure will be treated as having defaulted if it becomes 90+ days past due (DPDs) in repaying its contractual dues or as defined in Prudential Regulations from State Bank of Pakistan (SBP) issued from time to time. Accordingly, such exposures will be classified under Stage 3 under the Standard.

This implies that If one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

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

Adoption impacts

The Bank has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of Rs. 2,826 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

| | Balances as of December 31, 2023 (Audited) | Impact due to: | | | | | Total impact - gross of tax | Taxation (current and deferred) | Total impact - net of tax | Balances as of January 01, 2024 | IFRS 9 Category |
|---|--|---|--|--|------------------|-----------------------------|-----------------------------|---------------------------------|---------------------------|---------------------------------|-----------------------------|
| | | Recognition of expected credit losses (ECL) | Adoption of revised classifications under IFRS 9 | Classifications due to business model and SPPI assessments | Remeasurements | Reversal of provisions held | | | | | |
| ASSETS | | | | | | | | | | | |
| Cash and balances with treasury banks | 202,692,402 | (24,590) | - | - | - | - | (24,590) | - | (24,590) | 202,667,812 | Amortised cost |
| Balances with other banks | 16,617,834 | (1,613) | - | - | - | - | (1,613) | - | (1,613) | 16,616,221 | Amortised cost |
| Lending to financial institutions | 119,554,109 | (13,066) | - | - | - | - | (13,066) | - | (13,066) | 119,541,043 | Amortised cost |
| Investments | | | | | | | | | | | |
| - Classified as available for sale | 1,620,900,202 | - | (1,620,900,202) | - | - | - | (1,620,900,202) | - | (1,620,900,202) | - | FVOCI |
| - Classified as fair value through other comprehensive income | - | (48) | 1,620,900,202 | (121,969,074) | 2,244,864 | - | 1,501,175,944 | - | 1,501,175,944 | 1,501,175,944 | |
| - Classified as held to maturity | 165,517,277 | - | (165,517,277) | - | - | - | (165,517,277) | - | (165,517,277) | - | |
| - Classified as amortized cost | - | - | 165,517,277 | 115,840,496 | - | - | 281,357,773 | - | 281,357,773 | 281,357,773 | Amortised cost |
| - Classified as held for trading | 279,667,615 | - | (279,667,615) | - | - | - | (279,667,615) | - | (279,667,615) | - | |
| - Classified as fair value through profit or loss | - | - | 279,667,615 | 14,726,368 | - | - | 294,393,983 | - | 294,393,983 | 294,393,983 | FVTPL |
| - Associates | 1,177,606 | - | - | - | - | - | - | - | - | 1,177,606 | Outside the scope of IFRS 9 |
| - Subsidiary | - | - | - | - | - | - | - | - | - | - | Outside the scope of IFRS 9 |
| | 2,067,262,700 | (48) | - | 8,597,790 | 2,244,864 | - | 10,842,606 | - | 10,842,606 | 2,078,105,306 | |
| Advances | | | | | | | | | | | |
| - Gross amount | 777,286,977 | - | - | - | - | - | - | - | - | 777,286,977 | |
| - Provisions | (42,235,467) | (4,087,143) | - | - | - | - | (4,087,143) | - | (4,087,143) | (46,322,610) | |
| | 735,051,510 | (4,087,143) | - | - | - | - | (4,087,143) | - | (4,087,143) | 730,964,367 | Amortised cost |
| Property and equipment | 41,816,110 | - | - | - | - | - | - | - | - | 41,816,110 | Outside the scope of IFRS 9 |
| Right-of-use assets | 19,951,571 | - | - | - | - | - | - | - | - | 19,951,571 | Outside the scope of IFRS 9 |
| Intangible assets | 1,369,899 | - | - | - | - | - | - | - | - | 1,369,899 | Outside the scope of IFRS 9 |
| Deferred tax asset | 6,008,159 | - | - | - | - | - | (2,714,864) | (2,714,864) | 3,293,295 | Outside the scope of IFRS 9 | |
| Other assets - financial assets | 124,985,949 | (370,152) | - | - | - | - | (370,152) | (370,152) | 124,615,797 | Amortised cost | |
| Other assets - non financial assets | 10,606,584 | - | - | - | - | - | - | - | 10,606,584 | Outside the scope of IFRS 9 | |
| | 3,345,916,827 | (4,496,612) | - | 8,597,790 | 2,244,864 | - | 6,346,042 | (2,714,864) | 3,631,178 | 3,349,548,005 | |
| LIABILITIES | | | | | | | | | | | |
| Bills payable | 26,004,538 | - | - | - | - | - | - | - | - | 26,004,538 | Amortised cost |
| Borrowings | 909,543,453 | - | - | - | - | - | - | - | - | 909,543,453 | Amortised cost |
| Deposits and other accounts | 2,084,997,130 | - | - | - | - | - | - | - | - | 2,084,997,130 | Amortised cost |
| Lease liability against right-of-use assets | 22,894,533 | - | - | - | - | - | - | - | - | 22,894,533 | Amortised cost |
| Subordinated debt | 14,000,000 | - | - | - | - | - | - | - | - | 14,000,000 | Amortised cost |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - | Outside the scope of IFRS 9 |
| Other liabilities - non financial liabilities | 63,778,027 | - | - | - | - | - | - | - | - | 63,778,027 | Outside the scope of IFRS 9 |
| Other liabilities - financial liabilities | 86,776,313 | 805,501 | - | - | - | - | 805,501 | 805,501 | 805,501 | 87,581,814 | Amortised cost |
| | 3,207,993,994 | 805,501 | - | - | - | - | 805,501 | - | 805,501 | 3,208,799,495 | |
| NET ASSETS | 137,922,833 | (5,302,113) | - | 8,597,790 | 2,244,864 | - | 5,540,541 | (2,714,864) | 2,825,677 | 140,748,510 | |
| REPRESENTED BY | | | | | | | | | | | |
| Share capital | 15,771,651 | - | - | - | - | - | - | - | - | 15,771,651 | Outside the scope of IFRS 9 |
| Reserves | 41,401,130 | - | - | - | - | - | - | - | - | 41,401,130 | Outside the scope of IFRS 9 |
| Surplus on revaluation of assets - net of tax | 11,268,364 | - | - | 7,712,199 | 2,244,864 | (147,857) | 9,809,206 | (4,806,511) | 5,002,695 | 16,271,059 | |
| Unappropriated profit | 69,481,688 | (5,302,113) | - | 885,591 | - | 147,857 | (4,268,665) | 2,091,647 | (2,177,018) | 67,304,670 | |
| | 137,922,833 | (5,302,113) | - | 8,597,790 | 2,244,864 | - | 5,540,541 | (2,714,864) | 2,825,677 | 140,748,510 | |

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2023 except for matters related to adoption of IFRS 9 which have been disclosed in note 4.2 to the unconsolidated condensed interim financial statements.

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, 2023.

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| | ------(Rupees in '000)----- | |
| 7 CASH AND BALANCES WITH TREASURY BANKS | | |
| In hand | | |
| - local currency | 41,586,288 | 39,440,188 |
| - foreign currency | 5,476,991 | 7,354,310 |
| | 47,063,279 | 46,794,498 |
| With State Bank of Pakistan in | | |
| - local currency current accounts | 83,319,879 | 76,392,873 |
| - foreign currency current accounts | 8,887,587 | 8,989,528 |
| - foreign currency deposit accounts | 12,807,321 | 12,227,044 |
| | 105,014,787 | 97,609,445 |
| With other central banks in | | |
| - foreign currency current accounts | 29,962,059 | 45,379,083 |
| - foreign currency deposit accounts | 1,747,919 | 1,695,718 |
| | 31,709,978 | 47,074,801 |
| With National Bank of Pakistan in local currency current account | 2,740,368 | 11,062,857 |
| Prize bonds | 172,836 | 186,661 |
| | 186,701,248 | 202,728,262 |
| Less: Credit loss allowance held against cash and balances with treasury banks | (24,001) | (35,860) |
| | <u>186,677,247</u> | <u>202,692,402</u> |
| 8 BALANCES WITH OTHER BANKS | | |
| In Pakistan in current account | 23,751 | 11,071 |
| Outside Pakistan | | |
| - in current accounts | 23,879,687 | 16,575,317 |
| - in deposit accounts | 34,429 | 34,503 |
| | 23,914,116 | 16,609,820 |
| | 23,937,867 | 16,620,891 |
| Less: Credit loss allowance held against balances with other banks | (6,009) | (3,057) |
| | <u>23,931,858</u> | <u>16,617,834</u> |
| 9 LENDINGS TO FINANCIAL INSTITUTIONS | | |
| Call / clean money lendings | 16,996,094 | 32,018,705 |
| Repurchase agreement lendings (Reverse Repo) | 2,746,686 | 87,535,847 |
| | 19,742,780 | 119,554,552 |
| Less: Credit loss allowance held against lending to financial institutions | (24,908) | (443) |
| | <u>19,717,872</u> | <u>119,554,109</u> |

9.1 Lending to Financial Institutions- Particulars of credit loss allowance

| March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | |
|-----------------------------|----------------------------|-----------------------------|----------------------------|
| Lending | Credit loss allowance held | Lending | Credit loss allowance held |

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

| | | | | | |
|------------|---------|--------|--------|-----|-----|
| Domestic | | | | | |
| Performing | Stage 1 | 13,066 | 13,066 | - | - |
| | | 13,066 | 13,066 | - | - |
| Overseas | | | | | |
| Performing | Stage 1 | 11,842 | 11,842 | 443 | 443 |
| | | 11,842 | 11,842 | 443 | 443 |
| | | 24,908 | 24,908 | 443 | 443 |

10 INVESTMENTS

10.1 Investments by type:

| March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|-----------------------------|--|---------------------|----------------|-----------------------------|--|---------------------|----------------|
| Cost / Amortised cost | Credit loss allowance / Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortised cost | Credit loss allowance / Provision for diminution | Surplus / (Deficit) | Carrying Value |

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

Fair value through profit or loss

Federal Government Securities

| | | | | | | | | |
|---|-------------|---|-----------|-------------|---|---|---|---|
| - Market Treasury Bills | 78,647,545 | - | (144,583) | 78,502,962 | - | - | - | - |
| - Pakistan Investment Bonds | 162,198,805 | - | (555,657) | 161,643,148 | - | - | - | - |
| - Ijarah Sukuk | 3,860,661 | - | 7,453 | 3,868,114 | - | - | - | - |
| - Naya Pakistan Certificates | 3,841,543 | - | - | 3,841,543 | - | - | - | - |
| Shares | | | | | | | | |
| - Ordinary shares / units - Listed | 1,846,192 | - | (64,950) | 1,781,242 | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| - Term Finance Certificates | 1,450,000 | - | - | 1,450,000 | - | - | - | - |
| - Sukuks | 422,000 | - | - | 422,000 | - | - | - | - |
| Foreign Securities | | | | | | | | |
| - Overseas Bonds - Sovereign | 21,341,801 | - | (16,924) | 21,324,877 | - | - | - | - |
| - Redeemable Participating Certificates | 6,209,802 | - | 61,699 | 6,271,501 | - | - | - | - |
| | 279,818,349 | - | (712,962) | 279,105,387 | - | - | - | - |

Held for trading securities

Federal Government Securities

| | | | | | | | | |
|------------------------------------|---|---|---|---|-------------|---|-----------|-------------|
| - Market Treasury Bills | - | - | - | - | 158,519,893 | - | (283,083) | 158,236,810 |
| - Pakistan Investment Bonds | - | - | - | - | 116,583,496 | - | (74,689) | 116,508,807 |
| - Ijarah Sukuk | - | - | - | - | 4,661,665 | - | (15,205) | 4,646,460 |
| Shares | | | | | | | | |
| - Ordinary shares / units - Listed | - | - | - | - | 228,833 | - | - | 228,833 |
| Foreign Securities | | | | | | | | |
| - Overseas Bonds - Sovereign | - | - | - | - | 51,626 | - | (4,921) | 46,705 |
| | - | - | - | - | 280,045,513 | - | (377,898) | 279,667,615 |

Fair value through other comprehensive income

Federal Government Securities

| | | | | | | | | |
|-------------------------------------|---------------|-------------|-------------|---------------|---|---|---|---|
| - Market Treasury Bills | 140,338,659 | - | (903,063) | 139,435,596 | - | - | - | - |
| - Pakistan Investment Bonds | 771,019,276 | - | (1,191,020) | 769,828,256 | - | - | - | - |
| - Ijarah Sukuk | 232,584,950 | - | 2,729,593 | 235,314,543 | - | - | - | - |
| - Government of Pakistan Euro Bonds | 14,490,425 | (2,219,626) | 496,008 | 12,766,807 | - | - | - | - |
| Shares | | | | | | | | |
| - Ordinary shares - Listed | 3,801,103 | - | 733,957 | 4,535,060 | - | - | - | - |
| - Ordinary shares - Unlisted | 1,211,363 | - | 1,332,923 | 2,544,286 | - | - | - | - |
| - Preference Shares - Listed | 108,835 | (108,835) | - | - | - | - | - | - |
| - Preference Shares - Unlisted | 25,000 | (25,000) | - | - | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| - Term Finance Certificates | 2,219,189 | (121,448) | - | 2,097,741 | - | - | - | - |
| - Sukuk | 16,023,736 | (96,511) | 85,329 | 16,012,554 | - | - | - | - |
| Foreign Securities | | | | | | | | |
| - Overseas Bonds - Sovereign | 50,226,712 | (117,109) | (1,668,556) | 48,441,047 | - | - | - | - |
| - Overseas Bonds - Others | 24,582,925 | (6,951) | (1,419,995) | 23,155,979 | - | - | - | - |
| - Equity securities - Listed | 272,456 | - | 8,092 | 280,548 | - | - | - | - |
| REIT Fund - Unlisted | 1,000,000 | - | 760,000 | 1,760,000 | - | - | - | - |
| | 1,257,904,629 | (2,695,480) | 963,268 | 1,256,172,417 | - | - | - | - |

Balance carried forward

| | | | | | | | | |
|--|---------------|-------------|---------|---------------|-------------|---|-----------|-------------|
| | 1,537,722,978 | (2,695,480) | 250,306 | 1,535,277,804 | 280,045,513 | - | (377,898) | 279,667,615 |
|--|---------------|-------------|---------|---------------|-------------|---|-----------|-------------|

10.1 Investments by type:

| | March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|---|-----------------------------|--|---------------------|----------------------|-----------------------------|--|---------------------|----------------------|
| | Cost / Amortised cost | Credit loss allowance / Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortised cost | Credit loss allowance / Provision for diminution | Surplus / (Deficit) | Carrying Value |
| | ------(Rupees in '000)----- | | | | | | | |
| Balance brought forward | 1,537,722,978 | (2,695,480) | 250,306 | 1,535,277,804 | 280,045,513 | - | (377,898) | 279,667,615 |
| Available for sale securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| - Market Treasury Bills | - | - | - | - | 332,007,074 | - | (823,401) | 331,183,673 |
| - Pakistan Investment Bonds | - | - | - | - | 951,035,850 | - | (2,440,787) | 948,595,063 |
| - Ijarah Sukuk | - | - | - | - | 225,217,164 | - | 1,706,526 | 226,923,690 |
| - Government of Pakistan Euro Bonds | - | - | - | - | 14,715,017 | (2,355,129) | (1,339,847) | 11,020,041 |
| - Naya Pakistan Certificates | - | - | - | - | 5,687,184 | - | - | 5,687,184 |
| Shares | | | | | | | | |
| - Ordinary shares - Listed | - | - | - | - | 3,500,848 | (59,818) | 594,515 | 4,035,545 |
| - Ordinary shares - Unlisted | - | - | - | - | 1,211,363 | (88,038) | - | 1,123,325 |
| - Preference Shares - Listed | - | - | - | - | 108,835 | (108,835) | - | - |
| - Preference Shares - Unlisted | - | - | - | - | 25,000 | (25,000) | - | - |
| Non Government Debt Securities | | | | | | | | |
| - Term Finance Certificates | - | - | - | - | 3,169,109 | (221,322) | - | 2,947,787 |
| - Sukuk | - | - | - | - | 16,452,185 | (96,511) | 66,970 | 16,422,644 |
| REIT Fund - Unlisted | - | - | - | - | 1,000,000 | - | - | 1,000,000 |
| Foreign Securities | | | | | | | | |
| - Overseas Bonds - Sovereign | - | - | - | - | 44,686,242 | (108,774) | (1,448,004) | 43,129,464 |
| - Overseas Bonds - Others | - | - | - | - | 24,656,200 | (7,551) | (1,615,830) | 23,032,819 |
| - Redeemable Participating Certificates | - | - | - | - | 5,514,371 | - | - | 5,514,371 |
| - Equity securities - Listed | - | - | - | - | 275,698 | - | 8,898 | 284,596 |
| | - | - | - | - | 1,629,262,140 | (3,070,978) | (5,290,960) | 1,620,900,202 |
| Amortised cost | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| - Pakistan Investment Bonds | 217,493,546 | - | - | 217,493,546 | - | - | - | - |
| - Ijarah Sukuk | 40,307,214 | - | - | 40,307,214 | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| - Term Finance Certificates | 324,680 | (24,771) | - | 299,909 | - | - | - | - |
| - Sukuk | 3,302,601 | (63,730) | - | 3,238,871 | - | - | - | - |
| Foreign Securities | | | | | | | | |
| - Overseas Bonds - Sovereign | 14,212,823 | (236) | - | 14,212,587 | - | - | - | - |
| | 275,640,864 | (88,737) | - | 275,552,127 | - | - | - | - |
| Held to maturity securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| - Pakistan Investment Bonds | - | - | - | - | 111,987,852 | - | - | 111,987,852 |
| - Ijarah Sukuk | - | - | - | - | 27,754,444 | - | - | 27,754,444 |
| Non Government Debt Securities | | | | | | | | |
| - Term Finance Certificates | - | - | - | - | 814,680 | (214,680) | - | 600,000 |
| - Sukuk | - | - | - | - | 3,339,720 | (69,517) | - | 3,270,203 |
| Foreign Securities | | | | | | | | |
| - Overseas Bonds - Sovereign | - | - | - | - | 21,905,016 | (238) | - | 21,904,778 |
| | - | - | - | - | 165,801,712 | (284,435) | - | 165,517,277 |
| Associates | 1,177,606 | - | - | 1,177,606 | 1,177,606 | - | - | 1,177,606 |
| Subsidiaries | 1,305,217 | (305,217) | - | 1,000,000 | 305,217 | (305,217) | - | - |
| Total Investments | 1,815,846,665 | (3,089,434) | 250,306 | 1,813,007,537 | 2,076,592,188 | (3,660,630) | (5,668,858) | 2,067,262,700 |

| Subsidiary / Associate | Country of incorporation | Percentage of Holding | March 31, 2024 (Un-audited) | | | | | Total Comprehensive income |
|-----------------------------|--------------------------|-----------------------|-----------------------------|-------------|---------|--------------------------------|--|----------------------------|
| | | | Assets | Liabilities | Revenue | Profit / (loss) for the period | | |
| ------(Rupees in '000)----- | | | | | | | | |

10.2 Particulars of assets and liabilities of subsidiary and associates

| | | | | | | | | |
|--|------------|----------|---------|------------|-----------|---------|----------|----------|
| Alfalaha CLSA Securities (Private) Limited | Subsidiary | Pakistan | 62.50% | 2,434,092 | 3,290,541 | 145,582 | (70,673) | (70,673) |
| Alfalaha Currency Exchange (Private) Limited | Subsidiary | Pakistan | 100.00% | 1,047,005 | 46,543 | 31,511 | 462 | 462 |
| Alfalaha Asset Management Limited | Associate | Pakistan | 40.22% | 2,454,193 | 570,340 | 311,139 | 78,104 | 78,104 |
| Alfalaha Insurance Company Limited | Associate | Pakistan | 30.00% | 7,946,095 | 5,254,239 | 622,125 | 180,123 | 178,531 |
| Sapphire Wind Power Company Limited | Associate | Pakistan | 30.00% | 20,886,698 | 6,181,341 | 805,688 | 638,280 | 638,280 |

| Subsidiary / Associate | Country of incorporation | Percentage of Holding | December 31, 2023 (Audited) | | March 31, 2023 (Un-audited) | | | |
|--|--------------------------|-----------------------|-----------------------------|-------------|-----------------------------|-----------------------|----------------------------|---------|
| | | | Assets | Liabilities | Revenue | Profit for the period | Total Comprehensive income | |
| ------(Rupees in '000)----- | | | | | | | | |
| Alfalaha CLSA Securities (Private) Limited | Subsidiary | Pakistan | 62.50% | 1,482,410 | 2,268,182 | 139,232 | (4,538) | (4,538) |
| Alfalaha Currency Exchange (Private) Limited | Subsidiary | Pakistan | 100.00% | - | - | - | - | - |
| Alfalaha Asset Management Limited | Associate | Pakistan | 40.22% | 2,366,955 | 556,130 | 147,288 | 31,152 | 31,152 |
| Alfalaha Insurance Company Limited | Associate | Pakistan | 30.00% | 7,402,766 | 4,889,441 | 515,515 | 124,249 | 121,679 |
| Sapphire Wind Power Company Limited | Associate | Pakistan | 30.00% | 20,656,087 | 6,239,010 | 448,147 | 248,029 | 248,029 |

| | | | | | | | |
|--|--|--|--|--|--|-----------------------------|--------------|
| | | | | | | (Un-audited) | (Audited) |
| | | | | | | March 31, | December 31, |
| | | | | | | 2024 | 2023 |
| | | | | | | ------(Rupees in '000)----- | |

10.3 Investments given as collateral

| | | |
|---------------------------|--------------------|--------------------|
| Market Treasury Bills | 15,798,294 | 160,501,809 |
| Pakistan Investment Bonds | 388,727,500 | 575,983,500 |
| Overseas Bonds | 14,274,580 | 15,037,219 |
| | <u>418,800,374</u> | <u>751,522,528</u> |

10.3.1 The market value of securities given as collateral is Rs. 411,970.114 million (December 31, 2023: Rs. 739,217.237 million).

| | | | | | | | |
|--|--|--|--|--|--|-----------------------------|--------------|
| | | | | | | (Un-audited) | (Audited) |
| | | | | | | March 31, | December 31, |
| | | | | | | 2024 | 2023 |
| | | | | | | ------(Rupees in '000)----- | |

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

| | | | |
|--|--|------------------|------------------|
| 10.4.1 Opening balance | | 3,660,630 | 3,794,742 |
| Impact of adoption of IFRS 9 | | (437,728) | - |
| Balance as at January 01 after adopting IFRS 9 | | 3,222,902 | 3,794,742 |
| Exchange and other adjustments | | (40,708) | 576,126 |
| Charge / (reversals) | | | |
| Charge for the period / year | | 147 | 580,917 |
| Reversals for the period / year | | (92,665) | (363,351) |
| Reversal on disposals | | (242) | (927,804) |
| | | (92,760) | (710,238) |
| Closing balance | | <u>3,089,434</u> | <u>3,660,630</u> |

10.4.2 Particulars of credit loss allowance / provision against debt securities

| Category of classification | March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | |
|-----------------------------|-----------------------------|--|-----------------------------|--|
| | Outstanding amount | Credit loss allowance / Provision Held | Outstanding amount | Credit loss allowance / Provision Held |
| ------(Rupees in '000)----- | | | | |
| Domestic | | | | |
| Performing | Stage 1 | 1,088,474 | 192 | - |
| Underperforming | Stage 2 | - | - | - |
| Non-performing | Stage 3 | - | - | - |
| Substandard | | - | - | - |
| Doubtful | | - | - | - |
| Loss | | 306,268 | 306,268 | 602,030 |
| | | <u>1,394,742</u> | <u>306,460</u> | <u>602,030</u> |
| Overseas | | | | |
| Performing | Stage 1 | 89,022,460 | 124,296 | 70,747,537 |
| Underperforming | Stage 2 | 14,490,425 | 2,219,626 | 14,715,017 |
| Non-performing | Stage 3 | - | - | - |
| Substandard | | - | - | - |
| Doubtful | | - | - | - |
| Loss | | - | - | - |
| Total | | <u>104,907,627</u> | <u>2,650,382</u> | <u>86,064,584</u> |
| | | | | <u>3,073,722</u> |

10.4.3 The market value of securities classified as amortised cost as at March 31, 2024 amounted to Rs. 258,550.459 million (held-to-maturity as at December 31, 2023: Rs. 154,796.433 million).

11 ADVANCES

| Note | Performing | | Non Performing | | Total | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | March 31, 2024 (Un-audited) | December 31, 2023 (Audited) | March 31, 2024 (Un-audited) | December 31, 2023 (Audited) | March 31, 2024 (Un-audited) | December 31, 2023 (Audited) |
| ------(Rupees in '000)----- | | | | | | |
| Loans, cash credits, running finances, etc. | 548,303,644 | 565,251,668 | 31,970,471 | 32,594,592 | 580,274,115 | 597,846,260 |
| Islamic financing and related assets | 42.3 156,827,054 | 162,102,341 | 5,009,960 | 4,872,026 | 161,837,014 | 166,974,367 |
| Bills discounted and purchased | 11,998,189 | 12,300,229 | 188,465 | 166,121 | 12,186,654 | 12,466,350 |
| Advances - gross | <u>717,128,887</u> | <u>739,654,238</u> | <u>37,168,896</u> | <u>37,632,739</u> | <u>754,297,783</u> | <u>777,286,977</u> |
| Credit loss allowance / provision against advances | | | | | | |
| - Stage 1 | 11.4 (2,936,370) | (25,670) | - | - | (2,936,370) | (25,670) |
| - Stage 2 | 11.4 (2,151,977) | - | - | - | (2,151,977) | - |
| - Stage 3 | 11.4 - | - | (32,480,112) | - | (32,480,112) | - |
| - Specific | 11.4 - | - | (542,075) | (32,373,670) | (542,075) | (32,373,670) |
| - General | 11.4 (8,158,501) | (9,836,127) | - | - | (8,158,501) | (9,836,127) |
| | (13,246,848) | (9,861,797) | (33,022,187) | (32,373,670) | (46,269,035) | (42,235,467) |
| Advances - net of credit loss allowance /provision | <u>703,882,039</u> | <u>729,792,441</u> | <u>4,146,709</u> | <u>5,259,069</u> | <u>708,028,748</u> | <u>735,051,510</u> |

11.1 Advances include an amount of Rs. 371.319 million (December 31, 2023: Rs. 362.630 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 OS ED departments. These loans carry mark-up at the rates ranging from 17.99% to 41.28% (December 31, 2023: 17.99% to 41.28%) with maturities up to October 2043) (December 31, 2023: October 2043).

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--------------------------------------|-----------------------------------|-----------------------------------|
| 11.2 Particulars of advances (Gross) | | |
| In local currency | 679,385,577 | 700,776,703 |
| In foreign currencies | 74,912,206 | 76,510,274 |
| | <u>754,297,783</u> | <u>777,286,977</u> |

11.3 Advances include Rs. 37,168.896 million (December 31, 2023: Rs. 37,632.739 million) which have been placed under non-performing status as detailed below:

| Category of Classification | March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | | |
|--|--------------------------------|----------------------------------|--------------------------------|----------------------------------|-------------------|
| | Non-Performing Loans | Credit loss allowance /provision | Non-Performing Loans | Credit loss allowance /provision | |
| ------(Rupees in '000)----- | | | | | |
| Domestic | | | | | |
| Other Assets Especially Mentioned (OEAM) | Stage 3 | 226,751 | 3,779 | 186,364 | 3,568 |
| Substandard | Stage 3 | 953,718 | 227,200 | 1,800,068 | 444,281 |
| Doubtful | Stage 3 | 5,720,789 | 2,821,013 | 6,694,041 | 3,293,830 |
| Loss | Stage 3 | 29,550,181 | 29,428,120 | 28,284,026 | 28,141,674 |
| | | 36,451,439 | 32,480,112 | 36,964,499 | 31,883,353 |
| Overseas | | | | | |
| Other Assets Especially Mentioned (OEAM) | Stage 3 | - | - | - | - |
| Substandard | Stage 3 | 42,342 | 25,331 | 43,013 | 25,688 |
| Doubtful | Stage 3 | - | - | - | - |
| Loss | Stage 3 | 675,115 | 516,744 | 625,227 | 464,629 |
| | | 717,457 | 542,075 | 668,240 | 490,317 |
| Total | | <u>37,168,896</u> | <u>33,022,187</u> | <u>37,632,739</u> | <u>32,373,670</u> |

11.4 Particulars of Credit loss allowance / provision against advances

| | March 31, 2024 (Un-audited) | | | | | | December 31, 2023 (Audited) | | |
|--|-----------------------------|-----------|-------------|--------------|-------------|-------------|-----------------------------|--------------------------------|-------------|
| | Expected Credit Loss | | | Specific | General | Total | Specific | General / expected credit loss | Total |
| | Stage 1 | Stage 2 | Stage 3 | | | | | | |
| | ------(Rupees in '000)----- | | | | | | | | |
| Opening balance | - | - | - | 32,373,670 | 9,861,797 | 42,235,467 | 25,396,608 | 7,921,407 | 33,318,015 |
| Impact of adoption of IFRS 9 | 3,383,986 | 1,941,534 | 32,360,480 | (31,883,353) | (1,715,503) | 4,087,144 | - | - | - |
| Balance as at January 01 after adopting IFRS 9 | 3,383,986 | 1,941,534 | 32,360,480 | 490,317 | 8,146,294 | 46,322,611 | 25,396,608 | 7,921,407 | 33,318,015 |
| Exchange and other adjustments | (356) | - | - | (6,947) | (5,440) | (12,743) | 83,703 | 57,723 | 141,426 |
| Charge for the period / year | - | 210,443 | 1,832,388 | 58,896 | 17,647 | 2,119,374 | 12,130,032 | 1,882,667 | 14,012,699 |
| Reversals for the period / year | (447,260) | - | (1,471,614) | (191) | - | (1,919,065) | (3,503,697) | - | (3,503,697) |
| | (447,260) | 210,443 | 360,774 | 58,705 | 17,647 | 200,309 | 8,626,335 | 1,882,667 | 10,509,002 |
| Amounts written off | - | - | (241,142) | - | - | (241,142) | (1,732,976) | - | (1,732,976) |
| | - | - | (241,142) | - | - | (241,142) | (1,732,976) | - | (1,732,976) |
| Closing balance | 2,936,370 | 2,151,977 | 32,480,112 | 542,075 | 8,158,501 | 46,269,035 | 32,373,670 | 9,861,797 | 42,235,467 |

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at March 31, 2024 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 84.828 million (December 31, 2023: Rs. 86.021 million).

11.4.2 During the period, non performing loans and provisions were reduced by Rs. 836.427 million (December 31, 2023: Rs. 231.391 million) due to debt property swap transaction.

11.4.3 Specific provision relates to overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate.

11.4.4 General provision includes:

- (i) Provision held at overseas branch to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate and where IFRS 9 is not applicable; and
- (ii) Provision of Rs. 7,748.000 million (December 31, 2023: Rs. 7,748.000 million) against the high risk portfolio, which is showing higher economic vulnerability.

11.4.5 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.

11.5 Advances - Particulars of credit loss allowance / provision against advances

| | March 31, 2024 (Un-audited) | | | | | | December 31, 2023 (Audited) | | |
|--|-----------------------------|-----------|-------------|--------------|-------------|-------------|-----------------------------|--------------------------------|-------------|
| | Expected Credit Loss | | | Specific | General | Total | Specific | General / expected credit loss | Total |
| | Stage 1 | Stage 2 | Stage 3 | | | | | | |
| | ------(Rupees in '000)----- | | | | | | | | |
| Opening balance | - | - | - | 32,373,670 | 9,861,797 | 42,235,467 | 25,396,608 | 7,921,407 | 33,318,015 |
| Impact of adoption of IFRS 9 | 3,383,986 | 1,941,534 | 32,360,480 | (31,883,353) | (1,715,503) | 4,087,144 | - | - | - |
| Balance as at January 01 after adopting IFRS 9 | 3,383,986 | 1,941,534 | 32,360,480 | 490,317 | 8,146,294 | 46,322,611 | 25,396,608 | 7,921,407 | 33,318,015 |
| Exchange and other adjustments | (356) | - | - | (6,947) | (5,440) | (12,743) | 83,703 | 57,723 | 141,426 |
| New Advances | 312,989 | - | - | 58,896 | - | 371,885 | 12,130,032 | 1,882,667 | 14,012,699 |
| Due to credit deterioration | - | 373,118 | 1,997,473 | - | - | 2,370,591 | - | - | - |
| Advances derecognised or repaid / reversal | (704,561) | (121,509) | (1,471,614) | (191) | 17,647 | (2,280,228) | (3,503,697) | - | (3,503,697) |
| Transfer to stage 1 | - | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | (49,444) | 58,147 | (8,703) | - | - | - | - | - | - |
| Transfer to stage 3 | (9,138) | (93,859) | 102,997 | - | - | - | - | - | - |
| Changes in risk parameters | 2,894 | (5,454) | (259,379) | - | - | (261,939) | - | - | - |
| | (447,260) | 210,443 | 360,774 | 58,705 | 17,647 | 200,309 | 8,626,335 | 1,882,667 | 10,509,002 |
| Amounts written off / charged off | - | - | (241,142) | - | - | (241,142) | (1,732,976) | - | (1,732,976) |
| Closing balance | 2,936,370 | 2,151,977 | 32,480,112 | 542,075 | 8,158,501 | 46,269,035 | 32,373,670 | 9,861,797 | 42,235,467 |

11.6 Advances - Category of classification

| March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | |
|-----------------------------|----------------------------------|-----------------------------|----------------------------------|
| Outstanding | Credit loss allowance /provision | Outstanding | Credit loss allowance /provision |

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

| | | | | | |
|-----------------------------------|---------|--------------------|-------------------|--------------------|-------------------|
| Domestic | | | | | |
| Performing | Stage 1 | 540,253,167 | 2,911,111 | 695,123,443 | - |
| Underperforming | Stage 2 | 132,799,556 | 2,151,977 | - | - |
| Non-Performing | Stage 3 | | | | |
| Other Assets Especially Mentioned | | 226,751 | 3,779 | 186,364 | 3,568 |
| Substandard | | 953,718 | 227,200 | 1,800,068 | 444,281 |
| Doubtful | | 5,720,789 | 2,821,013 | 6,694,041 | 3,293,830 |
| Loss | | 29,550,181 | 29,428,120 | 28,284,026 | 28,141,674 |
| General Provision | | - | 7,748,000 | - | 9,345,810 |
| | | <u>709,504,162</u> | <u>45,291,200</u> | <u>732,087,942</u> | <u>41,229,163</u> |
| Overseas | | | | | |
| Performing | Stage 1 | 44,076,164 | 25,259 | 44,530,795 | 25,670 |
| Underperforming | Stage 2 | - | - | - | - |
| Non-Performing | Stage 3 | | | | |
| Other Assets Especially Mentioned | | - | - | - | - |
| Substandard | | 42,342 | 25,331 | 43,013 | 25,688 |
| Doubtful | | - | - | - | - |
| Loss | | 675,115 | 516,744 | 625,227 | 464,629 |
| General Provision | | - | 410,501 | - | 490,317 |
| | | <u>44,793,621</u> | <u>977,835</u> | <u>45,199,035</u> | <u>1,006,304</u> |
| Total | | <u>754,297,783</u> | <u>46,269,035</u> | <u>777,286,977</u> | <u>42,235,467</u> |

| | | | | |
|------|--------------------------|------|-----------------------------------|-----------------------------------|
| | | Note | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
| | | | ------(Rupees in '000)----- | |
| 12 | PROPERTY AND EQUIPMENT | | | |
| | Capital work-in-progress | 12.1 | 4,332,929 | 3,525,139 |
| | Property and equipment | 12.2 | <u>44,384,944</u> | <u>38,290,971</u> |
| | | | <u>48,717,873</u> | <u>41,816,110</u> |
| 12.1 | Capital work-in-progress | | | |
| | Civil works | | 2,709,062 | 2,454,986 |
| | Equipment | | 1,428,420 | 999,120 |
| | Others | | 195,447 | 71,033 |
| | | | <u>4,332,929</u> | <u>3,525,139</u> |

12.2 It includes land and buildings carried at revalued amount of Rs. 29,642.632 million (December 31, 2023: Rs. 24,380.890 million).

| | | (Un-audited) Quarter ended | |
|------|--|-----------------------------------|-----------------------------------|
| | | March 31, 2024 | March 31, 2023 |
| | | ------(Rupees in '000)----- | |
| 12.3 | Additions to property and equipment | | |
| | The following additions were made to property and equipment during the period: | | |
| | Capital work-in-progress - net of transferred out for capitalisation | 807,790 | 456,275 |
| | Property and equipment | | |
| | Freehold land | 101,138 | 244 |
| | Leasehold land | 5,149,174 | 116,000 |
| | Buildings on freehold land | 47,511 | 119,965 |
| | Buildings on leasehold land | 26,182 | 32,971 |
| | Leasehold improvement | 498,149 | 105,035 |
| | Furniture and fixtures | 174,757 | 49,812 |
| | Office equipment | 875,246 | 638,992 |
| | Vehicles | 263,765 | 32,244 |
| | | 7,135,922 | 1,095,263 |
| | Total additions to property and equipment | <u>7,943,712</u> | <u>1,551,538</u> |
| 12.4 | Disposals of property and equipment | | |
| | The net book values of property and equipment disposed off during the period are as follows: | | |
| | Leasehold improvements | - | 7,003 |
| | Furniture and fixtures | - | 291 |
| | Office equipment | 3,057 | 1,525 |
| | Total disposal of property and equipment | <u>3,057</u> | <u>8,819</u> |
| | | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
| | | ------(Rupees in '000)----- | |
| 13 | RIGHT-OF-USE ASSETS | Buildings | Buildings |
| | At January 1 | | |
| | Cost | 28,813,726 | 22,322,416 |
| | Accumulated Depreciation | (8,862,155) | (6,932,893) |
| | Net Carrying amount at January 1 | <u>19,951,571</u> | <u>15,389,523</u> |
| | Additions / renewals / amendments / (terminations) | | |
| | - net during the period / year | 1,137,084 | 7,837,519 |
| | Depreciation charge during the period / year | (924,630) | (3,349,633) |
| | Exchange rate adjustments | (14,153) | 74,162 |
| | Closing net carrying amount | <u>20,149,872</u> | <u>19,951,571</u> |
| 14 | INTANGIBLE ASSETS | | |
| | Capital work-in-progress / advance payment to suppliers | 488,145 | 436,536 |
| | Software | 863,422 | 933,363 |
| | | <u>1,351,567</u> | <u>1,369,899</u> |
| | | (Un-audited) Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| | | ------(Rupees in '000)----- | |
| 14.1 | 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 | 51,609 | 150,424 |
| | Directly purchased | 16,723 | 4,590 |
| | Total additions to intangible assets | <u>68,332</u> | <u>155,014</u> |
| 14.2 | There were no disposals of intangible assets during the periods ended March 31, 2024 and March 31, 2023. | | |

Note (Un-audited) (Audited)
 March 31, December 31,
 2024 2023
 -----(Rupees in '000)-----

15 DEFERRED TAX ASSETS

Deductible Temporary Differences on:

| | | |
|---|------------|------------|
| - Credit loss allowance / provision against investments | 2,152,024 | 2,224,378 |
| - Credit loss allowance / provision against advances | 6,400,178 | 4,183,318 |
| - Unrealised loss on FVPTL investments | 350,526 | - |
| - Unrealised loss on revaluation of held for trading investments | - | 191,895 |
| - Deficit on revaluation of available for sale investments | - | 871,244 |
| - Credit loss allowance / provision against other assets | 1,433,321 | 1,250,843 |
| - Credit loss allowance against cash with treasury | 12,311 | - |
| - Credit loss allowance against balance with other banks | 2,964 | - |
| - Credit loss allowance / provision against lending to financial institutions | 12,065 | 73 |
| - Workers' Welfare Fund | 1,737,007 | 1,528,648 |
| | 12,100,396 | 10,250,399 |

Taxable Temporary Differences on:

| | | |
|--|-------------|-------------|
| - Surplus on revaluation of FVOCI investments | (2,279,221) | - |
| - Surplus on revaluation of property and equipment | (603,520) | (593,695) |
| - Surplus on revaluation of non banking assets | (76,604) | (85,595) |
| - Accelerated tax depreciation | (3,635,541) | (3,562,950) |
| | (6,594,886) | (4,242,240) |

5,505,510 6,008,159

16 OTHER ASSETS

| | | |
|---|------------------|-------------|
| Income / mark-up accrued in local currency - net of credit loss allowance / provision | 102,715,342 | 81,665,580 |
| Income / mark-up accrued in foreign currency - net of credit loss allowance / provision | 2,526,368 | 2,402,118 |
| Advances, deposits, advance rent and other prepayments | 7,791,550 | 8,651,936 |
| Advance against subscription of share | 140,000 | 140,000 |
| Non-banking assets acquired in satisfaction of claims | 16.1 2,631,235 | 1,684,771 |
| Dividend receivable | 86,967 | 10,431 |
| Mark to market gain on forward foreign exchange contracts | 2,676,451 | 2,606,750 |
| Mark to market gain on derivatives | 25.1 4,364,396 | 4,175,322 |
| Stationery and stamps on hand | 24,262 | 11,350 |
| Defined benefit plan | 272,761 | 440,585 |
| Branch adjustment account | 566,809 | - |
| Due from card issuing banks | 3,284,494 | 4,829,866 |
| Accounts receivable | 3,921,958 | 3,336,986 |
| Claims against fraud and forgeries | 124,725 | 126,066 |
| Acceptances | 29,090,495 | 24,618,660 |
| Receivable against Government of Pakistan and overseas government securities | 32,870 | 2,925,206 |
| Receivable against marketable securities | - | 692,656 |
| Others | 253,441 | 86,206 |
| | 160,504,124 | 138,404,489 |
| Less: Credit loss allowance / provision held against other assets | 16.2 (3,061,075) | (2,984,277) |
| Other assets (net of credit loss allowance / provision) | 157,443,049 | 135,420,212 |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net | 16.1 153,972 | 172,321 |
| Other assets - total | 157,597,021 | 135,592,533 |

16.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 2,785.207 million (December 31, 2023: Rs. 1,857.092 million).

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| | ------(Rupees in '000)----- | |
| 16.2 Credit loss allowance / provision held against other assets | | |
| Impairment against overseas operations | 2,359,988 | 2,359,988 |
| Expected credit loss | 154,422 | 46,807 |
| Fraud and forgeries | 124,725 | 126,066 |
| Accounts receivable | 66,648 | 67,807 |
| Others | 355,292 | 383,609 |
| | <u>3,061,075</u> | <u>2,984,277</u> |
| 16.2.1 Movement in credit loss allowance / provision held against other assets | | |
| Opening balance | 2,984,277 | 2,671,784 |
| Impact of adoption of IFRS 9 | 46,852 | - |
| Balance as at January 01 after adopting IFRS 9 | <u>3,031,129</u> | <u>2,671,784</u> |
| Exchange and other adjustments | (891) | 2,531 |
| Charge for the period / year | 127,986 | 394,024 |
| Reversals for the period / year | (97,149) | (83,100) |
| | 30,837 | 310,924 |
| Amount written off | - | (962) |
| Closing balance | <u>3,061,075</u> | <u>2,984,277</u> |
| 17 BILLS PAYABLE | | |
| In Pakistan | 21,112,469 | 24,750,227 |
| Outside Pakistan | 625,077 | 1,254,311 |
| | <u>21,737,546</u> | <u>26,004,538</u> |
| 18 BORROWINGS | | |
| Secured | | |
| Borrowings from State Bank of Pakistan under: | | |
| Export Refinance Scheme | 39,356,387 | 43,281,491 |
| Long-Term Finance Facility | 23,495,258 | 24,595,991 |
| Financing Facility for Renewable Energy Projects | 11,879,585 | 11,891,156 |
| Financing Facility for Storage of Agriculture Produce (FFSAP) | 514,261 | 532,102 |
| Temporary Economic Refinance Facility (TERF) | 46,933,354 | 48,528,109 |
| Export Refinance under Bill Discounting | 13,705,226 | 14,244,331 |
| SME Asaan Finance (SAAF) | 5,551,956 | 2,096,250 |
| Refinance Facility for Combating COVID (RFCC) | 1,208,524 | 988,049 |
| Refinance and Credit Guarantee Scheme for Women Entrepreneurs | 114,266 | 125,595 |
| Modernization of Small and Medium Entities (MSMES) | 1,562,800 | 1,205,658 |
| Other refinance schemes | 468 | 553 |
| Repurchase agreement borrowings | 320,000,000 | 666,510,980 |
| | 464,322,085 | 814,000,265 |
| Repurchase agreement borrowings | 52,642,133 | 26,895,775 |
| Bai Muajjal | 46,733,436 | 44,830,207 |
| Medium Term Note | - | 11,000,000 |
| Total secured | <u>563,697,654</u> | <u>896,726,247</u> |
| Unsecured | | |
| Call borrowings | 8,822,791 | 3,946,050 |
| Overdrawn nostro accounts | 3,840,820 | 3,467,939 |
| Others | | |
| - Pakistan Mortgage Refinance Company | 2,137,096 | 2,605,576 |
| - Karandaz Risk Participation | 2,965,404 | 2,797,641 |
| Total unsecured | <u>17,766,111</u> | <u>12,817,206</u> |
| | <u>581,463,765</u> | <u>909,543,453</u> |

19 DEPOSITS AND OTHER ACCOUNTS

| | March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|------------------------|-----------------------------|-----------------------|---------------|-----------------------------|-----------------------|---------------|
| | In Local Currency | In Foreign Currencies | Total | In Local Currency | In Foreign Currencies | Total |
| | ------(Rupees in '000)----- | | | | | |
| Customers | | | | | | |
| - Current deposits | 622,184,610 | 153,347,977 | 775,532,587 | 630,357,408 | 152,436,273 | 782,793,681 |
| - Savings deposits | 468,468,257 | 37,061,658 | 505,529,915 | 440,331,863 | 38,469,718 | 478,801,581 |
| - Term deposits | 434,184,772 | 69,578,004 | 503,762,776 | 437,377,886 | 61,496,821 | 498,874,707 |
| - Others | 45,176,150 | 16,631,883 | 61,808,033 | 44,709,160 | 14,317,598 | 59,026,758 |
| | 1,570,013,789 | 276,619,522 | 1,846,633,311 | 1,552,776,317 | 266,720,410 | 1,819,496,727 |
| Financial Institutions | | | | | | |
| - Current deposits | 4,364,735 | 3,130,300 | 7,495,035 | 4,324,374 | 3,241,325 | 7,565,699 |
| - Savings deposits | 108,994,879 | 3,270,307 | 112,265,186 | 171,934,453 | 3,442,726 | 175,377,179 |
| - Term deposits | 74,755,000 | 1,850,765 | 76,605,765 | 79,780,000 | 2,258,236 | 82,038,236 |
| - Others | 270,509 | 59,509 | 330,018 | 518,072 | 1,217 | 519,289 |
| | 188,385,123 | 8,310,881 | 196,696,004 | 256,556,899 | 8,943,504 | 265,500,403 |
| | 1,758,398,912 | 284,930,403 | 2,043,329,315 | 1,809,333,216 | 275,663,914 | 2,084,997,130 |

19.1 Current deposits include remunerative current deposits of Rs. 18,746.302 million (December 31, 2023: Rs. 20,788.733 million).

| | (Un-audited) | | (Audited) | |
|--|-----------------------------|-------------------|-------------------|--|
| | March 31, 2024 | | December 31, 2023 | |
| | ------(Rupees in '000)----- | | | |
| 20 LEASE LIABILITIES | Note | | | |
| Opening as at January 1 | | 22,894,533 | 17,495,747 | |
| Additions / renewals / amendments / (terminations) - net | | 1,116,718 | 7,724,656 | |
| Borrowing cost | | 783,923 | 2,657,661 | |
| Lease payments including interest | | (1,124,317) | (5,054,441) | |
| Exchange rate / other adjustment | | (16,076) | 70,910 | |
| Closing net carrying amount | | <u>23,654,781</u> | <u>22,894,533</u> | |
| 20.1 Liabilities Outstanding | | | | |
| Not later than one year | | 1,827,254 | 1,848,642 | |
| Later than one year and upto five years | | 8,908,773 | 9,140,725 | |
| Over five years | | 12,918,754 | 11,905,166 | |
| Total at the period / year end | | <u>23,654,781</u> | <u>22,894,533</u> | |

For the purpose of discounting PKRV rates are being used.

| | | (Un-audited) | | (Audited) | |
|--|------|-----------------------------|-------------------|-------------------|--|
| | | March 31, 2024 | | December 31, 2023 | |
| | | ------(Rupees in '000)----- | | | |
| 21 SUBORDINATED DEBT | | | | | |
| Term Finance Certificates VI - Additional Tier-I (ADT-1) | 21.1 | 7,000,000 | 7,000,000 | | |
| Term Finance Certificates VIII - Additional Tier-I (ADT-1) | 21.2 | 7,000,000 | 7,000,000 | | |
| | | <u>14,000,000</u> | <u>14,000,000</u> | | |

21.1 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 SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

| | |
|---------------|--|
| Issue amount | Rs. 7,000,000,000 |
| Issue date | March 2018 |
| Maturity date | Perpetual |
| Rating | "AA-" (double A minus) by The Pakistan Credit Rating Agency Limited. |
| Security | Unsecured |

| | |
|--------------------------|---|
| Ranking | Subordinated to all other indebtedness of the Bank including deposits but superior to equity. |
| Profit payment frequency | Payable semi-annually in arrears. |
| Redemption | Perpetual |
| Mark-up | For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature. Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date. |
| Lock-in-clause | Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time. |
| Loss absorbency clause | In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event. |
| Call Option | The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality. |

21.2 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 SBP under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

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

| | Note | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|-----------------------------|-------------------|-----------------------------------|-----------------------------------|
| ------(Rupees in '000)----- | | | |
| 22 | OTHER LIABILITIES | | |
| | | 34,935,626 | 39,434,467 |
| | | 1,926,368 | 1,690,773 |
| | | 3,364,427 | 3,201,308 |
| | | 13,766,307 | 16,119,849 |
| | | 12,294,961 | 14,462,758 |
| | | 29,090,495 | 24,618,660 |
| | | 7,500,035 | 6,166,682 |
| | | 3,223,229 | 2,779,042 |
| | 25.1 | 79,306 | 96,507 |
| | | - | 73,434 |
| | 22.2 | 13,050,149 | 3,409,741 |
| | | 926,617 | 874,117 |
| | | 932,065 | 857,241 |
| | | 131,468 | 114,052 |
| | 22.1 | 806,232 | 78,624 |
| | | 12,925,509 | 12,983,647 |
| | | 5,518,925 | 5,093,704 |
| | | 824,220 | 850,048 |
| | | 3,854,294 | 3,906,392 |
| | | 34,551 | 776,097 |
| | | 3,892,018 | 3,874,309 |
| | | 278,422 | - |
| | | 251,932 | 483,001 |
| | | 2,263,274 | 2,412,845 |
| | | 8,294,176 | 6,197,042 |
| | | <u>160,164,606</u> | <u>150,554,340</u> |

22.1 Credit loss allowance / provision against off-balance sheet obligations

| | | |
|--|----------------|---------------|
| Opening balance | 78,624 | 62,948 |
| Impact of adoption of IFRS 9 | 805,501 | - |
| Balance as at January 01 after adopting IFRS 9 | 884,125 | 62,948 |
| Exchange and other adjustments | (688) | 4,029 |
| (Reversal) / charge for the period / year | (77,205) | 11,647 |
| Closing balance | <u>806,232</u> | <u>78,624</u> |

22.2 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

| | Note | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|--|-----------------------------------|-----------------------------------|
| 23 | | ------(Rupees in '000)----- | |
| SURPLUS ON REVALUATION OF ASSETS | | | |
| (Deficit) / surplus on revaluation of: | | | |
| - Securities measured at FVOCI - debt | 10.1 | (1,871,704) | - |
| - Securities measured at FVOCI - equity | 10.1 | 2,834,972 | - |
| - Available for sale securities | 10.1 | - | (5,290,960) |
| - Property and equipment | | 12,660,021 | 12,682,139 |
| - Non-banking assets acquired in satisfaction of claims | | 153,972 | 172,321 |
| | | 13,777,261 | 7,563,500 |
| Less: Deferred tax asset / (liability) on surplus / (deficit) on revaluation of: | | | |
| - Securities measured at FVOCI - debt | | 917,135 | - |
| - Securities measured at FVOCI - equity | | (1,389,136) | - |
| - Available for sale securities | | - | 2,592,570 |
| - Property and equipment | | (603,520) | (593,695) |
| - Non-banking assets acquired in satisfaction of claims | | (76,604) | (85,595) |
| | | (1,152,125) | 1,913,280 |
| Derivatives (deficit) / surplus | | (3,688,205) | (3,512,910) |
| Less: Deferred tax asset / (liability) on derivative | | 1,807,220 | 1,721,326 |
| | | (1,880,985) | (1,791,584) |
| | | <u>14,506,121</u> | <u>11,268,364</u> |
| 24 | | CONTINGENCIES AND COMMITMENTS | |
| - Guarantees | 24.1 | 166,068,539 | 173,579,640 |
| - Commitments | 24.2 | 662,100,538 | 731,198,269 |
| - Other contingent liabilities | 24.3.1 | 23,793,899 | 23,816,758 |
| | | <u>851,962,976</u> | <u>928,594,667</u> |
| 24.1 | Guarantees: | | |
| | Performance guarantees | 54,113,698 | 55,684,506 |
| | Other guarantees | 111,954,841 | 117,895,134 |
| | | <u>166,068,539</u> | <u>173,579,640</u> |
| 24.2 | Commitments: | | |
| Documentary credits and short-term trade-related transactions | | | |
| - Letters of credit | | 219,143,156 | 196,248,432 |
| Commitments in respect of: | | | |
| - forward foreign exchange contracts | 24.2.1 | 298,206,221 | 350,664,300 |
| - forward government securities transactions | 24.2.2 | 71,883,093 | 109,207,715 |
| - derivatives | 24.2.3 | 48,864,092 | 51,150,198 |
| - forward lending | 24.2.4 | 18,783,896 | 19,247,075 |
| Commitments for acquisition of: | | | |
| - Property and equipment | | 4,263,378 | 3,713,022 |
| - Intangible assets | | 375,202 | 312,027 |
| Commitments in respect of donations | | 581,500 | 655,500 |
| | | <u>662,100,538</u> | <u>731,198,269</u> |
| 24.2.1 | Commitments in respect of forward foreign exchange contracts | | |
| | Purchase | 179,485,678 | 198,859,218 |
| | Sale | 118,720,543 | 151,805,082 |
| | | <u>298,206,221</u> | <u>350,664,300</u> |
| 24.2.2 | Commitments in respect of forward government securities transactions | | |
| | Purchase | 57,611,264 | 20,461,347 |
| | Sale | 14,271,829 | 88,746,368 |
| | | <u>71,883,093</u> | <u>109,207,715</u> |

| | Note | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|----------|-----------------------------------|-----------------------------------|
| ------(Rupees in '000)----- | | | |
| 24.2.3 | | | |
| Interest Rate Swaps | | | |
| Purchase | 25.1 | 37,498,135 | 39,466,304 |
| Sale | | - | - |
| | | 37,498,135 | 39,466,304 |
| Cross Currency Swaps | | | |
| Purchase | | - | - |
| Sale | 25.1 | 11,365,957 | 11,683,894 |
| | | 11,365,957 | 11,683,894 |
| Total commitments in respect of derivatives | | 48,864,092 | 51,150,198 |
| 24.2.4 | | | |
| Undrawn formal standby facilities, credit lines and other commitments to lend | 24.2.4.1 | 15,182,780 | 15,828,600 |
| Commitments in respect of investments | | 3,601,116 | 3,418,475 |
| | | 18,783,896 | 19,247,075 |

24.2.4.1 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) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| ------(Rupees in '000)----- | | |
| 24.3 | | |
| Other contingent liabilities | | |
| 24.3.1 | | |
| Claims against the Bank not acknowledged as debts | 23,793,899 | 23,816,758 |

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.

24.4 Contingency for tax payable

24.4.1 There were no tax related contingencies other than as disclosed in note 36.1.

25 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.

| 25.1 | Product Analysis | March 31, 2024 (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)----- | | | | | | | |
| | Counterparties With Banks for Hedging | 40 | 37,498,135 | 3,443,225 | - | - | - |
| | With other entities Market making | - | - | - | 6 | 11,365,957 | 841,865 |
| | | 40 | 37,498,135 | 3,443,225 | 6 | 11,365,957 | 841,865 |
| 25.1 | Product Analysis | December 31, 2023 (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)----- | | | | | | | |
| | Counterparties With Banks for Hedging | 41 | 39,466,304 | 3,371,331 | - | - | - |
| | With other entities Market making | - | - | - | 6 | 11,683,894 | 707,484 |
| | | 41 | 39,466,304 | 3,371,331 | 6 | 11,683,894 | 707,484 |

| | | (Un-audited) | |
|------|--|-----------------------------|-------------------|
| | | Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| | | ------(Rupees in '000)----- | |
| 26 | MARK-UP/RETURN/INTEREST EARNED | | |
| | On: | | |
| | a) Loans and advances | 31,838,071 | 25,893,271 |
| | b) Investments | 93,553,966 | 45,766,944 |
| | c) Lendings to financial institutions | 1,747,917 | 841,974 |
| | d) Balances with banks | 7,336 | 39,866 |
| | e) On securities purchased under resale agreements / Bai Muajjal | 1,526,461 | 3,046,675 |
| | | <u>128,673,751</u> | <u>75,588,730</u> |
| 26.1 | Interest income (calculated using effective interest rate method) recognised on: | | |
| | Financial assets measured at amortised cost | 43,789,382 | |
| | Financial assets measured at fair value through OCI | 70,690,334 | |
| | Financial assets measured at fair value through P/L | 14,194,035 | |
| | | <u>128,673,751</u> | |
| 27 | MARK-UP/RETURN/INTEREST EXPENSED | | |
| | On: | | |
| | a) Deposits | 58,784,349 | 27,888,683 |
| | b) Borrowings | 4,273,815 | 3,658,824 |
| | c) Securities sold under repurchase agreements | 30,867,789 | 13,978,721 |
| | d) Subordinated debt | 834,214 | 638,273 |
| | e) Cost of foreign currency swaps against foreign currency deposits / borrowings | 2,206,189 | 810,749 |
| | f) Borrowing cost on leased properties | 783,923 | 584,685 |
| | g) Reward points / customer loyalty | 112,510 | 91,575 |
| | | <u>97,862,789</u> | <u>47,651,510</u> |
| 27.1 | Interest expense calculated using effective interest rate method | | |
| | Financial liabilities | <u>97,862,789</u> | |
| 28 | FEE & COMMISSION INCOME | | |
| | Branch banking customer fees | 387,805 | 292,175 |
| | Consumer finance related fees | 152,853 | 140,150 |
| | Card related fees (debit and credit cards) | 809,765 | 637,552 |
| | Credit related fees | 180,637 | 142,211 |
| | Investment banking fees | 21,520 | 26,243 |
| | Commission on trade | 741,660 | 546,182 |
| | Commission on guarantees | 182,648 | 200,128 |
| | Commission on cash management | 12,337 | 14,726 |
| | Commission on remittances including home remittances | 651,528 | 324,664 |
| | Commission on bancassurance | 133,778 | 125,869 |
| | Card acquiring business | 463,530 | 337,348 |
| | Wealth Management Fee | 78,897 | 31,966 |
| | Commission on Benazir Income Support Programme (BISP) | 200,744 | 143,233 |
| | Alternative Delivery Channel (ADC) settlement accounts | 330,367 | 306,104 |
| | Others | 53,485 | 60,629 |
| | | <u>4,401,554</u> | <u>3,329,180</u> |
| 29 | FOREIGN EXCHANGE INCOME / (LOSS) | | |
| | Foreign exchange income | 2,820,353 | 3,163,962 |
| | Foreign exchange (loss) / income related to derivatives | (516,732) | 161,002 |
| | | <u>2,303,621</u> | <u>3,324,964</u> |

| | Note | (Un-audited) Quarter ended | |
|-----------------------------|------|---|-------------------|
| | | March 31, 2024 | March 31, 2023 |
| ------(Rupees in '000)----- | | | |
| 30 | | GAIN / (LOSS) ON SECURITIES | |
| | | Realised gain / (loss) | 81,372 |
| | 30.1 | 783,036 | |
| | | Unrealised loss - Measured at FVPL | - |
| | 10.1 | (712,962) | |
| | | Unrealised loss - held for trading | (396,921) |
| | | Unrealised (loss) / gain on trading liabilities - net | - |
| | | (2,398) | |
| | | <u>67,676</u> | <u>(315,549)</u> |
| 30.1 | | Realised gain / (loss) on: | |
| | | Federal Government Securities | 240,324 |
| | | Shares | (422,655) |
| | | Foreign Securities | 263,703 |
| | | <u>783,036</u> | <u>81,372</u> |
| 30.2 | | Net gain / (loss) on financial assets / liabilities measured: | |
| | | At FVPL | |
| | | Designated upon initial recognition | (545,288) |
| | | Mandatorily measured at FVPL | 61,699 |
| | | (483,589) | |
| | | Net gain / (loss) on financial assets measured at FVOCI - Debt | 551,265 |
| | | <u>67,676</u> | |
| 31 | | OTHER INCOME | |
| | | Rent on property | 7,328 |
| | | Gain on sale of property and equipment - net | 29,067 |
| | | Gain on sale of non banking assets - net | - |
| | | Profit on termination of leased contracts (Ijarah) | 19,154 |
| | | Gain on termination of leases (IFRS 16) | 8,634 |
| | | <u>54,135</u> | <u>64,183</u> |
| 32 | | OPERATING EXPENSES | |
| | | Total compensation expense | 7,141,913 |
| | 32.1 | 8,823,445 | |
| | | Property expense | 32,515 |
| | | Rates and taxes | 443,993 |
| | | Utilities cost | 247,898 |
| | | Security (including guards) | 244,958 |
| | | Repair and maintenance (including janitorial charges) | 761,494 |
| | | Depreciation on right-of-use assets | 1,232 |
| | | Depreciation on non-banking assets acquired in satisfaction of claims | 202,228 |
| | | Depreciation on owned assets | 1,934,318 |
| | | <u>2,822,206</u> | <u>1,934,318</u> |
| | | Information technology expenses | 429,024 |
| | | Software maintenance | 260,527 |
| | | Hardware maintenance | 257,417 |
| | | Depreciation | 78,082 |
| | | Amortisation | 142,674 |
| | | Network charges | 14,273 |
| | | Consultancy and support services | |
| | | <u>1,588,337</u> | <u>1,181,997</u> |
| | | <u>13,233,988</u> | <u>10,258,228</u> |
| | | Balance carried forward | |

| (Un-audited) | |
|------------------------------|-------------------|
| Quarter ended | |
| March 31, 2024 | March 31, 2023 |
| ----- (Rupees in '000) ----- | |

| | | |
|--|-------------------|-------------------|
| Balance brought forward | 13,233,988 | 10,258,228 |
| Other operating expenses | | |
| Directors' fees and allowances | 50,800 | 40,977 |
| Fees and allowances to Shariah Board | 4,993 | 3,780 |
| Legal and professional charges | 86,473 | 67,320 |
| Outsourced services costs | 379,767 | 218,786 |
| Travelling and conveyance | 341,515 | 276,619 |
| Clearing and custodian charges | 41,625 | 40,676 |
| Depreciation | 491,428 | 347,705 |
| Training and development | 74,652 | 32,272 |
| Postage and courier charges | 117,564 | 114,056 |
| Communication | 587,937 | 409,112 |
| Stationery and printing | 462,960 | 293,221 |
| Marketing, advertisement and publicity | 514,124 | 379,730 |
| Donations | 126,320 | 944,500 |
| Auditors' remuneration | 30,489 | 37,364 |
| Brokerage and commission | 117,796 | 75,115 |
| Entertainment | 208,567 | 145,190 |
| Repairs and maintenance | 201,362 | 172,849 |
| Insurance | 516,567 | 300,821 |
| Cash handling charges | 475,237 | 255,714 |
| CNIC verification | 67,095 | 64,973 |
| Others | 222,645 | 129,505 |
| | <u>5,119,916</u> | <u>4,350,285</u> |
| | <u>18,353,904</u> | <u>14,608,513</u> |

32.1 Total compensation expense

| | | |
|---|------------------|------------------|
| Managerial remuneration | | |
| i) Fixed | 5,878,258 | 4,774,807 |
| ii) Variable: | | |
| a) Cash Bonus / Awards etc. | 1,391,348 | 1,425,765 |
| b) Bonus and Awards in Shares etc. | 143,750 | 81,249 |
| Charge for defined benefit plan | 167,824 | 116,750 |
| Contribution to defined contribution plan | 213,652 | 179,206 |
| Medical | 539,922 | 327,145 |
| Conveyance | 347,152 | 127,030 |
| Staff compensated absences | 52,500 | 47,499 |
| Staff life insurance | 43,869 | 42,847 |
| Staff welfare | 7,010 | 4,315 |
| Club subscription | 1,011 | 771 |
| Sub-total | <u>8,786,296</u> | <u>7,127,384</u> |
| Sign-on bonus | 37,149 | 14,529 |
| Severance allowance | - | - |
| Grand Total | <u>8,823,445</u> | <u>7,141,913</u> |

33 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.

| (Un-audited) | |
|------------------------------|-------------------|
| Quarter ended | |
| March 31, 2024 | March 31, 2023 |
| ----- (Rupees in '000) ----- | |

34 OTHER CHARGES

| | | |
|---|----------------|---------------|
| Penalties imposed by the State Bank of Pakistan | <u>208,643</u> | <u>10,973</u> |
|---|----------------|---------------|

| | Note | (Un-audited) Quarter ended | |
|-----------------------------|--|-------------------------------|-------------------|
| | | March 31, 2024 | March 31, 2023 |
| ------(Rupees in '000)----- | | | |
| 35 | CREDIT LOSS ALLOWANCE / PROVISIONS & WRITE OFFS - NET | | |
| | Reversal of credit loss allowance against cash with treasury | (35,325) | - |
| | Credit loss allowance against balance with other bank | 1,379 | - |
| | Credit loss allowance / (reversal) against lending to financial institutions | 11,408 | (295) |
| | Reversal of credit loss allowance / reversal for diminution in value of investments | 10.4.1 (92,760) | (118,565) |
| | Credit loss allowance / provision against loans & advances | 11.4 200,309 | 625,173 |
| | Credit loss allowance / provision against other assets | 16.2.1 30,837 | 59,665 |
| | Reversal of credit loss allowance / provision against off-balance sheet obligations | 22.1 (77,205) | 33,307 |
| | Reversal of other credit loss allowance / provisions / write off - net | (15,432) | 2,235 |
| | Recovery of written off / charged off bad debts | (135,636) | (79,745) |
| | | <u>(112,425)</u> | <u>521,775</u> |

| | | | |
|----|-----------------------|------------------|------------------|
| 36 | TAXATION | | |
| | Charge / (reversal) : | | |
| | Current | 10,417,922 | 8,551,542 |
| | Prior years | (54,047) | - |
| | Deferred | (565,822) | (319,968) |
| | | <u>9,798,053</u> | <u>8,231,574</u> |

36.1 a) The income tax assessments of the Bank have been finalized up to and including tax year 2023. Certain addbacks made by 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 2023, the tax authority has 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 resulting in tax demand of Rs. 764.870 million net of relief provided in appeal (December 31, 2023: 764.870 million). Bank has filed appeal which is pending before Commissioner Appeals. The management is confident that matter will be decided in favour of the bank and consequently has not made any provision in this respect.

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 redemanded. A similar order for the accounting years 2017 and 2018 was also issued with tax demand of Rs. 11.536 million (excluding default surcharge). Bank has filed appeals against these orders and has not made any provision against these orders. The management is of the view that these matters will be favourably settled through appellate process.

| | (Un-audited) Quarter ended | |
|-----------------------------|--|---------------------------------------|
| | March 31, 2024 | March 31, 2023 |
| ------(Rupees in '000)----- | | |
| 37 | BASIC AND DILUTED EARNINGS PER SHARE | |
| | Profit for the period | <u>9,911,509</u> <u>10,742,650</u> |
| | | ------(Number of shares in '000)----- |
| | Weighted average number of ordinary shares | <u>1,577,165</u> <u>1,577,165</u> |
| | | ------(Rupees)----- |
| | Basic and diluted earnings per share | <u>6.28</u> <u>6.81</u> |

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

38 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 / amortised cost, is based on quoted market price. Quoted debt securities classified as held to maturity / amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of valuation methodologies which are best reflective of their business model. 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.

38.1 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:

| | March 31, 2024 (Un-audited) | | | |
|--|-----------------------------|---------------|-----------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| On balance sheet financial instruments | ------(Rupees in '000)----- | | | |
| Financial assets - measured at fair value | | | | |
| Investments | | | | |
| - Federal government securities | - | 1,405,200,969 | - | 1,405,200,969 |
| - Non-government debt securities | 14,951,400 | 5,030,895 | - | 19,982,295 |
| - Shares - listed companies | 6,316,302 | - | - | 6,316,302 |
| - Shares - unlisted companies | - | - | 2,194,286 | 2,194,286 |
| - Mutual funds - unlisted companies | - | - | 1,760,000 | 1,760,000 |
| - Foreign government securities | - | 69,765,924 | - | 69,765,924 |
| - Foreign non-government debt securities | - | 23,155,979 | 6,271,501 | 29,427,480 |
| - Foreign equity securities | 280,548 | - | - | 280,548 |
| Financial assets - disclosed but not measured at fair value | | | | |
| Investments - Amortised cost | - | 258,550,459 | - | 258,550,459 |
| Off-balance sheet financial instruments - measured at fair value | | | | |
| - Forward purchase of foreign exchange | - | 2,676,451 | - | 2,676,451 |
| - Forward sale of foreign exchange | - | (3,223,229) | - | (3,223,229) |
| - Forward purchase of government securities | - | (87,453) | - | (87,453) |
| - Forward sale government securities | - | 33,745 | - | 33,745 |
| - Derivatives purchases | - | 3,443,225 | - | 3,443,225 |
| - Derivatives sales | - | 841,865 | - | 841,865 |
| | December 31, 2023 (Audited) | | | |
| On balance sheet financial instruments | ------(Rupees in '000)----- | | | |
| Financial assets - measured at fair value | | | | |
| Investments | | | | |
| - Federal government securities | - | 1,802,801,728 | - | 1,802,801,728 |
| - Non-government debt securities | 14,940,600 | 4,429,831 | - | 19,370,431 |
| - Shares - listed companies | 4,264,378 | - | - | 4,264,378 |
| - Foreign government securities | - | 43,176,169 | - | 43,176,169 |
| - Foreign non-government debt securities | - | 28,547,190 | - | 28,547,190 |
| - Foreign equity securities | 284,596 | - | - | 284,596 |
| Financial assets - disclosed but not measured at fair value | | | | |
| Investments - held to maturity securities | - | 154,796,433 | - | 154,796,433 |
| Off-balance sheet financial instruments - measured at fair value | | | | |
| - Forward purchase of foreign exchange | - | 2,606,750 | - | 2,606,750 |
| - Forward sale of foreign exchange | - | (2,779,042) | - | (2,779,042) |
| - Forward purchase of government securities | - | (27,210) | - | (27,210) |
| - Forward sale government securities transactions | - | (17,514) | - | (17,514) |
| - Derivatives purchases | - | 3,371,331 | - | 3,371,331 |
| - Derivatives sales | - | 707,484 | - | 707,484 |

38.2 The Bank's policy is to recognise 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, occurred. There were no transfers between levels 1 and 2 during the current period.

38.3 Valuation techniques used in determination of fair values:

38.3.1 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 Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, unquoted shares, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

(c) Financial instruments in level 3

The fair value of unquoted shares and unquoted mutual funds are measured at fair value based on valuation technique mentioned in the table below.

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.

38.3.2 Fair value of non-financial assets

Certain categories of property and equipment (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 16. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

38.3.3 Valuation techniques

| Item | Valuation approach and input used |
|---|--|
| Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (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 Sukuks, Overseas 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. |
| Ordinary shares - unlisted | The fair value of investments in unlisted equity securities are valued on the basis of dividend discount model / discounted cashflow / price earnings multiple. |
| Mutual funds - unlisted | The fair value of investments in unlisted mutual funds are valued based on net asset value. |
| Forward foreign exchange contracts | The valuation has been determined by interpolating the FX revaluation rates announced by the SBP. |
| 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. |
| Property and equipment 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 used 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. |

39 SEGMENT INFORMATION

39.1 Segment details with respect to Business Activities

| For the quarter ended March 31, 2024 (Un-audited) | | | | | | | | | |
|---|---------------|--------------------|-------------|---------------|------------|--------------|-------------|-----------------|---------------|
| Retail | Corporate | Islamic (Domestic) | Treasury | Digital | Overseas | Others* | Elimination | Total | |
| ------(Rupees in '000)----- | | | | | | | | | |
| Profit and loss | | | | | | | | | |
| Net mark-up / return/ profit | (28,877,174) | 3,098,207 | 8,128,075 | 47,250,100 | (2,139) | 1,975,211 | (761,318) | - | 30,810,962 |
| Inter segment revenue - net | 49,550,426 | 1,729,104 | (292,414) | (51,272,534) | 2,119,188 | 372,103 | 756,439 | (2,962,312) | - |
| Non mark-up / return / interest income | 2,390,611 | 1,307,073 | 570,814 | 2,781,323 | 275,519 | 443,724 | 4,879 | - | 7,773,943 |
| Total income | 23,063,863 | 6,134,384 | 8,406,475 | (1,241,111) | 2,392,568 | 2,791,038 | - | (2,962,312) | 38,584,905 |
| Segment direct expenses | | | | | | | | | |
| Inter segment expense allocation | 7,528,523 | 180,017 | 2,964,537 | 255,801 | 733,403 | 1,033,418 | 6,292,069 | - | 18,987,768 |
| Total expenses | 3,948,317 | 447,596 | 1,335,452 | 189,204 | 570,552 | 141,462 | (6,292,069) | (340,514) | - |
| Credit loss allowance / provision / (reversals) | 11,476,840 | 627,613 | 4,299,989 | 445,005 | 1,303,955 | 1,174,880 | - | (340,514) | 18,987,768 |
| Profit / (loss) before tax | (188,527) | 109,181 | 41,839 | (65,323) | 5,144 | (14,739) | - | - | (112,425) |
| | 11,775,550 | 5,397,590 | 4,064,647 | (1,620,793) | 1,083,469 | 1,630,897 | - | (2,621,798) | 19,709,562 |
| As at March 31, 2024 (Un-audited) | | | | | | | | | |
| Retail | Corporate | Islamic (Domestic) | Treasury | Digital | Overseas | Others* | Elimination | Total | |
| ------(Rupees in '000)----- | | | | | | | | | |
| Statement of financial position | | | | | | | | | |
| Cash and bank balances | 108,709,504 | 17,344,649 | 37,870,182 | - | 830,288 | 46,239,665 | - | (385,183) | 210,609,105 |
| Investments | - | 3,909,787 | 232,434,615 | 1,448,901,873 | - | 125,018,544 | 2,742,718 | - | 1,813,007,537 |
| Net inter segment lending | 968,513,472 | 87,004,766 | - | - | 11,744,330 | - | 86,175,940 | (1,153,438,508) | - |
| Lendings to financial institutions | - | - | 21,020,384 | 15,611,369 | - | 9,227,398 | - | (26,141,279) | 19,717,872 |
| Advances - performing | 199,162,887 | 287,763,269 | 156,160,411 | - | 131,104 | 42,208,194 | 18,456,174 | - | 703,882,039 |
| - non-performing | 2,064,966 | 1,233,710 | 582,475 | - | 3,088 | 175,383 | 87,087 | - | 4,146,709 |
| Others | 31,097,010 | 35,363,835 | 49,415,064 | 67,200,126 | 1,613,567 | (17,583,487) | 66,215,692 | 36 | 233,321,843 |
| Total assets | 1,309,547,839 | 432,620,016 | 497,483,131 | 1,531,713,368 | 14,322,377 | 205,285,697 | 173,677,611 | (1,179,964,934) | 2,984,685,105 |
| Borrowings | | | | | | | | | |
| Subordinated debt | 22,860,500 | 88,658,200 | 37,572,930 | 422,310,128 | - | 37,520,694 | - | (27,458,687) | 581,463,765 |
| Deposits and other accounts | - | - | - | - | - | - | 14,000,000 | - | 14,000,000 |
| Net inter segment borrowing | 1,239,629,992 | 259,035,382 | 376,293,743 | - | 13,838,136 | 153,712,243 | 12,558 | 807,261 | 2,043,329,315 |
| Others | - | 33,023,987 | 24,424,662 | 1,094,992,000 | - | 997,876 | - | (1,153,438,525) | - |
| Total liabilities | 47,057,347 | 51,902,447 | 55,811,030 | 13,522,015 | 484,241 | 12,523,083 | 24,131,753 | 125,017 | 205,556,933 |
| | 1,309,547,839 | 432,620,016 | 494,102,365 | 1,530,824,143 | 14,322,377 | 204,753,896 | 38,144,311 | (1,179,964,934) | 2,844,350,013 |
| Net assets | - | - | 3,380,766 | 889,225 | - | 531,801 | 135,533,300 | - | 140,335,092 |
| Equity | | | | | | | | | 140,335,092 |
| Contingencies and commitments | 127,744,963 | 234,891,669 | 70,871,566 | 349,324,461 | 76,006 | 63,412,992 | 5,641,319 | - | 851,962,976 |

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

| For the quarter ended March 31, 2023 (Un-audited) | | | | | | | | |
|---|---------------|--------------------|-------------|---------------|------------|-------------|-----------------|---------------|
| Retail | Corporate | Islamic (Domestic) | Treasury | Digital | Overseas | Others* | Elimination | Total |
| ----- (Rupees in '000) ----- | | | | | | | | |
| Profit and loss | | | | | | | | |
| Net mark-up / return / profit | (10,663,789) | 5,686,906 | 5,155,677 | 26,796,215 | 2,702 | 1,588,460 | (628,951) | 27,937,220 |
| Inter segment revenue - net | 27,133,335 | (1,154,749) | (306,030) | (25,649,913) | 1,612,761 | (12,875) | 550,836 | - |
| Non mark-up / return / interest income | 1,921,799 | 859,648 | 502,258 | 2,702,782 | 219,464 | 291,945 | 78,115 | 6,576,011 |
| Total income | 18,391,345 | 5,391,805 | 5,351,905 | 3,849,084 | 1,834,927 | 1,867,530 | (2,173,365) | 34,513,231 |
| Segment direct expenses | 5,983,902 | 532,950 | 2,213,513 | 210,326 | 631,788 | 833,401 | 4,611,352 | 15,017,232 |
| Inter segment expense allocation | 2,711,796 | 444,948 | 804,632 | 242,056 | 359,148 | 118,856 | (4,611,352) | - |
| Total expenses | 8,695,698 | 977,898 | 3,018,145 | 452,382 | 990,936 | 952,257 | (70,084) | 15,017,232 |
| Credit loss allowance / provision / (reversals) | 1,126,045 | 669,250 | 317,165 | (218,872) | 6,120 | 928 | (1,378,861) | 521,775 |
| Profit before tax | 8,569,602 | 3,744,657 | 2,016,595 | 3,615,574 | 837,871 | 914,345 | (2,103,281) | 18,974,224 |
| ----- (Rupees in '000) ----- | | | | | | | | |
| As at December 31, 2023 (Audited) | | | | | | | | |
| Retail | Corporate | Islamic (Domestic) | Treasury | Digital | Overseas | Others* | Elimination | Total |
| ----- (Rupees in '000) ----- | | | | | | | | |
| Statement of financial position | | | | | | | | |
| Cash and bank balances | 107,505,103 | 20,666,132 | 33,920,116 | - | 801,318 | 56,947,383 | - | 219,310,236 |
| Investments | - | 3,609,787 | 214,732,021 | 1,743,435,218 | - | 104,537,703 | 947,971 | 2,067,262,700 |
| Net inter segment lending | 973,612,195 | 87,039,833 | - | - | 11,390,718 | - | 124,249,350 | - |
| Lendings to financial institutions | - | - | 32,832,027 | 94,864,225 | - | 13,960,199 | (22,102,342) | 119,554,109 |
| Advances - performing | 207,915,194 | 299,248,029 | 161,980,731 | - | 80,881 | 44,106,831 | 16,460,775 | 729,792,441 |
| - non-performing | 2,955,353 | 1,449,384 | 589,393 | - | 8,333 | 177,923 | 78,683 | 5,259,069 |
| Others | 21,680,353 | 30,738,634 | 41,414,392 | 62,367,729 | 1,333,206 | 9,780,632 | 37,423,219 | 204,738,272 |
| Total assets | 1,313,668,198 | 442,751,799 | 485,468,680 | 1,900,667,172 | 13,614,456 | 229,510,671 | (1,218,924,147) | 3,345,916,827 |
| Borrowings | 23,956,020 | 88,567,733 | 40,501,991 | 747,762,555 | - | 31,762,975 | (23,007,821) | 909,543,453 |
| Subordinated debt | - | - | - | - | - | - | 14,000,000 | 14,000,000 |
| Deposits and other accounts | 1,243,732,370 | 305,616,623 | 365,397,636 | - | 13,355,298 | 157,205,824 | (310,621) | 2,084,997,130 |
| Net inter segment borrowing | - | - | 22,614,166 | 1,144,470,847 | - | 29,207,083 | (1,196,292,096) | - |
| Others | 45,979,808 | 48,567,443 | 53,942,917 | 9,462,016 | 259,158 | 12,072,324 | 28,483,354 | 199,453,411 |
| Total liabilities | 1,313,668,198 | 442,751,799 | 482,456,710 | 1,901,695,418 | 13,614,456 | 230,248,206 | (1,218,924,147) | 3,207,993,994 |
| Net assets | - | - | 3,011,970 | (1,028,246) | - | (737,535) | 136,676,644 | 137,922,833 |
| Equity | | | | | | | | 137,922,833 |
| Contingencies and commitments | 127,717,077 | 220,203,714 | 66,758,549 | 447,453,464 | 8 | 61,147,942 | 5,313,913 | 928,594,667 |

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

40 RELATED PARTY TRANSACTIONS

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

The 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 March 31, 2024 (Un-audited) | | | | | As at December 31, 2023 (Audited) | | | | |
|---|-----------------------------------|--------------------------------|--------------|------------|--------------------------|-----------------------------------|--------------------------------|--------------|------------|--------------------------|
| | Directors/ CEO | Key management personnel | Subsidiaries | Associates | Other related parties | Directors/ CEO | Key management personnel | Subsidiaries | Associates | Other related parties |
| | ------(Rupees in '000)----- | | | | | ------(Rupees in '000)----- | | | | |
| Lendings to financial institutions | | | | | | | | | | |
| Opening balance | - | - | - | - | - | - | - | - | - | - |
| Addition during the period / year | - | - | - | - | - | - | - | - | - | 6,332,364 |
| Repaid during the period / year | - | - | - | - | - | - | - | - | - | (6,332,364) |
| Closing balance | - | - | - | - | - | - | - | - | - | - |
| Investments | | | | | | | | | | |
| Opening balance | - | - | 305,217 | 1,177,606 | 1,802,909 | - | - | 305,217 | 1,177,606 | 1,552,048 |
| Investment made during the period / year | - | - | 1,000,000 | - | 59,265 | - | - | - | - | 683,255 |
| Investment redeemed / disposed off during the period / year | - | - | - | - | - | - | - | - | - | (504,303) |
| Revaluation of investment during the period / year | - | - | - | - | 71,206 | - | - | - | - | 71,909 |
| Transfer in / (out) - net | - | - | - | - | - | - | - | - | - | - |
| Closing balance | - | - | 1,305,217 | 1,177,606 | 1,933,380 | - | - | 305,217 | 1,177,606 | 1,802,909 |
| Credit loss allowance / provision for diminution in value of investments | - | - | 305,217 | - | - | - | - | 305,217 | - | - |
| Advances | | | | | | | | | | |
| Opening balance | 14,918 | 935,186 | - | - | 1,925,526 | 18,062 | 672,608 | - | - | 2,367,924 |
| Addition during the period / year | - | 85,811 | 16,320,484 | - | 19,648,491 | 911 | 604,716 | - | - | 90,959,543 |
| Repaid during the period / year | (673) | (53,021) | (15,332,728) | - | (19,301,358) | (4,055) | (314,643) | - | - | (90,662,727) |
| Transfer in / (out) - net | - | - | - | - | - | - | (27,495) | - | - | - |
| Write off | - | - | - | - | - | - | - | - | - | (739,214) |
| Closing balance | 14,245 | 967,976 | 987,756 | - | 2,272,659 | 14,918 | 935,186 | - | - | 1,925,526 |
| Credit loss allowance / provision held against advances | - | - | - | - | - | - | - | - | - | - |
| Other assets | | | | | | | | | | |
| Interest / mark-up accrued | 3,180 | 66,272 | 31,832 | - | 149,249 | 2,791 | 59,977 | - | - | 90,690 |
| Receivable from staff retirement fund | - | - | - | - | 272,761 | - | - | - | - | 440,585 |
| Prepayment / rent receivable | - | - | - | 650 | - | - | - | - | 4,617 | - |
| Receivable against pre-incorporation expenses | - | - | - | - | - | - | - | 17,014 | - | - |
| Advance against shares | - | - | - | - | 140,000 | - | - | - | - | 140,000 |

| | As at March 31, 2024 (Un-audited) | | | | | As at December 31, 2023 (Audited) | | | | |
|--|---|--------------------------|--------------|---------------|-----------------------|---|--------------------------|-------------|---------------|-----------------------|
| | Directors/ CEO | Key management personnel | Subsidiaries | Associates | Other related parties | Directors/ CEO | Key management personnel | Subsidiary | Associates | Other related parties |
| | ------(Rupees in '000)----- | | | | | ------(Rupees in '000)----- | | | | |
| Borrowings | | | | | | | | | | |
| Opening balance | - | - | - | - | 2,605,576 | - | - | - | - | 2,180,207 |
| Borrowings during the period / year | - | - | - | - | 1,500,000 | - | - | - | - | 2,095,000 |
| Settled during the period / year | - | - | - | - | (1,968,480) | - | - | - | - | (1,669,631) |
| Closing balance | - | - | - | - | 2,137,096 | - | - | - | - | 2,605,576 |
| Deposits and other accounts | | | | | | | | | | |
| Opening balance | 406,959 | 340,757 | 55,874 | 17,153,420 | 18,550,205 | 38,466 | 184,994 | 9,086 | 3,078,698 | 12,308,779 |
| Received during the period / year | 2,245,625 | 1,305,744 | 20,215,607 | 238,111,620 | 50,715,530 | 1,190,788 | 3,877,341 | 4,563,007 | 840,300,568 | 318,163,352 |
| Withdrawn during the period / year | (661,504) | (1,127,246) | (19,285,371) | (252,256,961) | (57,064,344) | (822,295) | (3,686,772) | (4,516,219) | (826,225,846) | (311,950,193) |
| Transfer in / (out) - net | - | - | - | - | - | - | (34,806) | - | - | 28,267 |
| Closing balance | 1,991,080 | 519,255 | 986,110 | 3,008,079 | 12,201,391 | 406,959 | 340,757 | 55,874 | 17,153,420 | 18,550,205 |
| Subordinated debt | | | | | | | | | | |
| Opening balance | - | - | - | - | 300,000 | - | - | - | - | 300,000 |
| Issued / Purchased during the year | - | - | - | - | - | - | - | - | - | - |
| Redemption / Sold during the year | - | - | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | - | 300,000 | - | - | - | - | 300,000 |
| Other liabilities | | | | | | | | | | |
| Interest / mark-up payable | 945 | 5,389 | - | - | 106,052 | 737 | 1,045 | - | - | 130,491 |
| Dividend payable | 1,854,361 | 1 | - | - | 2,047,128 | 1,975,728 | - | - | - | 1,845,246 |
| Payable to defined benefit plan | - | - | - | - | - | - | - | - | - | - |
| Others | - | - | 1,422 | - | 57,824 | - | - | 956 | - | 54,868 |
| Contingencies and commitments | - | - | 1,200,000 | - | 1,216,027 | - | - | 1,000,000 | - | 1,573,620 |
| | ------(Rupees in '000)----- | | | | | ------(Rupees in '000)----- | | | | |
| | For the quarter ended March 31, 2024 (Un-audited) | | | | | For the quarter ended March 31, 2023 (Un-audited) | | | | |
| Income | | | | | | | | | | |
| Mark-up / return / interest earned | 435 | 8,174 | 33,303 | - | 152,496 | 398 | 5,387 | - | - | 35,491 |
| Fee and commission income | - | - | - | 75,191 | 1,964 | - | - | - | 29,633 | 1,605 |
| Dividend income | - | - | - | 105,000 | 115,692 | - | - | - | 66,000 | 11,464 |
| Gain / (loss) on sale of securities | - | 4 | - | - | - | - | 1 | - | - | (2,182) |
| Rent on property | - | - | - | 975 | - | - | - | - | 1,556 | - |
| Gain on sale of property and equipment - net | - | - | - | 2,504 | - | - | 36 | - | 1,558 | - |
| Expenses | | | | | | | | | | |
| Mark-up / return / interest paid | 5,655 | 10,081 | 31,980 | 228,504 | 555,799 | 1,030 | 5,333 | 114 | 96,081 | 436,425 |
| Other operating expenses | | | | | | | | | | |
| Directors fee | 50,800 | - | - | - | - | 40,977 | - | - | - | - |
| Managerial remuneration | 239,373 | 838,271 | - | - | - | 172,907 | 581,021 | - | - | - |
| Software maintenance | - | - | - | - | 67,709 | - | - | - | - | 82,546 |
| Travelling and accommodation | - | - | - | - | - | - | - | - | - | - |
| Communication cost | - | - | - | - | 151,780 | - | - | - | - | 42,566 |
| Brokerage and commission | - | - | 2,252 | - | - | - | - | 3,477 | - | - |
| Legal and professional charges | - | - | - | - | - | - | - | - | - | - |
| Charge for defined benefit plan | - | - | - | - | 167,824 | - | - | - | - | 116,750 |
| Contribution to defined contribution plan | - | - | - | - | 213,652 | - | - | - | - | 179,206 |
| Training and subscription | - | - | - | - | 416 | - | - | - | - | 163 |
| Other Information | | | | | | | | | | |
| Dividend paid | 1,975,727 | 9,056 | - | 7,465 | 1,661,448 | 2,177 | 5,019 | - | 5,903 | 134,203 |
| Insurance premium paid | - | - | - | 1,092,940 | - | - | - | - | 1,019,962 | - |
| Insurance claims settled | - | - | - | 215,993 | - | - | - | - | 163,751 | - |

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| Minimum Capital Requirement (MCR): | | |
| Paid-up capital (net of losses) | 15,771,651 | 15,771,651 |
| Capital Adequacy Ratio (CAR): | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | 111,315,508 | 110,321,098 |
| Eligible Additional Tier 1 (ADT 1) Capital | 13,550,000 | 13,550,000 |
| Total eligible tier 1 capital | 124,865,508 | 123,871,098 |
| Eligible tier 2 capital | 37,072,837 | 34,802,149 |
| Total eligible capital (tier 1 + tier 2) | 161,938,345 | 158,673,247 |
| Risk weighted assets (RWAs): | | |
| Credit risk | 732,661,820 | 754,283,194 |
| Market risk | 44,698,888 | 18,194,850 |
| Operational risk | 175,157,500 | 175,157,500 |
| Total | 952,518,208 | 947,635,544 |
| Common equity tier 1 capital adequacy ratio | 11.69% | 11.64% |
| Tier 1 capital adequacy ratio | 13.11% | 13.07% |
| Total capital adequacy ratio | 17.00% | 16.74% |
| In line with Basel III capital adequacy guidelines, the 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 Standardised Approach for credit and market risk related exposures and Alternate Standardised Approach (ASA) for operational risk. | | |
| Leverage Ratio (LR): | | |
| Eligible tier-1 capital | 124,865,508 | 123,871,098 |
| Total exposures | 3,545,286,888 | 3,536,686,713 |
| Leverage ratio | 3.52% | 3.50% |
| Liquidity Coverage Ratio (LCR): | | |
| Total high quality liquid assets | 1,287,297,946 | 1,082,954,156 |
| Total net cash outflow | 642,272,127 | 488,388,254 |
| Liquidity coverage ratio | 200% | 222% |
| Net Stable Funding Ratio (NSFR): | | |
| Total available stable funding | 1,648,613,452 | 1,634,520,450 |
| Total required stable funding | 1,137,879,520 | 1,012,638,563 |
| Net stable funding ratio | 145% | 161% |

The Bank operates 350 Islamic banking branches (December 31, 2023: 348 branches) and 5 sub branches (December 31, 2023: 6 sub branch) as at March 31, 2024.

STATEMENT OF FINANCIAL POSITION

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Note | ------(Rupees in '000)----- | |
| ASSETS | | |
| Cash and balances with treasury banks | 30,559,550 | 32,341,423 |
| Balances with other banks | 7,310,632 | 1,578,693 |
| Due from financial institutions | 42.1 21,020,384 | 32,832,027 |
| Investments | 42.2 232,434,615 | 214,732,021 |
| Islamic financing and related assets - net | 42.3 156,742,886 | 162,570,124 |
| Property and equipment | 9,932,999 | 9,419,759 |
| Right-of-use assets | 7,775,254 | 7,693,170 |
| Intangible assets | 37,664 | 39,602 |
| Other assets | 31,669,147 | 24,261,861 |
| Total Assets | 497,483,131 | 485,468,680 |
| LIABILITIES | | |
| Bills payable | 3,909,633 | 4,847,290 |
| Due to financial institutions | 37,572,930 | 40,501,991 |
| Deposits and other accounts | 42.4 376,293,743 | 365,397,636 |
| Lease liabilities | 9,223,962 | 8,931,856 |
| Deferred tax liabilities | 1,281,845 | 1,291,105 |
| Other liabilities | 41,395,590 | 38,872,666 |
| | <u>469,677,703</u> | <u>459,842,544</u> |
| NET ASSETS | <u>27,805,428</u> | <u>25,626,136</u> |
| REPRESENTED BY | | |
| Islamic banking fund | 3,950,000 | 3,950,000 |
| Surplus on revaluation of assets | 3,380,765 | 3,011,969 |
| Unappropriated/ unremitted profit | 42.5 <u>20,474,663</u> | <u>18,664,167</u> |
| | <u>27,805,428</u> | <u>25,626,136</u> |
| CONTINGENCIES AND COMMITMENTS | 42.6 | |

PROFIT AND LOSS ACCOUNT

| | (Un-audited) | |
|--|-----------------------------|-------------------------|
| | Quarter ended | |
| Note | March 31, 2024 | March 31, 2023 |
| | ------(Rupees in '000)----- | |
| Profit / return earned on Islamic financing and related assets, investments and placements | 42.7 19,958,431 | 10,380,104 |
| Profit / return expensed on deposits and other dues expensed | 42.8 11,830,356 | 5,224,427 |
| Net profit / return | <u>8,128,075</u> | <u>5,155,677</u> |
| Fee and commission income | 479,895 | 324,081 |
| Foreign exchange income | 87,957 | 158,929 |
| (Loss) / gain on securities | 786 | (5,496) |
| Other income | 2,176 | 24,744 |
| Total other income | <u>570,814</u> | <u>502,258</u> |
| Total income | <u>8,698,889</u> | <u>5,657,935</u> |
| OTHER EXPENSES | | |
| Operating expenses | 4,203,938 | 2,965,689 |
| Workers' welfare fund | 88,920 | 52,033 |
| Other charges | 7,131 | 423 |
| Total other expenses | <u>4,299,989</u> | <u>3,018,145</u> |
| Profit before credit loss allowance / provisions | <u>4,398,900</u> | <u>2,639,790</u> |
| Credit loss allowance /provisions and write offs - net | 41,839 | 317,165 |
| PROFIT BEFORE TAXATION | <u>4,357,061</u> | <u>2,322,625</u> |
| Taxation | 2,163,210 | 1,015,754 |
| PROFIT AFTER TAXATION | <u><u>2,193,851</u></u> | <u><u>1,306,871</u></u> |

| | March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|--------------------------------------|-----------------------------|-----------------------|------------|-----------------------------|-----------------------|------------|
| | In Local Currency | In Foreign Currencies | Total | In Local Currency | In Foreign Currencies | Total |
| 42.1 Due from Financial Institutions | ------(Rupees in '000)----- | | | | | |
| Musharaka Placements | 8,500,000 | - | 8,500,000 | 24,400,000 | - | 24,400,000 |
| Bai Muajjal Receivables | 12,521,850 | - | 12,521,850 | 8,432,027 | - | 8,432,027 |
| | 21,021,850 | - | 21,021,850 | 32,832,027 | - | 32,832,027 |
| Less: Credit loss allowance Stage 1 | (1,466) | - | (1,466) | - | - | - |
| | 21,020,384 | - | 21,020,384 | 32,832,027 | - | 32,832,027 |

42.2 Investments

| | March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|---|-----------------------------|--|---------------------|----------------|-----------------------------|--|---------------------|----------------|
| | Cost / Amortised cost | Credit loss allowance / Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortised cost | Credit loss allowance / Provision for diminution | Surplus / (Deficit) | Carrying Value |
| By segment & type: | ------(Rupees in '000)----- | | | | | | | |
| Fair value through profit or loss | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| Ijarah Sukuk | 1,996,724 | - | 4,876 | 2,001,600 | - | - | - | - |
| Naya Pakistan Certificates | 3,841,543 | - | - | 3,841,543 | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| Sukuk - Unlisted | 200,000 | - | - | 200,000 | - | - | - | - |
| | 6,038,267 | - | 4,876 | 6,043,143 | - | - | - | - |
| Held-for-trading securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| Ijarah Sukuk | - | - | - | - | 3,022,557 | - | (4,857) | 3,017,700 |
| Fair value through other comprehensive income | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| Ijarah Sukuk | 193,801,359 | - | 1,760,484 | 195,561,843 | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| Sukuk - Unlisted | 15,927,225 | - | 85,329 | 16,012,554 | - | - | - | - |
| | 209,728,584 | - | 1,845,813 | 211,574,397 | - | - | - | - |
| Available for sale securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| Ijarah Sukuk | - | - | - | - | 182,501,466 | - | 1,054,823 | 183,556,289 |
| Naya Pakistan Certificates | - | - | - | - | 5,687,184 | - | - | 5,687,184 |
| Non Government Debt Securities | | | | | | | | |
| Sukuk - Unlisted | - | - | - | - | 16,133,675 | - | 66,970 | 16,200,645 |
| | - | - | - | - | 204,322,325 | - | 1,121,793 | 205,444,118 |
| Amortised cost | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| Ijarah Sukuk | 11,578,204 | - | - | 11,578,204 | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| Sukuk - Unlisted | 3,302,601 | (63,730) | - | 3,238,871 | - | - | - | - |
| | 14,880,805 | (63,730) | - | 14,817,075 | - | - | - | - |
| Held to maturity securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| Ijarah Sukuk | - | - | - | - | 3,000,000 | - | - | 3,000,000 |
| Non Government Debt Securities | | | | | | | | |
| Sukuk - Unlisted | - | - | - | - | 3,339,720 | (69,517) | - | 3,270,203 |
| | - | - | - | - | 6,339,720 | (69,517) | - | 6,270,203 |
| Total investments | 230,647,656 | (63,730) | 1,850,689 | 232,434,615 | 213,684,602 | (69,517) | 1,116,936 | 214,732,021 |

| 42.2.1 Particulars of credit loss allowance | March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|---|-----------------------------|---------|---------|-----------------------------|----------|---------|
| | Expected Credit Loss | | | Total | Specific | General |
| | Stage 1 | Stage 2 | Stage 3 | | | |
| Sukuk - Unlisted | 56 | - | 63,674 | 63,730 | 69,517 | - |
| | | | | | | |

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

42.3 Islamic financing and related assets

| | | |
|---|-------------|-------------|
| Ijarah | 17,853,943 | 18,280,711 |
| Murabaha | 2,438,189 | 3,660,271 |
| Musharaka | 10,662,930 | 15,364,383 |
| Diminishing musharaka | 21,694,909 | 22,300,051 |
| Salam | 1,008,028 | 1,016,849 |
| Bai muajjal financing | 24,999,951 | 24,999,488 |
| Musawama financing | 3,431,756 | 4,610,248 |
| Tijarah financing | 5,016,732 | 5,009,036 |
| Islamic staff financing | 6,803,678 | 5,009,281 |
| SBP islamic export refinance | 37,533 | 102,965 |
| SBP refinance scheme for wages & salaries | - | 1,846 |
| Islamic long term finance facility plant & machinery | 4,267,773 | 3,414,902 |
| Islamic refinance renewable energy | 82,547 | 87,218 |
| Islamic temporary economic refinance facility (ITERF) | 10,984,511 | 10,351,896 |
| Naya Pakistan home financing | 3,290,522 | 3,336,697 |
| Islamic refinance facility for combating COVID | 703,591 | 765,491 |
| Refinance facility under bills discounting | 15,095,179 | 15,244,583 |
| Advances against islamic assets | 21,263,950 | 21,054,922 |
| Inventory related to islamic financing | 11,224,238 | 10,947,999 |
| Other Islamic modes | 977,054 | 1,415,530 |
| Gross Islamic financing and related assets | 161,837,014 | 166,974,367 |
| Less: Credit loss allowance / provision against Islamic financings | | |
| - Stage 1 | (562,396) | - |
| - Stage 2 | (163,299) | - |
| - Stage 3 | (4,368,433) | - |
| - Specific | - | (4,282,632) |
| - General | - | (121,611) |
| | (5,094,128) | (4,404,243) |
| Islamic financing and related assets - net of credit loss allowance / provision | 156,742,886 | 162,570,124 |

| 42.4 Deposits | March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|------------------------|-----------------------------|-----------------------|-------------|-----------------------------|-----------------------|-------------|
| | In Local Currency | In Foreign Currencies | Total | In Local Currency | In Foreign Currencies | Total |
| | ------(Rupees in '000)----- | | | | | |
| Customers | | | | | | |
| - Current deposits | 145,660,532 | 8,565,229 | 154,225,761 | 135,927,618 | 8,790,080 | 144,717,698 |
| - Savings deposits | 73,566,267 | 3,777,623 | 77,343,890 | 74,515,796 | 3,755,980 | 78,271,776 |
| - Term deposits | 42,111,557 | 353,662 | 42,465,219 | 53,925,971 | 240,809 | 54,166,780 |
| - Other deposits | 3,504,834 | 1,991,686 | 5,496,520 | 3,716,029 | 1,648,389 | 5,364,418 |
| | 264,843,190 | 14,688,200 | 279,531,390 | 268,085,414 | 14,435,258 | 282,520,672 |
| Financial Institutions | | | | | | |
| - Current deposits | 2,424,022 | - | 2,424,022 | 2,073,541 | - | 2,073,541 |
| - Savings deposits | 30,538,331 | - | 30,538,331 | 23,978,423 | - | 23,978,423 |
| - Term deposits | 63,800,000 | - | 63,800,000 | 56,825,000 | - | 56,825,000 |
| | 96,762,353 | - | 96,762,353 | 82,876,964 | - | 82,876,964 |
| | 361,605,543 | 14,688,200 | 376,293,743 | 350,962,378 | 14,435,258 | 365,397,636 |

42.4.1 Current deposits include remunerative current deposits of Rs. 18,746.302 million (December 31, 2023: Rs. 20,788.733 million).

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| | ------(Rupees in '000)----- | |
| 42.5 Islamic Banking Business Unappropriated Profit | | |
| Opening balance | 18,664,167 | 11,333,811 |
| Impact of adopting IFRS 9 | (383,698) | - |
| Balance at January 01 on adopting IFRS 9 | 18,280,469 | 11,333,811 |
| Add: Islamic Banking profit before taxation for the period / year | 4,357,061 | 15,063,097 |
| Less: Taxation for the period / year | (2,163,210) | (7,734,120) |
| Add: Transfer from surplus on revaluation of assets to unappropriated profit - net | 343 | 1,379 |
| Closing balance | 20,474,663 | 18,664,167 |
| 42.6 Contingencies and Commitments | | |
| - Guarantees | 4,827,934 | 5,351,787 |
| - Commitments | 66,043,632 | 61,406,762 |
| | 70,871,566 | 66,758,549 |
| | (Un-audited) Quarter ended | |
| | March 31, 2024 | March 31, 2023 |
| | ------(Rupees in '000)----- | |
| 42.7 Profit/Return earned on Islamic financing and related assets, investments and placements | | |
| Profit earned on: | | |
| - Islamic financing and related assets | 6,831,597 | 5,425,313 |
| - Investments | 11,448,702 | 4,708,887 |
| - Placements | 1,678,132 | 245,904 |
| | 19,958,431 | 10,380,104 |
| 42.8 Profit on deposits and other dues expensed | | |
| Deposits and other accounts | 10,549,373 | 4,471,940 |
| Due to financial institutions | 806,821 | 520,450 |
| Cost of foreign currency swaps against foreign currency deposits / borrowings | 159,721 | 8,941 |
| Borrowing cost on lease liability | 304,514 | 215,508 |
| Reward points / customer loyalty | 9,927 | 7,588 |
| | 11,830,356 | 5,224,427 |

42.9 PLS Pool Management- Islamic Banking Group (IBG)

42.9.1 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 Musharikah 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.

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

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| | ------(Rupees in '000)----- | |
| Agriculture, Forestry, Hunting and Fishing | 25,717,971 | 25,878,771 |
| Automobile and transportation equipment | 4,048,064 | 5,182,673 |
| Cement | 2,397,597 | 2,905,481 |
| Chemical and Pharmaceuticals | 7,865,728 | 8,182,123 |
| Construction | 2,199,835 | 2,295,131 |
| Electronics and electrical appliances | 1,423,337 | 1,902,371 |
| Food & Allied Products | 6,013,070 | 7,660,952 |
| Footwear and Leather garments | 906,801 | 874,338 |
| Glass and Ceramics | 189,558 | 55,349 |
| Individuals | 33,599,090 | 33,101,861 |
| Metal & Allied industries | 2,880,849 | 3,704,807 |
| Mining and Quarrying | 501,862 | 505,600 |
| Oil and Allied | 5,457,841 | 3,666,662 |
| Paper and Board | 298,837 | 391,103 |
| Plastic and Allied Industries | 5,354,563 | 5,170,406 |
| Power (electricity), Gas, Water, Sanitary | 4,518,496 | 4,532,146 |
| Services | 2,647,112 | 2,745,698 |
| Sugar | 5,118,988 | 1,256,366 |
| Technology and Related services | 22,797 | 31,528 |
| Textile | 38,295,850 | 44,435,263 |
| Transport, Storage and Communication | 7,451,434 | 7,468,667 |
| Wholesale and Retail Trade | 3,554,820 | 3,628,696 |
| Others | 1,372,514 | 1,398,375 |
| Total Gross Islamic Financing and Related Assets | 161,837,014 | 166,974,367 |
| Total gross investments (at cost) | 230,647,656 | 213,684,602 |
| Total Islamic placements (at cost) | 21,021,850 | 32,832,027 |
| Total Invested Funds | 413,506,520 | 413,490,996 |

42.9.3 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.

42.9.4 The Bank manages the following general and specific pools:

| Remunerative Depositor's Pools | Profit rate and weightage announcement period | Profit rate return earned | Profit sharing ratio | | Mudarib share (Rupees in '000) | Profit rate return distributed to remunerative deposits (Savings and fixed) % | Percentage of Mudarib share transferred through Hiba % | Amount of Mudarib Share transferred through Hiba (Rupees in '000) |
|--------------------------------|---|---------------------------|----------------------|-------------------|-----------------------------------|--|---|--|
| | | | Mudarib Share/Fee | Rabbul Maal Share | | | | |

General Pools

| | | | | | | | | |
|----------|---------|--------|--------|--------|-----------|--------|--------|---------|
| PKR Pool | Monthly | 17.28% | 50.00% | 50.00% | 2,948,764 | 11.60% | 8.57% | 245,574 |
| USD Pool | Monthly | 4.39% | 86.67% | 13.33% | 33,381 | 1.09% | 42.77% | 13,697 |
| GBP Pool | Monthly | 5.17% | 88.33% | 11.67% | 3,949 | 0.70% | 0.00% | - |
| EUR Pool | Monthly | 5.92% | 88.33% | 11.67% | 4,616 | 0.76% | 0.00% | - |
| AED Pool | Monthly | 1.86% | 88.33% | 11.67% | 159 | 0.15% | 0.00% | - |
| SAR Pool | Monthly | 4.13% | 88.33% | 11.67% | 254 | 0.27% | 0.00% | - |
| CAD Pool | Monthly | 4.54% | 88.33% | 11.67% | 115 | 0.17% | 0.00% | - |

Specific Pools

| | | | | | | | | |
|------------------------------|---------|--------|--------|--------|---------|--------|--------|---------|
| Special Pool (Saving & TDRs) | Monthly | 22.02% | 10.00% | 90.00% | 780,826 | 20.66% | 53.83% | 419,818 |
|------------------------------|---------|--------|--------|--------|---------|--------|--------|---------|

| 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/BD) Pool | Monthly | 18.98% | 86.20% | 13.80% | 1,394,491 | Nil | 0.00% | - |
|---|---------|--------|--------|--------|-----------|-----|-------|---|

43 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.

44 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 24, 2024 has declared an interim cash dividend of 20% i.e. Rs. 2.0 per share (March 31, 2023: Nil). These unconsolidated condensed interim financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

45 DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on April 24, 2024 by the Board of Directors of the Bank.

46 GENERAL

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

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

| Description of item | Nature | (Rupees in '000) | From | To |
|---|-----------|------------------|--|------------------------|
| Right-of-use assets | Asset | 19,951,571 | Property and equipment | Right-of-use assets |
| Lease liabilities against right-of-use-assets | Liability | 22,894,533 | Other liabilities | Lease liabilities |
| IBFT Charges | Expense | 24,177 | Commission on remittances including home remittances | Communication |
| Auditors' remuneration | Expense | 14,915 | Legal and professional charges | Auditors' remuneration |
| Auditors' remuneration | Expense | 1,300 | Consultancy and support services | Auditors' remuneration |
| Auditors' remuneration | Expense | 2,545 | Software maintenance | Auditors' remuneration |



Bank Alfalah Limited
Consolidated Condensed Interim
Financial Statements
Quarter ended March 31, 2024

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

Note (Un-audited) (Audited)
March 31, December 31,
2024 2023
------(Rupees in '000)-----

ASSETS

| | | | |
|---------------------------------------|----|---------------|---------------|
| Cash and balances with treasury banks | 7 | 186,677,387 | 202,692,503 |
| Balances with other banks | 8 | 25,245,728 | 16,990,085 |
| Lendings to financial institutions | 9 | 19,717,872 | 119,554,109 |
| Investments | 10 | 1,817,068,659 | 2,072,156,767 |
| Advances | 11 | 707,047,136 | 735,061,827 |
| Property and equipment | 12 | 48,772,441 | 41,854,091 |
| Right-of-use assets | 13 | 20,208,458 | 19,966,957 |
| Intangible assets | 14 | 1,364,345 | 1,380,144 |
| Deferred tax assets | 15 | 3,039,804 | 3,619,475 |
| Other assets | 16 | 158,532,458 | 136,391,839 |
| Total assets | | 2,987,674,288 | 3,349,667,797 |

LIABILITIES

| | | | |
|-----------------------------|----|---------------|---------------|
| Bills payable | 17 | 21,737,546 | 26,004,538 |
| Borrowings | 18 | 582,567,853 | 910,216,032 |
| Deposits and other accounts | 19 | 2,042,343,205 | 2,084,941,257 |
| Lease liabilities | 20 | 23,703,301 | 22,899,808 |
| Subordinated debt | 21 | 14,000,000 | 14,000,000 |
| Deferred tax liabilities | | - | - |
| Other liabilities | 22 | 161,270,696 | 151,982,924 |
| Total liabilities | | 2,845,622,601 | 3,210,044,559 |

NET ASSETS

142,051,687 139,623,238

REPRESENTED BY

| | | | |
|--|----|--------------------|--------------------|
| Share capital | | 15,771,651 | 15,771,651 |
| Reserves | | 41,686,120 | 41,401,130 |
| Surplus on revaluation of assets | 23 | 14,510,284 | 11,272,770 |
| Unappropriated profit | | 70,404,799 | 71,472,352 |
| Total equity attributable to the equity holders of the Holding Company | | 142,372,854 | 139,917,903 |
| Non-controlling interest | 24 | (321,167) | (294,665) |
| | | <u>142,051,687</u> | <u>139,623,238</u> |

CONTINGENCIES AND COMMITMENTS

25

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

| | Note | Quarter ended March 31, 2024 | Quarter ended March 31, 2023 |
|--|------|------------------------------------|------------------------------------|
| ------(Rupees in '000)----- | | | |
| Mark-up / return / interest earned | 27 | 128,652,122 | 75,600,919 |
| Mark-up / return / interest expensed | 28 | 97,866,549 | 47,687,134 |
| Net mark-up / return / interest income | | <u>30,785,573</u> | <u>27,913,785</u> |
| NON MARK-UP / RETURN / INTEREST INCOME | | | |
| Fee and commission income | 29 | 4,534,694 | 3,449,508 |
| Dividend income | | 297,545 | 207,950 |
| Foreign exchange income | 30 | 2,303,621 | 3,324,964 |
| Gain / (loss) from derivatives | | 544,412 | (100,717) |
| Gain / (loss) on securities | 31 | 65,723 | (312,459) |
| Net gains / (loss) on derecognition of financial assets measured at amortised cost | | - | - |
| Share of profit from associates | | 274,893 | 123,158 |
| Other income | 32 | 54,135 | 64,201 |
| Total non-mark-up / interest income | | <u>8,075,023</u> | <u>6,756,605</u> |
| Total Income | | <u>38,860,596</u> | <u>34,670,390</u> |
| NON MARK-UP / INTEREST EXPENSES | | | |
| Operating expenses | 33 | 18,523,925 | 14,710,756 |
| Workers' welfare fund | 34 | 425,656 | 397,746 |
| Other charges | 35 | 208,643 | 10,973 |
| Total non-mark-up / interest expenses | | <u>19,158,224</u> | <u>15,119,475</u> |
| Profit before credit loss allowance / provisions | | <u>19,702,372</u> | <u>19,550,915</u> |
| Credit loss allowance / provisions and write offs - net | 36 | (112,425) | 521,775 |
| Extra ordinary / unusual items | | - | - |
| PROFIT BEFORE TAXATION | | <u>19,814,797</u> | <u>19,029,140</u> |
| Taxation | 37 | 9,886,855 | 8,258,450 |
| PROFIT AFTER TAXATION | | <u>9,927,942</u> | <u>10,770,690</u> |
| Profit / (loss) attributable to: | | | |
| Equity holders of the Holding Company | | 9,954,444 | 10,772,393 |
| Non-controlling interest | | (26,502) | (1,703) |
| | | <u>9,927,942</u> | <u>10,770,690</u> |
| -----Rupees----- | | | |
| Basic and diluted earnings per share | 38 | <u>6.31</u> | <u>6.83</u> |

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

| | Quarter ended March 31, 2024 | Quarter ended March 31, 2023 |
|---|------------------------------------|------------------------------------|
| | ------(Rupees in '000)----- | |
| Profit after taxation for the period | 9,927,942 | 10,770,690 |
| Other comprehensive income / (loss) | | |
| Items that may be reclassified to the profit and loss account in subsequent periods: | | |
| Effect of translation of net investment in foreign branches | (706,161) | 4,323,358 |
| Movement in deficit on revaluation of debt investments through FVOCI - net of tax | (1,844,649) | - |
| Movement in share of surplus / (deficit) on revaluation of investments of associates - net of tax | (243) | (439) |
| Movement in deficit on revaluation of investments - net of tax | - | (6,989,843) |
| | (2,551,053) | (2,666,924) |
| Items that will not be reclassified to the profit and loss account in subsequent periods: | | |
| Movement in surplus on revaluation of equity investments - net of tax | 121,711 | - |
| Movement in surplus on revaluation of property and equipment - net of tax | (9,824) | (8,961) |
| Movement in surplus on revaluation of non-banking assets - net of tax | (178) | (398) |
| | 111,709 | (9,359) |
| Total comprehensive income | <u>7,488,598</u> | <u>8,094,407</u> |
| Total comprehensive income / (loss) attributable to: | | |
| Equity holders of the Holding Company | 7,515,100 | 8,096,110 |
| Non-controlling interest | (26,502) | (1,703) |
| | <u>7,488,598</u> | <u>8,094,407</u> |

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2024

| | Capital Reserves | | Statutory reserve | Surplus/(Deficit) on revaluation | | | Unappropriated profit | Sub-total | Non Controlling Interest | Total | |
|--|------------------|------------------------------|-------------------|----------------------------------|------------------------|--------------------|-----------------------|-------------|--------------------------|-----------|-------------|
| | Share premium | Exchange translation reserve | | Investments | Property and equipment | Non Banking Assets | | | | | |
| ------(Rupees in '000)----- | | | | | | | | | | | |
| Opening balance as at January 01, 2023 (audited) | 15,771,651 | 4,731,049 | 10,719,682 | 18,832,470 | (7,556,496) | 12,321,092 | 82,505 | 47,033,616 | 101,935,569 | 127,800 | 102,063,369 |
| Changes in equity for the quarter ended March 31, 2023 | | | | | | | | | | | |
| Profit / (loss) after taxation | - | - | - | - | - | - | - | 10,772,393 | 10,772,393 | (1,703) | 10,770,690 |
| Effect of translation of net investment in foreign branches | - | - | 4,323,358 | - | - | - | - | - | 4,323,358 | - | 4,323,358 |
| Movement in surplus / (deficit) on revaluation of investments - net of tax | - | - | - | - | (6,990,282) | - | - | - | (6,990,282) | - | (6,990,282) |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | (8,961) | - | - | (8,961) | - | (8,961) |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | (398) | - | (398) | - | (398) |
| Total other comprehensive income / (loss) - net of tax | - | - | 4,323,358 | - | (6,990,282) | (8,961) | (398) | - | (2,676,283) | - | (2,676,283) |
| Transfer to statutory reserve | - | - | - | 1,074,265 | - | - | - | (1,074,265) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | (21,881) | - | 21,881 | - | - | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | |
| Final cash dividend for the year ended December 31, 2022 - 25% | - | - | - | - | - | - | - | (3,942,913) | (3,942,913) | - | (3,942,913) |
| Balance as at March 31, 2023 (un-audited) | 15,771,651 | 4,731,049 | 15,043,040 | 19,906,735 | (14,546,778) | 12,290,250 | 82,107 | 52,810,712 | 106,088,766 | 126,097 | 106,214,863 |
| Changes in equity for nine months ended December 31, 2023 | | | | | | | | | | | |
| Profit after taxation | - | - | - | - | - | - | - | 25,739,066 | 25,739,066 | (423,396) | 25,315,670 |
| Effect of translation of net investment in foreign branches | - | - | (851,066) | - | - | - | - | - | (851,066) | - | (851,066) |
| Movement in surplus / (deficit) on revaluation of investments - net of tax | - | - | - | - | 13,644,378 | - | - | - | 13,644,378 | - | 13,644,378 |
| Remeasurement gain on defined benefit obligations - net of tax | - | - | - | - | - | - | - | 121,900 | 121,900 | 2,634 | 124,534 |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | (98,265) | - | - | (98,265) | - | (98,265) |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | 4,619 | - | 4,619 | - | 4,619 |
| Total other comprehensive income - net of tax | - | - | (851,066) | - | 13,644,378 | (98,265) | 4,619 | 121,900 | 12,821,566 | 2,634 | 12,824,200 |
| Transfer to statutory reserve | - | - | - | 2,571,372 | - | - | - | (2,571,372) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | (103,541) | - | 103,541 | - | - | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | |
| Interim cash dividend for the half year ended June 30, 2023 - 30% | - | - | - | - | - | - | - | (4,731,495) | (4,731,495) | - | (4,731,495) |
| Balance as at December 31, 2023 (audited) | 15,771,651 | 4,731,049 | 14,191,974 | 22,478,107 | (902,400) | 12,088,444 | 86,726 | 71,472,352 | 139,917,903 | (294,665) | 139,623,238 |
| Impact of adoption of IFRS 9 - net of tax | - | - | - | - | 5,002,695 | - | - | (2,177,018) | 2,825,677 | - | 2,825,677 |
| Balance as at January 01, 2024 after adoption of IFRS 9 / carried forward | 15,771,651 | 4,731,049 | 14,191,974 | 22,478,107 | 4,100,295 | 12,088,444 | 86,726 | 69,295,334 | 142,743,580 | (294,665) | 142,448,915 |

| | Capital Reserves | | Statutory reserve | Surplus/(Deficit) on revaluation | | | Unappropriated profit | Sub-total | Non Controlling Interest | Total | |
|---|------------------|------------------------------|-------------------|----------------------------------|------------------------|--------------------|-----------------------|-------------|--------------------------|-----------|-------------|
| | Share premium | Exchange translation reserve | | Investments | Property and equipment | Non Banking Assets | | | | | |
| | (Rupees in '000) | | | | | | | | | | |
| Balance brought forward | 15,771,651 | 4,731,049 | 14,191,974 | 22,478,107 | 4,100,295 | 12,088,444 | 86,726 | 69,295,334 | 142,743,580 | (294,665) | 142,448,915 |
| Changes in equity for the quarter ended March 31, 2024 | | | | | | | | | | | |
| Profit / (loss) after taxation | - | - | - | - | - | - | - | 9,954,444 | 9,954,444 | (26,502) | 9,927,942 |
| Effect of translation of net investment in foreign branches | - | - | (706,161) | - | - | - | - | - | (706,161) | - | (706,161) |
| Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax | - | - | - | - | (1,844,649) | - | - | - | (1,844,649) | - | (1,844,649) |
| Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax | - | - | - | - | 121,711 | - | - | - | 121,711 | - | 121,711 |
| Movement in share of (deficit) on revaluation of investments of associates - net of tax | - | - | - | - | (243) | - | - | - | (243) | - | (243) |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | (9,824) | - | - | (9,824) | - | (9,824) |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | (178) | - | (178) | - | (178) |
| Total other comprehensive income - net of tax | - | - | (706,161) | - | (1,723,181) | (9,824) | (178) | - | (2,439,344) | - | (2,439,344) |
| Transfer to statutory reserve | - | - | - | 991,151 | - | - | - | (991,151) | - | - | - |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax | - | - | - | - | - | (22,119) | (9,180) | 31,299 | - | - | - |
| Gain on disposal of equity investments at FVOCI transferred to retained earnings - net of tax | - | - | - | - | (699) | - | - | 699 | - | - | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | |
| Final cash dividend for the year ended December 31, 2023 - 50% | - | - | - | - | - | - | - | (7,885,826) | (7,885,826) | - | (7,885,826) |
| Closing balance as at March 31, 2024 (un-audited) | 15,771,651 | 4,731,049 | 13,485,813 | 23,469,258 | 2,376,415 | 12,056,501 | 77,368 | 70,404,799 | 142,372,854 | (321,167) | 142,051,687 |

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

| Note | Quarter ended | |
|--|----------------------|----------------------|
| | March 31, 2024 | March 31, 2023 |
| ------(Rupees in '000)----- | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 19,814,797 | 19,029,140 |
| Dividend income | (297,545) | (207,950) |
| Share of profit from associates | (274,893) | (123,158) |
| | <u>19,242,359</u> | <u>18,698,032</u> |
| Adjustments: | | |
| Net Markup / interest income | (30,785,573) | (27,913,785) |
| Depreciation | 33 1,041,310 | 811,244 |
| Depreciation on right-of-use assets | 33 929,968 | 765,866 |
| Amortisation | 33 86,535 | 78,258 |
| Credit loss allowance /provisions and write offs - net | 36 (112,425) | 521,775 |
| Unrealised loss on revaluation of investments classified as held for trading - net | 31 - | 396,293 |
| Unrealised loss - Measured at FVPL | 31 715,322 | - |
| Gain on sale of property and equipment - net | 32 (3,687) | (29,085) |
| Gain on sale of non banking assets - net | (27,800) | - |
| Gain on termination of leases (IFRS 16) - net | 32 (13,929) | (8,634) |
| Borrowing cost on leased properties | 28 785,423 | 585,381 |
| Workers' welfare fund | 425,656 | 397,746 |
| Charge for defined benefit plan | 33.1 167,824 | 116,750 |
| Charge for staff compensated absences | 33.1 52,500 | 47,499 |
| | <u>(26,738,876)</u> | <u>(24,230,692)</u> |
| | (7,496,517) | (5,532,660) |
| Decrease / (Increase) in operating assets | | |
| Lendings to financial institutions | 84,789,152 | (87,868,430) |
| Held for trading securities | - | (126,751,333) |
| Securities classified as FVPL | 14,575,634 | - |
| Advances | 23,727,239 | 33,745,459 |
| Other assets (excluding advance taxation) | (1,087,249) | (4,656,464) |
| | <u>122,004,776</u> | <u>(185,530,768)</u> |
| (Decrease) / increase in operating liabilities | | |
| Bills payable | (4,266,992) | (14,568,946) |
| Borrowings | (328,452,569) | 183,068,699 |
| Deposits | (42,598,052) | 67,197,529 |
| Other liabilities (excluding current taxation) | 13,188,727 | 23,592,477 |
| | <u>(362,128,886)</u> | <u>259,289,759</u> |
| | (247,620,627) | 68,226,331 |
| Mark-up / Interest received | 107,188,191 | 61,480,222 |
| Mark-up / Interest paid | (102,161,627) | (38,281,102) |
| Income tax paid | (12,531,298) | (5,004,213) |
| Net cash (used in) / generated from operating activities | <u>(255,125,361)</u> | <u>86,421,238</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net investments in available-for-sale securities | - | (53,108,320) |
| Net Investments in securities classified as FVOCI | 241,542,679 | - |
| Net investments in held-to-maturity securities | - | (2,288,699) |
| Net investments in amortised cost securities | 5,805,646 | - |
| Dividends received from associates | 105,000 | 66,000 |
| Dividends received | 221,009 | 141,269 |
| Investments in property and equipment and intangible assets | (8,029,155) | (1,735,596) |
| Proceeds from sale of property and equipment | 6,744 | 37,904 |
| Proceeds from sale of non-banking assets | 267,800 | - |
| Effect of translation of net investment in foreign branches | (706,161) | 4,323,358 |
| Net cash generated from / (used in) investing activities | <u>239,213,562</u> | <u>(52,564,084)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments of lease obligations against right-of-use assets | (1,131,109) | (974,663) |
| Dividend paid | (6,552,473) | (1,872,474) |
| Net cash used in financing activities | <u>(7,683,582)</u> | <u>(2,847,137)</u> |
| Effect of translation of net investment in foreign branches | | |
| | (23,595,381) | 31,010,017 |
| Increase in cash and cash equivalents | | |
| Cash and cash equivalents at beginning of the period | 249,548,197 | 204,794,737 |
| Effects of exchange rate changes on cash and cash equivalents - (gain) | (1,648,505) | (18,686,135) |
| | <u>247,899,692</u> | <u>186,108,602</u> |
| Cash and cash equivalents at end of the period | <u>224,304,311</u> | <u>217,118,619</u> |

The annexed notes 1 to 46 form an integral part of these consolidated condensed interim financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

BANK ALFALAH LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2024

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 1,023 branches (December 31, 2023: 1,009 branches) and 14 sub-branches (December 31, 2023: 15 sub-branches). Out of the 1,023 branches, 662 (December 31, 2023: 650) are conventional, 350 (December 31, 2023: 348) are Islamic, 10 (December 31, 2023: 10) are overseas and 1 (December 31, 2023: 1) is an offshore banking unit.

| | Percentage of Holding | |
|---|-----------------------|---------------|
| | March 2024 | December 2023 |
| Subsidiaries | | |
| Alfalah CLSA Securities (Private) Limited, Pakistan | 62.50% | 62.50% |
| Alfalah Currency Exchange (Private) Limited, Pakistan | 100.00% | - |

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 | 40.22% | 40.22% |

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

Further, as allowed by SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022, IFRS 9 has not been adopted for overseas branches where it is not applicable as per their local regulations.

Moreover, Alfalah Insurance Company Limited has deferred the application of IFRS 9 until the effective date of new insurance contracts standard (IFRS 17) as allowed by the SECP through SRO 1715 (i)/2023 dated November 21, 2023. Furthermore, Sapphire Wind Power Company Limited was granted a partial exemption from the application of IFRS 9 till December 31, 2024 vide SECP S.R.O.67(i)/2023 dated January 20, 2023. Consequently, the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from Central Power Purchasing Agency (CPPA-G) have not been followed.

2.1.1 Basis of consolidation

A subsidiaries 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 subsidiaries 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 polices. 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.

2.1.2 Key financial figures of the Islamic Banking branches are disclosed in note 42 to the unconsolidated condensed interim financial statements.

2.1.3 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.

2.2 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, 2024 but are considered not to be relevant or do not have any material effect on the Group's operations and therefore not detailed in these consolidated condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 4.2.

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

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, 2025 but are considered not to be relevant or do not have any material effect on the group's operations and therefore not detailed in these consolidated condensed interim financial statements.

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 property and equipment and non banking assets acquired in satisfaction of claims which are stated at revalued amounts; fair value through profit or loss, fair value through other comprehensive income 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 MATERIAL ACCOUNTING POLICY INFORMATION

The material 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, 2023 except for changes mentioned in notes 4.1 and 4.2.

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

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 vide BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the consolidated condensed interim financial statements. Significant ones being: Right of use assets and corresponding lease liability are now presented separately on the face of the Statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the consolidated condensed interim financial statements.

The Group has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 46.2

4.2 IFRS 9 - 'Financial Instruments'

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

4.2.1 Classification

Financial Assets

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

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

Financial Liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at amortized cost except for derivatives which are being measured at FVTPL.

4.2.2 Business model assessment

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

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

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

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

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

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

4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

As a second step of its classification process, the group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. **'Principal'** for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

4.2.4 Application to the Group's financial assets

Debt based financial assets

Debt based financial assets held by the group include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukus, cash and balances with treasury banks, balances with other banks, and other financial assets.

a. These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:

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

The **Group's** business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Group assesses whether and how the sales are consistent with the HTC objective.

b. Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

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

c. Debt based financial assets if are held for trading purposes are classified as measured at FVTPL.

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

The application of these policies also resulted in classifications and consequent remeasurements of certain investments in PIBs and Ijarah Sukuk held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2024:

| Investment type and category | Balances as of December 31, 2023 (Audited) | IFRS 9 Classification | Balances as of December 31, 2023 | Remeasurements | Balances as of January 01, 2024 - before ECL |
|-----------------------------------|--|-------------------------|----------------------------------|----------------|--|
| ----- (Rupees in '000) ----- | | | | | |
| Federal Government Securities | | | | | |
| - Pakistan Investment Bonds - AFS | 948,595,063 | FVOCI Amortised Cost | 850,963,067 97,631,996 | - 6,276,632 | 850,963,067 103,908,628 |
| - Ijarah Sukuk - AFS | 226,923,690 | FVOCI Amortised Cost | 215,930,116 10,993,574 | - 1,538,294 | 215,930,116 12,531,868 |
| | 1,175,518,753 | | 1,175,518,753 | 7,814,926 | 1,183,333,679 |

Equity based financial assets

An equity instrument held by the Group for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The group has decided to classify Rs 767.222 million out of its its available for sale equity investment (listed shares) portfolio as of December 31, 2023 as FVTPL on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Group has reclassified impairment of Rs. 59.818 million on listed equity investments and Rs. 88.038 million for unlisted equity investment held as at December 31, 2023 to surplus / deficit on revaluation of investments through remeasurements.

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

| Financial assets | Before adoption of IFRS 9* | | After adoption of IFRS 9 | |
|---------------------------------------|----------------------------|---|---|--|
| | Measurement category | Carrying amount as at December 31, 2023 Rupees in '000 | Measurement category | Carrying amount as at January 01, 2024 Rupees in '000 |
| Cash and balances with treasury banks | Loans and receivables | 202,692,503 | Amortised cost | 202,692,503 |
| Balances with other banks | Loans and receivables | 16,990,085 | Amortised cost | 16,990,085 |
| Lending to financial institutions | Loans and receivables | 119,554,109 | Amortised cost | 119,554,109 |
| Investments - net | Held-for-trading | 279,686,816 | Fair value through profit or loss | 279,686,816 |
| | Available-for-sale | 1,620,900,202 | Fair value through profit or loss | 14,126,368 |
| | | | Fair value through other comprehensive income | 1,501,175,992 |
| | Held-to-maturity | 165,517,277 | Amortised cost | 116,440,496 |
| Fair value through profit or loss | | | 600,000 | |
| Advances - net | Loans and receivables | 735,061,827 | Amortised cost | 735,061,827 |
| Other assets | Loans and receivables | 136,391,839 | Amortised cost | 136,391,839 |
| | | <u>3,276,794,658</u> | | <u>3,287,637,312</u> |

* This amount includes overseas ECL for branches where IFRS 9 was already applicable.

4.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the **customers'** account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a. Amortised cost (AC)

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

b. Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the profit or loss account. Interest / profit / dividend income on these assets are recognised in the profit or loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the profit or loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to retained earnings.

c. Fair value through profit or loss (FVTPL)

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

Revenue:

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

4.2.6 Derecognition

Financial assets

The Group derecognises a financial asset when:

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

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

Financial liabilities

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

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

4.2.7 Modification

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

4.2.8 Expected Credit Loss (ECL)

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

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 **months'** expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at transactional / facility level.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial **instrument's** credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Group rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Group applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Group's financial instruments are grouped into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When financial instruments are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cashflows are discounted by an approximation to the original EIR.

Stage 3: For financial instruments considered credit-impaired, the Group recognises the lifetime expected credit losses for these instruments. the Group uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

Undrawn financing commitments When estimating LTECLs for undrawn financings commitments, the Group estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities-

Guarantee and letters of credit contracts The Group estimates ECLs based on the BASEL driven & Internally developed credit conversion factor (CCF) for Guarantee and letter of credit contracts respectively. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

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

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&P's global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information.

EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier. The **Group's** product offering includes a variety of corporate and retail facilities, in which the Group has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the **Group's** expectations of the customer behaviour, its likelihood of default and the **Group's** future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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

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

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

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

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Group's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

Forward looking information

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

- **GDP growth**
- **Consumer price index**
- **Unemployment rate**

Definition of default

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

The Group has defined that an exposure will be treated as having defaulted if it becomes 90+ days past due (DPDs) in repaying its contractual dues or as defined in Prudential Regulations from State Bank of Pakistan (SBP) issued from time to time. Accordingly, such exposures will be classified under Stage 3 under the Standard.

This implies that If one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under SBP regulations / existing reporting framework.

Adoption impacts

The Group has adopted IFRS 9 effective from January 01, 2024 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of Rs. 2,826 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

| | Balances as of December 31, 2023 (Audited) | Impact due to: | | | | | Total impact - gross of tax | Taxation (current and deferred) | Total impact - net of tax | Balances as of January 01, 2024 | IFRS 9 Category |
|---|--|---|--|--|------------------|-----------------------------|-----------------------------|---------------------------------|---------------------------|---------------------------------|-----------------|
| | | Recognition of expected credit losses (ECL) | Adoption of revised classifications under IFRS 9 | Classifications due to business model and SPPI assessments | Remeasurements | Reversal of provisions held | | | | | |
| ASSETS | | | | | | | | | | | |
| Cash and balances with treasury banks | 202,692,503 | (24,590) | - | - | - | (24,590) | - | (24,590) | 202,667,913 | Amortised cost | |
| Balances with other banks | 16,990,085 | (1,613) | - | - | - | (1,613) | - | (1,613) | 16,988,472 | Amortised cost | |
| Lending to financial institutions | 119,554,109 | (13,066) | - | - | - | (13,066) | - | (13,066) | 119,541,043 | Amortised cost | |
| Investments | | | | | | | | | | | |
| - Classified as available for sale | 1,620,900,202 | - | (1,620,900,202) | - | - | (1,620,900,202) | - | (1,620,900,202) | - | FVOCI | |
| - Classified as fair value through other comprehensive income | - | (48) | 1,620,900,202 | (121,969,074) | 2,244,864 | 1,501,175,944 | - | 1,501,175,944 | 1,501,175,944 | | |
| - Classified as held to maturity | 165,517,277 | - | (165,517,277) | - | - | (165,517,277) | - | (165,517,277) | - | | |
| - Classified as amortized cost | - | - | 165,517,277 | 115,840,496 | - | 281,357,773 | - | 281,357,773 | 281,357,773 | Amortised cost | |
| - Classified as held for trading | 279,686,816 | - | (279,686,816) | - | - | (279,686,816) | - | (279,686,816) | - | | |
| - Classified as fair value through profit or loss | - | - | 279,686,816 | 14,726,368 | - | 294,413,184 | - | 294,413,184 | 294,413,184 | FVTPL | |
| - Associates | 6,052,472 | - | - | - | - | - | - | - | 6,052,472 | Outside the scope of IFRS 9 | |
| - Subsidiary | - | - | - | - | - | - | - | - | - | Outside the scope of IFRS 9 | |
| | 2,072,156,767 | (48) | - | 8,597,790 | 2,244,864 | 10,842,606 | - | 10,842,606 | 2,082,999,373 | | |
| Advances | | | | | | | | | | | |
| - Gross amount | 777,298,564 | - | - | - | - | - | - | - | 777,298,564 | | |
| - Provisions | (42,236,737) | (4,087,143) | - | - | - | (4,087,143) | - | (4,087,143) | (46,323,880) | | |
| | 735,061,827 | (4,087,143) | - | - | - | (4,087,143) | - | (4,087,143) | 730,974,684 | Amortised cost | |
| Property and equipment | 41,854,091 | - | - | - | - | - | - | - | 41,854,091 | Outside the scope of IFRS 9 | |
| Right-of-use assets | 19,966,957 | - | - | - | - | - | - | - | 19,966,957 | Outside the scope of IFRS 9 | |
| Intangible assets | 1,380,144 | - | - | - | - | - | - | - | 1,380,144 | Outside the scope of IFRS 9 | |
| Deferred tax asset | 3,619,475 | - | - | - | - | - | (2,714,864) | (2,714,864) | 904,611 | Outside the scope of IFRS 9 | |
| Other assets - financial assets | 125,447,855 | (370,152) | - | - | - | (370,152) | - | (370,152) | 125,077,703 | Amortised cost | |
| Other assets - non financial assets | 10,943,984 | - | - | - | - | - | - | - | 10,943,984 | Outside the scope of IFRS 9 | |
| | 3,349,667,797 | (4,496,612) | - | 8,597,790 | 2,244,864 | 6,346,042 | (2,714,864) | 3,631,178 | 3,353,298,975 | | |
| LIABILITIES | | | | | | | | | | | |
| Bills payable | 26,004,538 | - | - | - | - | - | - | - | 26,004,538 | Amortised cost | |
| Borrowings | 910,216,032 | - | - | - | - | - | - | - | 910,216,032 | Amortised cost | |
| Deposits and other accounts | 2,084,941,257 | - | - | - | - | - | - | - | 2,084,941,257 | Amortised cost | |
| Lease liability against right-of-use assets | 22,899,808 | - | - | - | - | - | - | - | 22,899,808 | Amortised cost | |
| Subordinated debt | 14,000,000 | - | - | - | - | - | - | - | 14,000,000 | Amortised cost | |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | Outside the scope of IFRS 9 | |
| Other liabilities - non financial liabilities | 63,814,635 | - | - | - | - | - | - | - | 63,814,635 | Outside the scope of IFRS 9 | |
| Other liabilities - financial liabilities | 88,168,289 | 805,501 | - | - | - | 805,501 | - | 805,501 | 88,973,790 | Amortised cost | |
| | 3,210,044,559 | 805,501 | - | - | - | 805,501 | - | 805,501 | 3,210,850,060 | | |
| NET ASSETS | 139,623,238 | (5,302,113) | - | 8,597,790 | 2,244,864 | 5,540,541 | (2,714,864) | 2,825,677 | 142,448,915 | | |
| REPRESENTED BY | | | | | | | | | | | |
| Share capital | 15,771,651 | - | - | - | - | - | - | - | 15,771,651 | Outside the scope of IFRS 9 | |
| Reserves | 41,401,130 | - | - | - | - | - | - | - | 41,401,130 | Outside the scope of IFRS 9 | |
| Surplus on revaluation of assets - net of tax | 11,272,770 | - | - | 7,712,199 | 2,244,864 | (147,857) | (4,806,511) | 5,002,695 | 16,275,465 | | |
| Unappropriated profit | 71,472,352 | (5,302,113) | - | 885,591 | - | 147,857 | 2,091,647 | (2,177,018) | 69,295,334 | | |
| Non-controlling interest | (294,665) | - | - | - | - | - | - | - | (294,665) | | |
| | 139,623,238 | (5,302,113) | - | 8,597,790 | 2,244,864 | 5,540,541 | (2,714,864) | 2,825,677 | 142,448,915 | | |

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2023 except for matters related to adoption of IFRS 9 which have been disclosed in note 4.2 to the consolidated condensed interim financial statements.

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, 2023.

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| | ------(Rupees in '000)----- | |
| 7 CASH AND BALANCES WITH TREASURY BANKS | | |
| In hand | | |
| - local currency | 41,586,428 | 39,440,289 |
| - foreign currency | 5,476,991 | 7,354,310 |
| | 47,063,419 | 46,794,599 |
| With State Bank of Pakistan in | | |
| - local currency current accounts | 83,319,879 | 76,392,873 |
| - foreign currency current accounts | 8,887,587 | 8,989,528 |
| - foreign currency deposit accounts | 12,807,321 | 12,227,044 |
| | 105,014,787 | 97,609,445 |
| With other central banks in | | |
| - foreign currency current accounts | 29,962,059 | 45,379,083 |
| - foreign currency deposit accounts | 1,747,919 | 1,695,718 |
| | 31,709,978 | 47,074,801 |
| With National Bank of Pakistan in local currency current account | 2,740,368 | 11,062,857 |
| Prize bonds | 172,836 | 186,661 |
| | 186,701,388 | 202,728,363 |
| Less: Credit loss allowance held against cash and balances with treasury banks | (24,001) | (35,860) |
| | <u>186,677,387</u> | <u>202,692,503</u> |
| 8 BALANCES WITH OTHER BANKS | | |
| In Pakistan | | |
| - in current accounts | 796,403 | 37,056 |
| - in deposit accounts | 541,218 | 346,266 |
| | 1,337,621 | 383,322 |
| Outside Pakistan | | |
| - in current accounts | 23,879,687 | 16,575,317 |
| - in deposit accounts | 34,429 | 34,503 |
| | 23,914,116 | 16,609,820 |
| | 25,251,737 | 16,993,142 |
| Less: Credit loss allowance held against balances with other banks | (6,009) | (3,057) |
| | <u>25,245,728</u> | <u>16,990,085</u> |
| 9 LENDINGS TO FINANCIAL INSTITUTIONS | | |
| Call / clean money lendings | 16,996,094 | 32,018,705 |
| Repurchase agreement lendings (Reverse Repo) | 2,746,686 | 87,535,847 |
| | 19,742,780 | 119,554,552 |
| Less: Credit loss allowance held against lending to financial institutions | (24,908) | (443) |
| | <u>19,717,872</u> | <u>119,554,109</u> |

| March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | |
|-----------------------------|----------------------------|-----------------------------|----------------------------|
| Lending | Credit loss allowance held | Lending | Credit loss allowance held |

9.1 Lending to Financial Institution- Particulars of credit loss allowance

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

| | | | | | |
|---------------------|---------|--------|--------|-----|-----|
| Domestic Performing | Stage 1 | 13,066 | 13,066 | - | - |
| Overseas Performing | Stage 1 | 11,842 | 11,842 | 443 | 443 |
| | | 11,842 | 11,842 | 443 | 443 |
| | | 24,908 | 24,908 | 443 | 443 |

10 INVESTMENTS

10.1 Investments by type:

| March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|-----------------------------|--|---------------------|----------------|-----------------------------|--|---------------------|----------------|
| Cost / Amortised cost | Credit loss allowance / Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortised cost | Credit loss allowance / Provision for diminution | Surplus / (Deficit) | Carrying Value |

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

Fair value through profit or loss

Federal Government Securities

| | | | | | | | | |
|---|-------------|---|-----------|-------------|---|---|---|---|
| - Market Treasury Bills | 78,647,545 | - | (144,583) | 78,502,962 | - | - | - | - |
| - Pakistan Investment Bonds | 162,198,805 | - | (555,657) | 161,643,148 | - | - | - | - |
| - Ijarah Sukuk | 3,860,661 | - | 7,453 | 3,868,114 | - | - | - | - |
| - Naya Pakistan Certificates | 3,841,543 | - | - | 3,841,543 | - | - | - | - |
| Shares | | | | | | | | |
| - Ordinary shares / units - Listed | 1,865,393 | - | (67,310) | 1,798,083 | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| - Term Finance Certificates | 1,450,000 | - | - | 1,450,000 | - | - | - | - |
| - Sukuk | 422,000 | - | - | 422,000 | - | - | - | - |
| Foreign Securities | | | | | | | | |
| - Overseas Bonds - Sovereign | 21,341,801 | - | (16,924) | 21,324,877 | - | - | - | - |
| - Redeemable Participating Certificates | 6,209,802 | - | 61,699 | 6,271,501 | - | - | - | - |
| | 279,837,550 | - | (715,322) | 279,122,228 | - | - | - | - |

Held-for-trading securities

Federal Government Securities

| | | | | | | | | |
|------------------------------------|---|---|---|---|-------------|---|-----------|-------------|
| - Market Treasury Bills | - | - | - | - | 158,519,893 | - | (283,083) | 158,236,810 |
| - Pakistan Investment Bonds | - | - | - | - | 116,583,496 | - | (74,689) | 116,508,807 |
| - Ijarah Sukuk | - | - | - | - | 4,661,665 | - | (15,205) | 4,646,460 |
| Shares | | | | | | | | |
| - Ordinary shares / units - Listed | - | - | - | - | 244,208 | - | 3,826 | 248,034 |
| Foreign Securities | | | | | | | | |
| - Overseas Bonds - Sovereign | - | - | - | - | 51,626 | - | (4,921) | 46,705 |
| | - | - | - | - | 280,060,888 | - | (374,072) | 279,686,816 |

Fair value through other comprehensive income

Federal Government Securities

| | | | | | | | | |
|-------------------------------------|---------------|-------------|-------------|---------------|---|---|---|---|
| - Market Treasury Bills | 140,338,659 | - | (903,063) | 139,435,596 | - | - | - | - |
| - Pakistan Investment Bonds | 771,019,276 | - | (1,191,020) | 769,828,256 | - | - | - | - |
| - Ijarah Sukuk | 232,584,950 | - | 2,729,593 | 235,314,543 | - | - | - | - |
| - Government of Pakistan Euro Bonds | 14,490,425 | (2,219,626) | 496,008 | 12,766,807 | - | - | - | - |
| Shares | | | | | | | | |
| - Ordinary shares - Listed | 3,801,103 | - | 733,957 | 4,535,060 | - | - | - | - |
| - Ordinary shares - Unlisted | 1,211,363 | - | 1,332,923 | 2,544,286 | - | - | - | - |
| - Preference Shares - Listed | 108,835 | (108,835) | - | - | - | - | - | - |
| - Preference Shares - Unlisted | 25,000 | (25,000) | - | - | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| - Term Finance Certificates | 2,219,189 | (121,448) | - | 2,097,741 | - | - | - | - |
| - Sukuk | 16,023,736 | (96,511) | 85,329 | 16,012,554 | - | - | - | - |
| Foreign Securities | | | | | | | | |
| - Overseas Bonds - Sovereign | 50,226,712 | (117,109) | (1,668,556) | 48,441,047 | - | - | - | - |
| - Overseas Bonds - Others | 24,582,925 | (6,951) | (1,419,995) | 23,155,979 | - | - | - | - |
| - Equity security - Listed | 272,456 | - | 8,092 | 280,548 | - | - | - | - |
| REIT Fund - Unlisted | 1,000,000 | - | 760,000 | 1,760,000 | - | - | - | - |
| | 1,257,904,629 | (2,695,480) | 963,268 | 1,256,172,417 | - | - | - | - |

Balance carried forward

| | | | | | | | | |
|--|---------------|-------------|---------|---------------|-------------|---|-----------|-------------|
| | 1,537,742,179 | (2,695,480) | 247,946 | 1,535,294,645 | 280,060,888 | - | (374,072) | 279,686,816 |
|--|---------------|-------------|---------|---------------|-------------|---|-----------|-------------|

10 INVESTMENTS

10.1 Investments by type:

| | March 31, 2024 (Un-audited) | | | | December 31, 2023 (Audited) | | | |
|---|-----------------------------|--|---------------------|----------------|-----------------------------|--|---------------------|----------------|
| | Cost / Amortised cost | Credit loss allowance / Provision for diminution | Surplus / (Deficit) | Carrying Value | Cost / Amortised cost | Credit loss allowance / Provision for diminution | Surplus / (Deficit) | Carrying Value |
| Balance brought forward | 1,537,742,179 | (2,695,480) | 247,946 | 1,535,294,645 | 280,060,888 | - | (374,072) | 279,686,816 |
| Available-for-sale securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| - Market Treasury Bills | - | - | - | - | 332,007,074 | - | (823,401) | 331,183,673 |
| - Pakistan Investment Bonds | - | - | - | - | 951,035,850 | - | (2,440,787) | 948,595,063 |
| - Ijarah Sukuk | - | - | - | - | 225,217,164 | - | 1,706,526 | 226,923,690 |
| - Government of Pakistan Euro Bonds | - | - | - | - | 14,715,017 | (2,355,129) | (1,339,847) | 11,020,041 |
| - Naya Pakistan Certificates | - | - | - | - | 5,687,184 | - | - | 5,687,184 |
| Shares | | | | | | | | |
| - Ordinary shares - Listed | - | - | - | - | 3,500,848 | (59,818) | 594,515 | 4,035,545 |
| - Ordinary shares - Unlisted | - | - | - | - | 1,211,363 | (88,038) | - | 1,123,325 |
| - Preference Shares - Listed | - | - | - | - | 108,835 | (108,835) | - | - |
| - Preference Shares - Unlisted | - | - | - | - | 25,000 | (25,000) | - | - |
| Non Government Debt Securities | | | | | | | | |
| - Term Finance Certificates | - | - | - | - | 3,169,109 | (221,322) | - | 2,947,787 |
| - Sukuk | - | - | - | - | 16,452,185 | (96,511) | 66,970 | 16,422,644 |
| REIT Fund - Unlisted | - | - | - | - | 1,000,000 | - | - | 1,000,000 |
| Foreign Securities | | | | | | | | |
| - Overseas Bonds - Sovereign | - | - | - | - | 44,686,242 | (108,774) | (1,448,004) | 43,129,464 |
| - Overseas Bonds - Others | - | - | - | - | 24,656,200 | (7,551) | (1,615,830) | 23,032,819 |
| - Redeemable Participating Certificates | - | - | - | - | 5,514,371 | - | - | 5,514,371 |
| - Equity security - Listed | - | - | - | - | 275,698 | - | 8,898 | 284,596 |
| | - | - | - | - | 1,629,262,140 | (3,070,978) | (5,290,960) | 1,620,900,202 |
| Amortised cost | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| - Pakistan Investment Bonds | 217,493,546 | - | - | 217,493,546 | - | - | - | - |
| - Ijarah Sukuk | 40,307,214 | - | - | 40,307,214 | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| - Term Finance Certificates | 324,680 | (24,771) | - | 299,909 | - | - | - | - |
| - Sukuk | 3,302,601 | (63,730) | - | 3,238,871 | - | - | - | - |
| Foreign Securities | | | | | | | | |
| Overseas Bonds - Sovereign | 14,212,823 | (236) | - | 14,212,587 | - | - | - | - |
| | 275,640,864 | (88,737) | - | 275,552,127 | - | - | - | - |
| Held-to-maturity securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| - Pakistan Investment Bonds | - | - | - | - | 111,987,852 | - | - | 111,987,852 |
| - Ijarah Sukuk | - | - | - | - | 27,754,444 | - | - | 27,754,444 |
| Non Government Debt Securities | | | | | | | | |
| - Term Finance Certificates | - | - | - | - | 814,680 | (214,680) | - | 600,000 |
| - Sukuk | - | - | - | - | 3,339,720 | (69,517) | - | 3,270,203 |
| Foreign Securities | | | | | | | | |
| Overseas Bonds - Sovereign | - | - | - | - | 21,905,016 | (238) | - | 21,904,778 |
| | - | - | - | - | 165,801,712 | (284,435) | - | 165,517,277 |
| Associates (valued at equity method) | | | | | | | | |
| - Alfalah Insurance Company Limited | 705,426 | - | - | 705,426 | 756,867 | - | - | 756,867 |
| - Sapphire Wind Power Company Limited | 4,758,777 | - | - | 4,758,777 | 4,567,293 | - | - | 4,567,293 |
| - Alfalah Asset Management Limited | 757,684 | - | - | 757,684 | 728,312 | - | - | 728,312 |
| | 6,221,887 | - | - | 6,221,887 | 6,052,472 | - | - | 6,052,472 |
| Total Investments | 1,819,604,930 | (2,784,217) | 247,946 | 1,817,068,659 | 2,081,177,212 | (3,355,413) | (5,665,032) | 2,072,156,767 |

10.2 Particulars of assets and liabilities of associates

| Associate | Country of incorporation | Percentage of Holding | March 31, 2024 (Un-audited) | | | | | Total Comprehensive income |
|-------------------------------------|--------------------------|-----------------------|-----------------------------|-------------|----------------|-----------------------|---------|----------------------------|
| | | | Assets | Liabilities | Revenue | Profit for the period | | |
| ------(Rupees in '000)----- | | | | | | | | |
| Alfalah Asset Management Limited | Associate | Pakistan | 40.22% | 2,454,193 | 570,340 | 311,139 | 78,104 | 78,104 |
| Alfalah Insurance Company Limited | Associate | Pakistan | 30.00% | 7,946,095 | 5,254,239 | 622,125 | 180,123 | 178,531 |
| Sapphire Wind Power Company Limited | Associate | Pakistan | 30.00% | 20,886,698 | 6,181,341 | 805,688 | 638,280 | 638,280 |
| | | | | | | | | |
| Associate | Country of incorporation | Percentage of Holding | December 31, 2023 (Audited) | | March 31, 2023 | | | Total Comprehensive income |
| | | | Assets | Liabilities | Revenue | Profit for the period | | |
| ------(Rupees in '000)----- | | | | | | | | |
| Alfalah Asset Management Limited | Associate | Pakistan | 40.22% | 2,366,955 | 556,130 | 147,288 | 31,152 | 31,152 |
| Alfalah Insurance Company Limited | Associate | Pakistan | 30.00% | 7,402,766 | 4,889,441 | 515,515 | 124,249 | 121,679 |
| Sapphire Wind Power Company Limited | Associate | Pakistan | 30.00% | 20,656,087 | 6,239,010 | 448,147 | 248,029 | 248,029 |

(Un-audited) (Audited)
 March 31, December 31,
 2024 2023
 -----(Rupees in 000)-----

10.3 Investments given as collateral

| | | |
|---------------------------|-------------|-------------|
| Market Treasury Bills | 15,798,294 | 160,501,809 |
| Pakistan Investment Bonds | 388,727,500 | 575,983,500 |
| Overseas Bonds | 14,274,580 | 15,037,219 |
| | 418,800,374 | 751,522,528 |

10.2.1 The market value of securities given as collateral is Rs. 411,970.114 million (December 31, 2023: Rs. 739,217.237 million).

(Un-audited) (Audited)
 March 31, December 31,
 2024 2023
 -----(Rupees in 000)-----

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

| | | |
|--|-----------|-----------|
| 10.4.1 Opening balance | 3,355,413 | 3,751,761 |
| Impact of adoption of IFRS 9 | (437,728) | - |
| Balance as at January 01 after adopting IFRS 9 | 2,917,685 | 3,751,761 |
| Exchange and other adjustments | (40,708) | 576,126 |
| Charge / (reversals) | | |
| Charge for the period / year | 147 | 318,681 |
| Reversals for the period / year | (92,665) | (363,351) |
| Reversal on disposals | (242) | (927,804) |
| | (92,760) | (972,474) |
| Closing Balance | 2,784,217 | 3,355,413 |

10.4.2 Particulars of credit loss allowance / provision against debt securities

| Category of classification | | March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | |
|-----------------------------|---------|--------------------------------|--|--------------------------------|--|
| | | Outstanding amount | Credit loss allowance / Provision Held | Outstanding amount | Credit loss allowance / Provision Held |
| ------(Rupees in '000)----- | | | | | |
| Domestic | | | | | |
| Performing | Stage 1 | 1,088,474 | 192 | - | - |
| Underperforming | Stage 2 | - | - | - | - |
| Non-performing | Stage 3 | | | | |
| Substandard | | - | - | - | - |
| Doubtful | | - | - | - | - |
| Loss | | 306,268 | 306,268 | 602,030 | 602,030 |
| | | 1,394,742 | 306,460 | 602,030 | 602,030 |
| Overseas | | | | | |
| Performing | Stage 1 | 89,022,460 | 124,296 | 70,747,537 | 116,563 |
| Underperforming | Stage 2 | 14,490,425 | 2,219,626 | 14,715,017 | 2,355,129 |
| Non-performing | Stage 3 | | | | |
| Substandard | | - | - | - | - |
| Doubtful | | - | - | - | - |
| Loss | | - | - | - | - |
| Total | | 104,907,627 | 2,650,382 | 86,064,584 | 3,073,722 |

10.4.3 The market value of securities classified as amortised cost as at March 31, 2024 amounted to Rs. 258,550.459 million (held-to-maturity as at December 31, 2023: Rs. 154,796.433 million).

| Note | Performing | | Non Performing | | Total | |
|--|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| | March 31, 2024 (Un-audited) | December 31, 2023 (Audited) | March 31, 2024 (Un-audited) | December 31, 2023 (Audited) | March 31, 2024 (Un- audited) | December 31, 2023 (Audited) |
| | ------(Rupees in '000)----- | | | | | |
| Loans, cash credits, running finances, etc. | 547,322,033 | 565,261,986 | 31,971,740 | 32,595,861 | 579,293,773 | 597,857,847 |
| Islamic financing and related assets | 156,827,054 | 162,102,341 | 5,009,960 | 4,872,026 | 161,837,014 | 166,974,367 |
| Bills discounted and purchased | 11,998,189 | 12,300,229 | 188,465 | 166,121 | 12,186,654 | 12,466,350 |
| Advances - gross | <u>716,147,276</u> | <u>739,664,556</u> | <u>37,170,165</u> | <u>37,634,008</u> | <u>753,317,441</u> | <u>777,298,564</u> |
| Credit loss allowance / provision against advances | | | | | | |
| - Stage 1 | 11.4 | (2,936,370) | (25,670) | - | (2,936,370) | (25,670) |
| - Stage 2 | 11.4 | (2,151,977) | - | - | (2,151,977) | - |
| - Stage 3 | 11.4 | - | (32,481,382) | - | (32,481,382) | - |
| - Specific | 11.4 | - | (542,075) | (32,374,940) | (542,075) | (32,374,940) |
| - General | 11.4 | (8,158,501) | (9,836,127) | - | (8,158,501) | (9,836,127) |
| | | <u>(13,246,848)</u> | <u>(9,861,797)</u> | <u>(33,023,457)</u> | <u>(46,270,305)</u> | <u>(42,236,737)</u> |
| Advances - net of credit loss allowance /provision | <u>702,900,428</u> | <u>729,802,759</u> | <u>4,146,708</u> | <u>5,259,068</u> | <u>707,047,136</u> | <u>735,061,827</u> |

11.1 Advances include an amount of Rs. 371.319 million (December 31, 2023: Rs. 362.630 million), being Employee Loan facilities allowed to Citibank, N.A, **Pakistan's** employees, which were either taken over by the Holding Company, or were granted afresh, under a specific arrangement executed between the Holding Company and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by **SBP's** BID and OSED departments. These loans carry mark-up at the rates ranging from 17.99% to 41.28% (December 31, 2023: 17.99% to 41.28%) with maturities up to October 2043) (December 31, 2023: October 2043).

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--------------------------------------|-----------------------------------|-----------------------------------|
| | ------(Rupees in '000)----- | |
| 11.2 Particulars of advances (Gross) | | |
| In local currency | 678,405,235 | 700,788,290 |
| In foreign currencies | <u>74,912,206</u> | <u>76,510,274</u> |
| | <u>753,317,441</u> | <u>777,298,564</u> |

11.3 Advances include Rs. 37,170.165 million (December 31, 2023: Rs. 37,634.008 million) which have been placed under non-performing status as detailed below:

| Category of Classification | March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | | |
|--|-----------------------------|----------------------------------|-----------------------------|----------------------------------|-------------------|
| | Non-Performing Loans | Credit loss allowance /provision | Non-Performing Loans | Credit loss allowance /provision | |
| | ------(Rupees in '000)----- | | | | |
| Domestic | | | | | |
| Other Assets Especially Mentioned (OEAM) | Stage 3 | 226,751 | 3,779 | 186,364 | 3,568 |
| Substandard | Stage 3 | 953,718 | 227,200 | 1,800,068 | 444,281 |
| Doubtful | Stage 3 | 5,720,789 | 2,821,013 | 6,694,041 | 3,293,830 |
| Loss | Stage 3 | 29,551,450 | 29,429,390 | 28,285,295 | 28,142,944 |
| | | <u>36,452,708</u> | <u>32,481,382</u> | <u>36,965,768</u> | <u>31,884,623</u> |
| Overseas | | | | | |
| Other Assets Especially Mentioned (OEAM) | Stage 3 | - | - | - | - |
| Substandard | Stage 3 | 42,342 | 25,331 | 43,013 | 25,688 |
| Doubtful | Stage 3 | - | - | - | - |
| Loss | Stage 3 | 675,115 | 516,744 | 625,227 | 464,629 |
| | | <u>717,457</u> | <u>542,075</u> | <u>668,240</u> | <u>490,317</u> |
| Total | | <u>37,170,165</u> | <u>33,023,457</u> | <u>37,634,008</u> | <u>32,374,940</u> |

11.4 Particulars of Credit loss allowance / provision against advances

| | March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | | | | |
|--|-----------------------------|------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|--------------------------------|-------------------|
| | Expected Credit Loss | | | Specific | General | Total | Specific | General / expected credit loss | Total |
| Stage 1 | Stage 2 | Stage 3 | | | | | | | |
| | ------(Rupees in '000)----- | | | | | | | | |
| Opening balance | - | - | - | 32,374,940 | 9,861,797 | 42,236,737 | 25,397,878 | 7,921,407 | 33,319,285 |
| Impact of adoption of IFRS 9 | 3,383,986 | 1,941,534 | 32,361,750 | (31,884,623) | (1,715,503) | 4,087,144 | | | |
| Balance as at January 01 after adopting IFRS 9 | 3,383,986 | 1,941,534 | 32,361,750 | 490,317 | 8,146,294 | 46,323,881 | 25,397,878 | 7,921,407 | 33,319,285 |
| Exchange and other adjustments | (356) | - | - | (6,947) | (5,440) | (12,743) | 83,703 | 57,723 | 141,426 |
| Charge for the period / year | - | 210,443 | 1,832,388 | 58,896 | 17,647 | 2,119,374 | 12,130,032 | 1,882,667 | 14,012,699 |
| Reversals for the period / year | (447,260) | - | (1,471,614) | (191) | - | (1,919,065) | (3,503,697) | - | (3,503,697) |
| | <u>(447,260)</u> | <u>210,443</u> | <u>360,774</u> | <u>58,705</u> | <u>17,647</u> | <u>200,309</u> | <u>8,626,335</u> | <u>1,882,667</u> | <u>10,509,002</u> |
| Amounts written off | - | - | (241,142) | - | - | (241,142) | (1,732,976) | - | (1,732,976) |
| | - | - | (241,142) | - | - | (241,142) | (1,732,976) | - | (1,732,976) |
| Closing balance | <u>2,936,370</u> | <u>2,151,977</u> | <u>32,481,382</u> | <u>542,075</u> | <u>8,158,501</u> | <u>46,270,305</u> | <u>32,374,940</u> | <u>9,861,797</u> | <u>42,236,737</u> |

11.4.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax as at March 31, 2024 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 84.828 million (December 31, 2023: Rs. 86.021 million).

11.4.2 During the period, non performing loans and provisions were reduced by Rs. 836.427 million (December 31, 2023: Rs. 231.391 million) due to debt property swap transaction.

11.4.3 Specific provision relates to overseas branches to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate.

11.4.4 General provision includes:

(i) Provision held at overseas branch to meet the requirements of regulatory authorities of the respective countries in which overseas branches operate and where IFRS 9 is not applicable; and

(ii) Provision of Rs. 7,748.000 million (December 31, 2023: Rs. 7,748.000 million) against the high risk portfolio, which is showing higher economic vulnerability.

11.4.5 Although the Holding Company has 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.

11.5 Advances - Particulars of credit loss allowance

| | March 31, 2024 (Un-audited) | | | | | December 31, 2023 (Audited) | | | |
|--|-----------------------------|-----------|-------------|--------------|-------------|-----------------------------|-------------|--------------------------------|-------------|
| | Stage 1 | Stage 2 | Stage 3 | Specific | General | Total | Specific | General / expected credit loss | Total |
| | (Rupees in '000) | | | | | | | | |
| Opening balance | - | - | - | 32,374,940 | 9,861,797 | 42,236,737 | 25,397,878 | 7,921,407 | 33,319,285 |
| Impact of adoption of IFRS 9 | 3,383,986 | 1,941,534 | 32,361,750 | (31,884,623) | (1,715,503) | 4,087,144 | - | - | - |
| Balance as at January 01 after adopting IFRS 9 | 3,383,986 | 1,941,534 | 32,361,750 | 490,317 | 8,146,294 | 46,323,881 | 25,397,878 | 7,921,407 | 33,319,285 |
| Exchange and other adjustments | (356) | - | - | (6,947) | (5,440) | (12,743) | 83,703 | 57,723 | 141,426 |
| New Advances | 312,989 | - | - | 58,896 | - | 371,885 | 12,130,032 | 1,882,667 | 14,012,699 |
| Due to credit deterioration | - | 373,118 | 1,997,473 | - | - | 2,370,591 | - | - | - |
| Advances derecognised or repaid / reversal | (704,561) | (121,509) | (1,471,614) | (191) | 17,647 | (2,280,228) | (3,503,697) | - | (3,503,697) |
| Transfer to stage 1 | - | - | - | - | - | - | - | - | - |
| Transfer to stage 2 | (49,444) | 58,147 | (8,703) | - | - | - | - | - | - |
| Transfer to stage 3 | (9,138) | (93,859) | 102,997 | - | - | - | - | - | - |
| Changes in risk parameters | 2,894 | (5,454) | (259,379) | - | - | (261,939) | - | - | - |
| | (447,260) | 210,443 | 360,774 | 58,705 | 17,647 | 200,309 | 8,626,335 | 1,882,667 | 10,509,002 |
| Amounts written off / charged off | - | - | (241,142) | - | - | (241,142) | (1,732,976) | - | (1,732,976) |
| Closing balance | 2,936,370 | 2,151,977 | 32,481,382 | 542,075 | 8,158,501 | 46,270,305 | 32,374,940 | 9,861,797 | 42,236,737 |

11.6 Advances - Category of classification

| | | March 31, 2024 (Un-audited) | | December 31, 2023 (Audited) | |
|-----------------------------------|---------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|
| | | Outstanding | Credit loss allowance / provision | Outstanding | Credit loss allowance / provision |
| | | (Rupees in '000) | | | |
| Domestic | | | | | |
| Performing | Stage 1 | 539,271,556 | 2,911,111 | 695,123,443 | - |
| Underperforming | Stage 2 | 132,799,556 | 2,151,977 | - | - |
| Non-Performing | Stage 3 | | | | |
| Other Assets Especially Mentioned | | 226,751 | 3,779 | 186,364 | 3,568 |
| Substandard | | 953,718 | 227,200 | 1,800,068 | 444,281 |
| Doubtful | | 5,720,789 | 2,821,013 | 6,694,041 | 3,293,830 |
| Loss | | 29,551,450 | 29,429,390 | 28,295,613 | 28,142,944 |
| General Provision | | - | 7,748,000 | - | 9,345,810 |
| | | 708,523,820 | 45,292,470 | 732,099,529 | 41,230,433 |
| Overseas | | | | | |
| Performing | Stage 1 | 44,076,164 | 25,259 | 44,530,795 | 25,670 |
| Underperforming | Stage 2 | - | - | - | - |
| Non-Performing | Stage 3 | | | | |
| Other Assets Especially Mentioned | | - | - | - | - |
| Substandard | | 42,342 | 25,331 | 43,013 | 25,688 |
| Doubtful | | - | - | - | - |
| Loss | | 675,115 | 516,744 | 625,227 | 464,629 |
| General Provision | | - | 410,501 | - | 490,317 |
| | | 44,793,621 | 977,835 | 45,199,035 | 1,006,304 |
| Total | | 753,317,441 | 46,270,305 | 777,298,564 | 42,236,737 |

Note (Un-audited) (Audited)
March 31, 2024 December 31, 2023
----- (Rupees in '000) -----

12 PROPERTY AND EQUIPMENT

| | | | |
|--------------------------|------|-------------------|-------------------|
| Capital work-in-progress | 12.1 | 4,341,622 | 3,525,139 |
| Property and equipment | 12.2 | 44,430,819 | 38,328,952 |
| | | <u>48,772,441</u> | <u>41,854,091</u> |

12.1 Capital work-in-progress

| | | |
|-------------|------------------|------------------|
| Civil works | 2,717,755 | 2,454,986 |
| Equipment | 1,428,420 | 999,120 |
| Others | 195,447 | 71,033 |
| | <u>4,341,622</u> | <u>3,525,139</u> |

12.2 It includes land and buildings carried at revalued amount of Rs. 29,642.632 million (December 31, 2023: Rs. 24,380.890 million).

| (Un-audited) Quarter ended | |
|-------------------------------|-------------------|
| March 31, 2024 | March 31, 2023 |
| ------(Rupees in '000)----- | |

12.3 Additions to property and equipment

The following additions were made to property and equipment during the period:

| | | |
|--|-------------------------|-------------------------|
| Capital work-in-progress - net of transferred out for capitalisation | 816,483 | 456,275 |
| Property and equipment | | |
| Freehold land | 101,138 | 244 |
| Leasehold land | 5,149,174 | 116,000 |
| Buildings on freehold land | 47,511 | 119,965 |
| Buildings on leasehold land | 26,182 | 32,971 |
| Leasehold improvement | 498,149 | 105,035 |
| Furniture and fixtures | 175,287 | 51,785 |
| Office equipment | 885,494 | 640,859 |
| Vehicles | 263,765 | 32,244 |
| | <u>7,146,700</u> | <u>1,099,103</u> |
| Total additions to property and equipment | <u><u>7,963,183</u></u> | <u><u>1,555,378</u></u> |

12.4 Disposals of property and equipment

The net book values of property and equipment disposed off during the period are as follows:

| | | |
|--|--------------|--------------|
| Leasehold improvements | - | 7,003 |
| Furniture and fixtures | - | 291 |
| Office equipments | 3,057 | 1,525 |
| Total disposal of property and equipment | <u>3,057</u> | <u>8,819</u> |

13 RIGHT-OF-USE ASSETS

At January 1

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|----------------------------------|-----------------------------------|-----------------------------------|
| | ------(Rupees in '000)----- | |
| | Buildings | Buildings |
| Cost | 28,896,873 | 22,399,553 |
| Accumulated Depreciation | <u>(8,929,916)</u> | <u>(6,983,079)</u> |
| Net Carrying amount at January 1 | <u>19,966,957</u> | <u>15,416,474</u> |

Additions / renewals / amendments / (terminations)

| | | |
|--|--------------------------|--------------------------|
| - net during the period / year | 1,185,622 | 7,843,529 |
| Depreciation charge during the period / year | (929,968) | (3,367,208) |
| Exchange rate adjustments | (14,153) | 74,162 |
| Closing net carrying amount | <u><u>20,208,458</u></u> | <u><u>19,966,957</u></u> |

14 INTANGIBLE ASSETS

| | | |
|---|------------------|------------------|
| Capital work-in-progress / advance payment to suppliers | 493,475 | 439,291 |
| Software | 864,870 | 934,853 |
| Membership Card | 6,000 | 6,000 |
| | <u>1,364,345</u> | <u>1,380,144</u> |

14.1 Additions to intangible assets

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

| | (Un-audited) Quarter ended | |
|--|-------------------------------|-------------------|
| | March 31, 2024 | March 31, 2023 |
| | ------(Rupees in '000)----- | |
| Capital work-in-progress - net of transferred out for capitalisation | 54,184 | 150,424 |
| Directly purchased | 16,852 | 4,899 |
| Total additions to intangible assets | <u>71,036</u> | <u>155,323</u> |

14.2 There were no disposal of intangible assets during the periods ended March 31, 2024 and March 31, 2023.

| | Note | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|----|---|-----------------------------------|-----------------------------------|
| 15 | DEFERRED TAX ASSETS | | |
| | | ------(Rupees in '000)----- | |
| | Deductible temporary differences on: | | |
| | - Credit loss allowance / provision against investments | 2,152,024 | 2,224,378 |
| | - Credit loss allowance / provision against advances | 6,400,178 | 4,183,318 |
| | - Unrealised loss on FVPTL investments | 350,526 | - |
| | - Unrealised loss on revaluation of held for trading investments | - | 192,350 |
| | - Deficit on revaluation of available for sale investments | - | 870,169 |
| | - Credit loss allowance / provision against other assets | 1,433,321 | 1,251,950 |
| | - Credit loss allowance against cash with treasury | 12,311 | - |
| | - Credit loss allowance against balance with other banks | 2,964 | - |
| | - Credit loss allowance / provision against lending to financial institutions | 12,065 | 73 |
| | - Workers' Welfare Fund | 1,737,007 | 1,528,648 |
| | - Pre-commencement Expenditures | 7,638 | - |
| | - Others | - | - |
| | | 12,108,034 | 10,250,886 |
| | Taxable temporary differences on: | | |
| | - Surplus on revaluation of FVOCI investments | (2,279,221) | - |
| | - Surplus on revaluation of property and equipment | (603,520) | (593,695) |
| | - Surplus on revaluation of non banking assets | (76,604) | (85,595) |
| | - Share of profit and other comprehensive income from associates | (2,471,698) | (2,388,685) |
| | - Accelerated tax depreciation | (3,637,187) | (3,563,436) |
| | | (9,068,230) | (6,631,411) |
| | | 3,039,804 | 3,619,475 |
| 16 | OTHER ASSETS | | |
| | Income / mark-up accrued in local currency - net of credit loss allowance / provision | 102,683,510 | 81,667,129 |
| | Income / mark-up accrued in foreign currency - net of credit loss allowance / provision | 2,526,368 | 2,402,118 |
| | Advances, deposits, advance rent and other prepayments | 7,930,235 | 8,989,267 |
| | Advance against subscription of share | 140,000 | 140,000 |
| | Non-banking assets acquired in satisfaction of claims | 16.1 | 2,631,235 |
| | Dividend receivable | 86,967 | 10,431 |
| | Mark to market gain on forward foreign exchange contracts | 2,676,451 | 2,606,750 |
| | Mark to market gain on derivatives | 26.1 | 4,364,396 |
| | Stationery and stamps on hand | 24,262 | 11,350 |
| | Defined benefit plan | 272,761 | 440,585 |
| | Branch adjustment account | 566,809 | - |
| | Due from card issuing banks | 3,284,494 | 4,829,866 |
| | Accounts receivable | 6,391,777 | 4,971,746 |
| | Claims against fraud and forgeries | 124,725 | 126,066 |
| | Acceptances | 29,090,495 | 24,618,660 |
| | Receivable against Government of Pakistan and overseas government securities | 32,870 | 2,925,206 |
| | Receivable against marketable securities | (1,422) | 1,153,013 |
| | Others | 248,388 | 86,275 |
| | | 163,074,321 | 140,838,555 |
| | Less: Credit loss allowance / provision held against other assets | 16.2 | (4,695,835) |
| | Other assets (net of credit loss allowance / provision) | 158,378,486 | 136,219,518 |
| | Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net | 16.1 | 153,972 |
| | Other assets - total | 158,532,458 | 136,391,839 |

16.1 The revalued amount of non-banking assets acquired in satisfaction of claims is Rs. 2,785.207 million (December 31, 2023: Rs. 1,857.092 million).

| 16.2 Credit loss allowance / provision held against other assets | (Un-audited) | (Audited) |
|--|-----------------------------|----------------------|
| | March 31, 2024 | December 31, 2023 |
| | ------(Rupees in '000)----- | |
| Impairment against overseas operations | 2,359,988 | 2,359,988 |
| Expected credit loss | 154,422 | 46,807 |
| Fraud and forgeries | 124,725 | 126,066 |
| Accounts receivable | 1,701,408 | 1,702,567 |
| Others | 355,292 | 383,609 |
| | <u>4,695,835</u> | <u>4,619,037</u> |

16.2.1 Movement in credit loss allowance / provision held against other assets

| | | |
|--|------------------|------------------|
| Opening as at January 1 | 4,619,037 | 3,181,544 |
| Impact of adoption of IFRS 9 | 46,852 | - |
| Balance as at January 01 after adopting IFRS 9 | <u>4,665,889</u> | <u>3,181,544</u> |
| Exchange and other adjustments | (891) | 2,531 |
| Charge for the period / year | 127,986 | 1,519,024 |
| Reversals for the period / year | (97,149) | (83,100) |
| | 30,837 | 1,435,924 |
| Amount written off | - | (962) |
| Closing as at | <u>4,695,835</u> | <u>4,619,037</u> |

17 BILLS PAYABLE

| | | |
|------------------|-------------------|-------------------|
| In Pakistan | 21,112,469 | 24,750,227 |
| Outside Pakistan | 625,077 | 1,254,311 |
| | <u>21,737,546</u> | <u>26,004,538</u> |

18 BORROWINGS

Secured

Borrowings from State Bank of Pakistan under:

| | | |
|---|-------------|-------------|
| Export Refinance Scheme | 39,356,387 | 43,281,491 |
| Long-Term Finance Facility | 23,495,258 | 24,595,991 |
| Financing Facility for Renewable Energy Projects | 11,879,585 | 11,891,156 |
| Financing Facility for Storage of Agriculture Produce (FFSAP) | 514,261 | 532,102 |
| Refinance for Wages & Salaries | - | - |
| Temporary Economic Refinance Facility (TERF) | 46,933,354 | 48,528,109 |
| Export Refinance under Bill Discounting | 13,705,226 | 14,244,331 |
| SME Asaan Finance (SAAF) | 5,551,956 | 2,096,250 |
| Refinance Facility for Combating COVID (RFCC) | 1,208,524 | 988,049 |
| Refinance and Credit Guarantee Scheme for Women Entrepreneurs | 114,266 | 125,595 |
| Modernization of Small and Medium Entities (MSMES) | 1,562,800 | 1,205,658 |
| Other refinance schemes | 468 | 553 |
| Repurchase agreement borrowings | 320,000,000 | 666,510,980 |
| | 464,322,085 | 814,000,265 |

| | | |
|---------------------------------|--------------------|--------------------|
| Repurchase agreement borrowings | 52,642,133 | 26,895,775 |
| Bai Muajjal | 46,733,436 | 44,830,207 |
| Medium Term Note | - | 11,000,000 |
| Others | 1,104,088 | 672,579 |
| Total secured | <u>564,801,742</u> | <u>897,398,826</u> |

Unsecured

| | | |
|---------------------------------------|--------------------|--------------------|
| Call borrowings | 8,822,791 | 3,946,050 |
| Overdrawn nostro accounts | 3,840,820 | 3,467,939 |
| Others | | |
| - Pakistan Mortgage Refinance Company | 2,137,096 | 2,605,576 |
| - Karandaaz Risk Participation | 2,965,404 | 2,797,641 |
| Total unsecured | <u>17,766,111</u> | <u>12,817,206</u> |
| | <u>582,567,853</u> | <u>910,216,032</u> |

19 DEPOSITS AND OTHER ACCOUNTS

| | March 31, 2024 (Un-audited) | | | December 31, 2023 (Audited) | | |
|------------------------|------------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|
| | In Local Currency | In Foreign Currencies | Total | In Local Currency | In Foreign Currencies | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| Customers | | | | | | |
| Current deposits | 622,184,610 | 153,347,977 | 775,532,587 | 630,357,408 | 152,436,273 | 782,793,681 |
| Savings deposits | 468,468,257 | 37,061,658 | 505,529,915 | 440,331,863 | 38,469,718 | 478,801,581 |
| Term deposits | 434,184,772 | 69,578,004 | 503,762,776 | 437,377,886 | 61,496,821 | 498,874,707 |
| Others | 45,176,150 | 16,631,883 | 61,808,033 | 44,709,160 | 14,317,598 | 59,026,758 |
| | <u>1,570,013,789</u> | <u>276,619,522</u> | <u>1,846,633,311</u> | <u>1,552,776,317</u> | <u>266,720,410</u> | <u>1,819,496,727</u> |
| Financial Institutions | | | | | | |
| Current deposits | 4,353,383 | 3,130,300 | 7,483,683 | 4,278,645 | 3,241,325 | 7,519,970 |
| Savings deposits | 108,020,121 | 3,270,307 | 111,290,428 | 171,924,309 | 3,442,726 | 175,367,035 |
| Term deposits | 74,755,000 | 1,850,765 | 76,605,765 | 79,780,000 | 2,258,236 | 82,038,236 |
| Others | 270,509 | 59,509 | 330,018 | 518,072 | 1,217 | 519,289 |
| | <u>187,399,013</u> | <u>8,310,881</u> | <u>195,709,894</u> | <u>256,501,026</u> | <u>8,943,504</u> | <u>265,444,530</u> |
| | <u><u>1,757,412,802</u></u> | <u><u>284,930,403</u></u> | <u><u>2,042,343,205</u></u> | <u><u>1,809,277,343</u></u> | <u><u>275,663,914</u></u> | <u><u>2,084,941,257</u></u> |

19.1 Current deposits include remunerative current deposits of Rs. 18,746.302 million (December 31, 2023: Rs. 20,788.733 million).

| | Note | (Un-audited) | (Audited) |
|--|------|------------------------------|-------------------|
| | | March 31, 2024 | December 31, 2023 |
| | | ----- (Rupees in '000) ----- | |
| 20 LEASE LIABILITIES | | | |
| Opening | | 22,899,808 | 17,514,201 |
| Additions / renewals / amendments / (terminations) - net | | 1,165,255 | 7,730,666 |
| Borrowing cost | | 785,423 | 2,659,787 |
| Lease payments including interest | | (1,131,109) | (5,075,756) |
| Exchange rate / other adjustment | | (16,076) | 70,910 |
| Closing net carrying amount | | <u>23,703,301</u> | <u>22,899,808</u> |
| 20.1 Liabilities Outstanding | | | |
| Not later than one year | | 1,836,515 | 1,852,281 |
| Later than one year and upto five years | | 8,916,542 | 9,142,361 |
| Over five years | | 12,950,244 | 11,905,166 |
| Total at the period / year end | | <u>23,703,301</u> | <u>22,899,808</u> |
| 21 SUBORDINATED DEBT | | | |
| Term Finance Certificates VI - Additional Tier-I (ADT-1) | | 7,000,000 | 7,000,000 |
| Term Finance Certificates VIII - Additional Tier-I (ADT-1) | | 7,000,000 | 7,000,000 |
| | | <u>14,000,000</u> | <u>14,000,000</u> |

21.1 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 SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

| | |
|--------------------------|--|
| Issue amount | Rs. 7,000,000,000 |
| 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. |

21.2 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 SBP under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

| | |
|--------------------------|--|
| Issue amount | Rs. 7,000,000,000 |
| 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. |

| | Note | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|------|-----------------------------------|-----------------------------------|
| 22 OTHER LIABILITIES | | | |
| | | ------(Rupees in '000)----- | |
| Mark-up / return / interest payable in local currency | | 34,903,794 | 39,434,467 |
| Mark-up / return / interest payable in foreign currency | | 1,926,368 | 1,690,773 |
| Unearned fee commission and income on bills discounted and guarantees | | 3,364,427 | 3,201,308 |
| Accrued expenses | | 13,876,261 | 16,281,467 |
| Current taxation | | 12,230,873 | 14,386,078 |
| Acceptances | | 29,090,495 | 24,618,660 |
| Dividends payable | | 7,500,035 | 6,166,682 |
| Mark to market loss on forward foreign exchange contracts | | 3,223,229 | 2,779,042 |
| Mark to market loss on derivatives | 26.1 | 79,306 | 96,507 |
| Branch adjustment account | | - | 73,434 |
| Alternative Delivery Channel (ADC) settlement accounts | 22.2 | 13,050,149 | 3,409,741 |
| Provision for compensated absences | | 926,617 | 874,117 |
| Payable against redemption of customer loyalty / reward points | | 932,065 | 857,241 |
| Charity payable | | 131,468 | 114,052 |
| Credit loss allowance / provision against off-balance sheet obligations | 22.1 | 806,232 | 78,624 |
| Security deposits against leases, lockers and others | | 12,925,509 | 12,983,647 |
| Workers' Welfare Fund | | 5,519,360 | 5,093,704 |
| Payable to vendors and suppliers | | 824,220 | 850,048 |
| Margin deposits on derivatives | | 3,854,294 | 3,906,392 |
| Payable to merchants (card acquiring) | | 34,551 | 776,097 |
| Indirect Taxes Payable | | 3,892,018 | 3,874,309 |
| Payable against marketable securities | | 1,331,355 | 1,391,975 |
| Liability against share based payment | | 251,932 | 483,001 |
| Trading Liability | | 2,263,274 | 2,412,845 |
| Others | | 8,332,864 | 6,148,713 |
| | | <u>161,270,696</u> | <u>151,982,924</u> |

22.1 Credit loss allowance / provision against off-balance sheet obligations

| | | | |
|--|--|----------------|---------------|
| Opening balance | | 78,624 | 62,948 |
| Impact of adoption of IFRS 9 | | 805,501 | - |
| Balance as at January 01 after adopting IFRS 9 | | 884,125 | 62,948 |
| Exchange and other adjustments | | (688) | 4,029 |
| Charge / (reversal) for the period / year | | (77,205) | 11,647 |
| Closing balance | | <u>806,232</u> | <u>78,624</u> |

22.2 This represents settlement arising from channel transaction at the cut off date which were subsequently cleared.

| | Note | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|--|--------------------|-----------------------------------|-----------------------------------|
| 23 | | ------(Rupees in '000)----- | |
| SURPLUS ON REVALUATION OF ASSETS | | | |
| (Deficit) / surplus on revaluation of: | | | |
| - Securities measured at FVOCI - debt | | (1,871,704) | - |
| - Securities measured at FVOCI - equity | | 2,834,972 | - |
| - Available for sale securities | 10.1 | - | (5,290,960) |
| - Securities measured at FVOCI - equity associates | | 8,162 | 8,639 |
| - Property and equipment | | 12,660,021 | 12,682,139 |
| - Non-banking assets acquired in satisfaction of claims | | 153,972 | 172,321 |
| | | 13,785,423 | 7,572,139 |
| Less: Deferred tax asset / (liability) on (deficit) / surplus on revaluation of: | | | |
| - Securities measured at FVOCI - debt | | 917,135 | - |
| - Securities measured at FVOCI - equity | | (1,389,136) | - |
| - Available for sale securities | | - | 2,592,570 |
| - Securities measured at FVOCI - equity associates | | (3,999) | (4,233) |
| - Property and equipment | | (603,520) | (593,695) |
| - Non-banking assets acquired in satisfaction of claims | | (76,604) | (85,595) |
| | | (1,156,124) | 1,909,047 |
| Derivatives (deficit) / surplus | | (3,688,205) | (3,512,910) |
| Less: Deferred tax asset / (liability) on derivative | | 1,807,220 | 1,721,326 |
| | | (1,880,985) | (1,791,584) |
| | | <u>14,510,284</u> | <u>11,272,770</u> |
| 24 | | (Un-audited) | (Audited) |
| | | March 31, | December 31, |
| | | 2024 | 2023 |
| Name | Principal activity | Ownership interest held by NCI | |
| | | Principal place of Business | |
| Alfalah CLSA Securities (Private) Limited, Pakistan | Stock Brokerage | Pakistan | |
| | | 37.50% | 37.50% |
| Key financial information of the subsidiary | | | |
| | | (Un-audited) | (Audited) |
| | | March 31, | December 31, |
| | | 2024 | 2023 |
| ------(Rupees in '000)----- | | | |
| Assets | | 2,434,092 | 1,482,410 |
| Liabilities | | 3,290,541 | 2,268,182 |
| Net Assets | | <u>(856,449)</u> | <u>(785,772)</u> |
| Non-Controlling Interest (NCI) | | <u>(321,167)</u> | <u>(294,665)</u> |
| (Un-audited) | | | |
| Quarter ended | | | |
| | | March 31, | March 31, |
| | | 2024 | 2023 |
| ------(Rupees in '000)----- | | | |
| Revenue | | 145,582 | 139,232 |
| Expenses and provision | | 210,890 | 141,474 |
| Loss before tax | | <u>(65,308)</u> | <u>(2,242)</u> |
| Loss after tax | | <u>(70,673)</u> | <u>(4,538)</u> |
| Other Comprehensive (loss) / income | | <u>(70,673)</u> | <u>(4,538)</u> |
| Cash Flows: | | | |
| Cash flows used in operating activities | | (603,951) | (379,573) |
| Cash flows used in investing activities | | (618) | (5,915) |
| Cash flows (used in) / from Financing Activities | | (396) | 602 |
| Net decrease in cash and cash equivalent | | <u>(604,965)</u> | <u>(384,886)</u> |

| | Note | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 | |
|-----------------------------|---|-----------------------------------|-----------------------------------|--------------------|
| ------(Rupees in '000)----- | | | | |
| 25 | CONTINGENCIES AND COMMITMENTS | | | |
| | - Guarantees | 25.1 | 166,068,539 | 173,579,640 |
| | - Commitments | 25.2 | 661,448,754 | 731,648,269 |
| | - Other contingent liabilities | 25.3.1 | 23,793,899 | 23,816,758 |
| | | | <u>851,311,192</u> | <u>929,044,667</u> |
| 25.1 | Guarantees: | | | |
| | Performance guarantees | | 54,113,698 | 55,684,506 |
| | Other guarantees | | 111,954,841 | 117,895,134 |
| | | | <u>166,068,539</u> | <u>173,579,640</u> |
| 25.2 | Commitments: | | | |
| | Documentary credits and short-term trade-related transactions | | | |
| | - Letters of credit | | 219,143,156 | 196,248,432 |
| | Commitments in respect of: | | | |
| | - forward foreign exchange contracts | 25.2.1 | 298,206,221 | 350,664,300 |
| | - forward government securities transactions | 25.2.2 | 71,883,093 | 109,207,715 |
| | - derivatives | 25.2.3 | 48,864,092 | 51,150,198 |
| | - forward lending | 25.2.4 | 17,583,896 | 19,247,075 |
| | Commitments for acquisition of: | | | |
| | - Property and equipment | | 4,311,781 | 3,713,022 |
| | - intangible assets | | 425,015 | 312,027 |
| | Commitments in respect of donations | | 581,500 | 655,500 |
| | Other commitments | 25.2.5 | 450,000 | 450,000 |
| | | | <u>661,448,754</u> | <u>731,648,269</u> |
| 25.2.1 | Commitments in respect of forward foreign exchange contracts | | | |
| | Purchase | | 179,485,678 | 198,859,218 |
| | Sale | | 118,720,543 | 151,805,082 |
| | | | <u>298,206,221</u> | <u>350,664,300</u> |
| 25.2.2 | Commitments in respect of forward government securities transactions | | | |
| | Purchase | | 57,611,264 | 20,461,347 |
| | Sale | | 14,271,829 | 88,746,368 |
| | | | <u>71,883,093</u> | <u>109,207,715</u> |
| 25.2.3 | Commitments in respect of derivatives | | | |
| | Interest rate swap | | | |
| | Purchase | 26.1 | 37,498,135 | 39,466,304 |
| | Sale | | - | - |
| | | | <u>37,498,135</u> | <u>39,466,304</u> |
| | Cross Currency Swaps | | | |
| | Purchase | | - | - |
| | Sale | 26.1 | 11,365,957 | 11,683,894 |
| | | | <u>11,365,957</u> | <u>11,683,894</u> |
| | Total commitments in respect of derivatives | | <u>48,864,092</u> | <u>51,150,198</u> |
| 25.2.4 | Commitments in respect of forward lending | | | |
| | Undrawn formal standby facilities, credit lines and other commitments to lend | 25.2.4.1 | 15,182,780 | 15,828,600 |
| | Commitments in respect of investments | | 2,401,116 | 3,418,475 |
| | | | <u>17,583,896</u> | <u>19,247,075</u> |

25.2.4.1 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.

25.2.5 Other Commitments

A commercial bank on behalf of Alfalah CLSA Securities (Private) Limited, Pakistan has given a guarantee of Rs. 450 million (December 31, 2023: Rs. 450 million) to National Clearing Company of Pakistan Limited (NCCPL) in respect of margin eligible securities. The guarantee facility is for one year and is secured by 1st Pari Passu charge on current assets of the subsidiary.

| | (Un-audited) March 31, 2024 | (Audited) December 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| | ------(Rupees in '000)----- | |
| 25.3 Other contingent liabilities | | |
| 25.3.1 Claims against the Holding Company not acknowledged as debts | <u>23,793,899</u> | <u>23,816,758</u> |

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

25.4 Contingency for tax payable

There were no tax related contingencies other than as disclosed in note 37.1

26 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.

26.1 Product Analysis

| | March 31, 2024 (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 |
| Counterparties | ------(Rupees in '000)----- | | | | | |
| With Banks for Hedging | 40 | 37,498,135 | 3,443,225 | - | - | - |
| With other entities Market making | - | - | - | 6 | 11,365,957 | 841,865 |
| | <u>40</u> | <u>37,498,135</u> | <u>3,443,225</u> | <u>6</u> | <u>11,365,957</u> | <u>841,865</u> |
| | ------(Rupees in '000)----- | | | | | |
| | December 31, 2023 (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 |
| Counterparties | ------(Rupees in '000)----- | | | | | |
| With Banks for Hedging | 41 | 39,466,304 | 3,371,331 | - | - | - |
| With other entities Market making | - | - | - | 6 | 11,683,894 | 707,484 |
| | <u>41</u> | <u>39,466,304</u> | <u>3,371,331</u> | <u>6</u> | <u>11,683,894</u> | <u>707,484</u> |

| | | (Un-audited) | |
|------|--|-----------------------------|-------------------|
| | | Quarter ended | |
| | | March 31, 2024 | March 31, 2023 |
| | | ------(Rupees in '000)----- | |
| 27 | MARK-UP/RETURN/INTEREST EARNED | | |
| | On: | | |
| | a) Loans and advances | 31,806,381 | 25,893,552 |
| | b) Investments | 93,553,966 | 45,766,944 |
| | c) Lendings to financial institutions | 1,747,917 | 841,974 |
| | d) Balances with banks / financial Institutions | 17,397 | 51,774 |
| | e) On securities purchased under resale agreements / bai muajjal | 1,526,461 | 3,046,675 |
| | | <u>128,652,122</u> | <u>75,600,919</u> |
| 27.1 | Interest income (calculated using effective interest rate method) recognised on: | | |
| | Financial assets measured at amortised cost; | 43,789,382 | |
| | Financial assets measured at fair value through OCI | 70,690,334 | |
| | Financial assets measured at fair value through P/L | 14,194,035 | |
| | | <u>128,673,751</u> | |
| 28 | MARK-UP/RETURN/INTEREST EXPENSED | | |
| | On: | | |
| | a) Deposits | 58,752,369 | 27,888,569 |
| | b) Borrowings | 4,308,055 | 3,693,866 |
| | c) Securities sold under repurchase agreements | 30,867,789 | 13,978,721 |
| | d) Subordinated debt | 834,214 | 638,273 |
| | e) Cost of foreign currency swaps against foreign currency deposits / borrowings | 2,206,189 | 810,749 |
| | f) Borrowing cost on leased properties | 785,423 | 585,381 |
| | g) Reward points / customer loyalty | 112,510 | 91,575 |
| | | <u>97,866,549</u> | <u>47,687,134</u> |
| 28.1 | Interest expense calculated using effective interest rate method | | |
| | Other financial liabilities | <u>97,862,789</u> | <u>-</u> |
| 29 | FEE & COMMISSION INCOME | | |
| | Branch banking customer fees | 387,805 | 292,159 |
| | Consumer finance related fees | 152,853 | 140,150 |
| | Card related fees (debit and credit cards) | 809,765 | 637,552 |
| | Credit related fees | 180,637 | 142,211 |
| | Investment banking fees | 21,707 | 26,743 |
| | Commission on trade | 741,660 | 546,182 |
| | Commission on guarantees | 182,648 | 200,128 |
| | Commission on cash management | 12,337 | 14,726 |
| | Commission on remittances including home remittances | 651,528 | 324,664 |
| | Commission on bancassurance | 133,778 | 125,869 |
| | Card acquiring business | 463,530 | 337,348 |
| | Wealth Management Fee | 78,897 | 31,966 |
| | Commission on Employees' Old-Age Benefit Institution (EOBI) | - | - |
| | Commission on Benazir Income Support Programme (BISP) | 200,744 | 143,233 |
| | Alternative Delivery Channel (ADC) settlement accounts | 330,367 | 306,104 |
| | Brokerage/ Commission Income | 132,953 | 119,844 |
| | Others | 53,485 | 60,629 |
| | | <u>4,534,694</u> | <u>3,449,508</u> |
| 30 | FOREIGN EXCHANGE INCOME / (LOSS) | | |
| | Foreign exchange income | 2,820,353 | 3,163,962 |
| | Foreign exchange (loss) / income related to derivatives | (516,732) | 161,002 |
| | | <u>2,303,621</u> | <u>3,324,964</u> |

| Note | (Un-audited) | |
|------|-------------------|-------------------|
| | Quarter ended | |
| | March 31, 2024 | March 31, 2023 |

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

| | | | | |
|------|---|------|-------------------|-------------------|
| 31 | GAIN / (LOSS) ON SECURITIES | | | |
| | Realised gain / (loss) | 31.1 | 783,443 | 83,834 |
| | Unrealised - Measured at FVPL | 10.1 | (715,322) | - |
| | Unrealised loss - held for trading | | - | (396,293) |
| | Unrealised loss on trading liabilities - net | | (2,398) | - |
| | | | <u>65,723</u> | <u>(312,459)</u> |
| 31.1 | Realised gain / (loss) on: | | | |
| | Federal Government Securities | | 672,174 | 240,324 |
| | Shares | | 8,531 | (420,193) |
| | Foreign Securities | | 102,738 | 263,703 |
| | | | <u>783,443</u> | <u>83,834</u> |
| 31.2 | Net gain / loss on financial assets / liabilities measured: | | | |
| | At FVPL | | | |
| | Designated upon initial recognition | | (547,241) | |
| | Mandatorily measured at FVPL | | 61,699 | |
| | | | <u>(485,542)</u> | |
| | Net gain / (loss) on financial assets measured at FVOCI - Debt | | 551,265 | |
| | | | <u>65,723</u> | |
| 32 | OTHER INCOME | | | |
| | Rent on property | | 8,719 | 7,328 |
| | Gain on sale of property and equipment - net | | 3,687 | 29,085 |
| | Gain on sale of non banking assets - net | 32.1 | 27,800 | - |
| | Profit on termination of leased contracts (Ijarah) | | - | 19,154 |
| | Gain on termination of leases (IFRS 16) | | 13,929 | 8,634 |
| | | | <u>54,135</u> | <u>64,201</u> |
| 33 | OPERATING EXPENSES | | | |
| | Total compensation expense | 33.1 | 8,907,379 | 7,214,673 |
| | Property expense | | | |
| | Rates and taxes | | 45,048 | 32,515 |
| | Insurance | | - | - |
| | Utilities cost | | 829,122 | 445,462 |
| | Security (including guards) | | 346,383 | 247,898 |
| | Repair and maintenance (including janitorial charges) | | 445,742 | 244,958 |
| | Depreciation on right-of-use assets | | 929,968 | 765,866 |
| | Depreciation on non-banking assets acquired in satisfaction of claims | | 4,298 | 1,232 |
| | Depreciation on owned assets | | 229,618 | 202,228 |
| | | | <u>2,830,179</u> | <u>1,940,159</u> |
| | Information technology expenses | | | |
| | Software maintenance | | 796,953 | 430,155 |
| | Hardware maintenance | | 178,244 | 260,531 |
| | Depreciation | | 313,082 | 257,417 |
| | Amortisation | | 86,535 | 78,258 |
| | Network charges | | 179,350 | 144,637 |
| | Consultancy and support services | | 40,403 | 15,575 |
| | | | <u>1,594,567</u> | <u>1,186,573</u> |
| | Balance carried forward | | <u>13,332,125</u> | <u>10,341,405</u> |

| | (Un-audited) | |
|---|-----------------------------|-------------------|
| | Quarter ended | |
| | March 31, 2024 | March 31, 2023 |
| | ------(Rupees in '000)----- | |
| Balance brought forward | 13,332,125 | 10,341,405 |
| Other operating expenses | | |
| Directors' fees and allowances | 50,800 | 40,977 |
| Fees and allowances to Shariah Board | 4,993 | 3,780 |
| Legal and professional charges | 107,934 | 68,623 |
| Outsourced services costs | 379,767 | 218,786 |
| Travelling and conveyance | 349,244 | 276,668 |
| Clearing and custodian charges | 50,136 | 49,863 |
| Depreciation | 494,312 | 350,367 |
| Training and development | 74,652 | 32,272 |
| Postage and courier charges | 117,598 | 114,094 |
| Communication | 591,033 | 413,517 |
| Stationery and printing | 463,360 | 293,836 |
| Marketing, advertisement and publicity | 514,175 | 379,732 |
| Donations | 126,320 | 944,500 |
| Auditors' remuneration | 30,883 | 37,494 |
| Brokerage and commission | 127,663 | 71,683 |
| Entertainment | 209,127 | 145,653 |
| Repairs and maintenance | 202,614 | 174,262 |
| Insurance | 517,603 | 301,683 |
| Cash Handling charges | 475,237 | 255,714 |
| CNIC verification | 67,095 | 64,973 |
| Others | 237,254 | 130,874 |
| | 5,191,800 | 4,369,351 |
| | <u>18,523,925</u> | <u>14,710,756</u> |
| 33.1 Total compensation expense | | |
| Managerial Remuneration | | |
| i) Fixed | 5,921,819 | 4,811,531 |
| ii) Variable: | | |
| a) Cash Bonus / Awards etc. | 1,428,616 | 1,452,022 |
| b) Bonus and Awards in Shares etc. | 143,750 | 81,249 |
| Charge for defined benefit plan | 167,824 | 116,750 |
| Contribution to defined contribution plan | 213,652 | 179,206 |
| Medical | 539,922 | 327,155 |
| Conveyance | 347,152 | 127,030 |
| Staff compensated absences | 52,500 | 47,499 |
| Staff life insurance | 43,869 | 42,847 |
| Staff welfare | 7,010 | 4,315 |
| Club subscription | 1,011 | 771 |
| Others | 3,105 | 9,769 |
| Sub-total | 8,870,230 | 7,200,144 |
| Sign-on Bonus | 37,149 | 14,529 |
| Severance Allowance | - | - |
| Grand Total | <u>8,907,379</u> | <u>7,214,673</u> |

34 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) Quarter ended | |
|------|---|---------------------------------------|-------------------|
| | | March 31, 2024 | March 31, 2023 |
| 35 | OTHER CHARGES | ------(Rupees in '000)----- | |
| | Penalties imposed by the State Bank of Pakistan | <u>208,643</u> | <u>10,973</u> |
| 36 | CREDIT LOSS ALLOWANCE / PROVISIONS & WRITE OFFS - NET | | |
| | Reversal of credit loss allowance against cash with treasury | (35,325) | - |
| | Credit loss allowance against balance with other bank | 1,379 | - |
| | Credit loss allowance / (reversal) against lending to financial institutions | 11,408 | (295.0) |
| | Reversal of credit loss allowance / reversal for diminution in value of investments | 10.4.1 (92,760) | (118,565) |
| | Credit loss allowance / provision against loans & advances | 11.4 200,309 | 625,173 |
| | Credit loss allowance / provision against other assets | 16.2.1 30,837 | 59,665 |
| | Reversal of credit loss allowance / provision against off-balance sheet obligations | 22.1 (77,205) | 33,307 |
| | Reversal of other credit loss allowance / provisions / write off - net | (15,432) | 2,235 |
| | Recovery of written off / charged off bad debts | (135,636) | (79,745) |
| | | <u>(112,425)</u> | <u>521,775</u> |
| 37 | TAXATION | | |
| | Charge / (reversal) : | | |
| | Current | 10,429,468 | 8,553,840 |
| | Prior years | (54,047) | - |
| | Deferred | (488,566) | (295,390) |
| | | <u>9,886,855</u> | <u>8,258,450</u> |
| 37.1 | a) The income tax assessments of the Holding Company have been finalized up to and including tax year 2023. Certain addbacks made by 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 2023, the tax authority has 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 resulting in tax demand of Rs. 764.870 million net of relief provided in appeal (December 31, 2023: 764.870 million). The Holding Company has filed appeal which is pending before Commissioner Appeals. The management is confident that matter will be decided in favour of the Holding Company and consequently has not made any provision in this respect. | | |
| | 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 Bank'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 redemanded. A similar order for the accounting years 2017 and 2018 was also issued with tax demand of Rs. 11.536 million (excluding default surcharge). The Holding Company has filed appeals against these orders and has not made any provision against these orders. The management is of the view that these matters will be favourably settled through appellate process. | | |
| 38 | BASIC AND DILUTED EARNINGS PER SHARE | (Un-audited) Quarter ended | |
| | Profit for the period attributable to equity holders of the Holding Company | <u>9,954,444</u> | <u>10,772,393</u> |
| | | ------(Number of shares in '000)----- | |
| | Weighted average number of ordinary shares | <u>1,577,165</u> | <u>1,577,165</u> |
| | | ------(Rupees)----- | |
| | Basic and diluted earnings per share | <u>6.31</u> | <u>6.83</u> |
| 38.1 | Diluted earnings per share has not been presented separately as the Group does not have any convertible instruments in issue. | | |

39.2 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.

39.3 Valuation techniques used in determination of fair values:

39.3.1 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 Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, unquoted shares, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

(c) Financial instruments in level 3

The fair value of unquoted shares and unquoted mutual funds are measured at fair value based on valuation technique mentioned in the table below.

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.

39.3.2 Fair value of non-financial assets

Certain categories of property and equipment (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 16. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of the State Bank of Pakistan.

39.3.3 Valuation techniques

| Item | Valuation approach and input used |
|---|--|
| Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (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 Sukuks, Overseas 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. |
| Ordinary shares - unlisted | The fair value of investments in unlisted equity securities are valued on the basis of dividend discount model / discounted cashflow / price earnings multiple. |
| Mutual funds - unlisted | The fair value of investments in unlisted mutual funds are valued based on net asset value. |
| Forward foreign exchange contracts | The valuation has been determined by interpolating the FX revaluation rates announced by the SBP. |
| 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. |
| Property and equipment 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 used 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. |

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

| For the quarter ended March 31, 2024 (Un-audited) | | | | | | | | | | |
|---|---------------|-----------------------|-------------|---------------|------------|--------------|-----------|-------------|-----------------|---------------|
| Retail | Corporate | Islamic (Domestic) | Treasury | Digital | Overseas | Subsidiaries | Others* | Elimination | Total | |
| ------(Rupees in '000)----- | | | | | | | | | | |
| Consolidated Profit & loss account | | | | | | | | | | |
| Net mark-up /return / profit | (28,877,174) | 3,098,207 | 8,128,075 | 47,250,100 | (2,139) | 1,975,211 | (54,166) | (732,541) | - | 30,785,573 |
| Inter segment revenue - net | 49,550,426 | 1,729,104 | (292,414) | (51,272,534) | 2,119,188 | 372,103 | - | 756,439 | (2,962,312) | - |
| Non mark-up / return / interest income | 2,390,611 | 1,307,073 | 570,814 | 2,781,323 | 275,519 | 443,724 | 133,439 | 174,772 | (2,252) | 8,075,023 |
| Total income | 23,063,863 | 6,134,384 | 8,406,475 | (1,241,111) | 2,392,568 | 2,791,038 | 79,273 | 198,670 | (2,964,564) | 38,860,596 |
| Segment direct expenses | | | | | | | | | | |
| Inter segment expense allocation | 7,528,523 | 180,017 | 2,964,537 | 255,801 | 733,403 | 1,033,418 | 144,581 | 6,320,196 | (2,252) | 19,158,224 |
| Total expenses | 3,948,317 | 447,596 | 1,335,452 | 189,204 | 570,552 | 141,462 | - | (6,292,069) | (340,514) | - |
| Credit loss allowance / provision / (reversals) | 11,476,840 | 627,613 | 4,299,989 | 445,005 | 1,303,955 | 1,174,880 | 144,581 | 28,127 | (342,766) | 19,158,224 |
| Profit / (loss) before tax | (188,527) | 109,181 | 41,839 | (65,323) | 5,144 | (14,739) | - | - | - | (112,425) |
| | 11,775,550 | 5,397,590 | 4,064,647 | (1,620,793) | 1,083,469 | 1,630,897 | (65,308) | 170,543 | (2,621,798) | 19,814,797 |
| As at March 31, 2024 (Un-audited) | | | | | | | | | | |
| Retail | Corporate | Islamic (Domestic) | Treasury | Digital | Overseas | Subsidiaries | Others* | Elimination | Total | |
| ------(Rupees in '000)----- | | | | | | | | | | |
| Consolidated Statement of Financial Position | | | | | | | | | | |
| Cash & bank balances | 108,709,504 | 17,344,649 | 37,870,182 | - | 830,288 | 46,239,665 | 2,286,833 | - | (1,358,006) | 211,923,115 |
| Investments | - | 3,909,787 | 232,434,615 | 1,448,901,873 | - | 125,018,544 | 16,841 | 6,786,999 | - | 1,817,068,659 |
| Net inter segment lending | 968,513,472 | 87,004,766 | - | - | 11,744,330 | - | - | 86,175,940 | (1,153,438,508) | - |
| Lendings to financial institutions | - | - | 21,020,384 | 15,611,369 | - | 9,227,398 | - | - | (26,141,279) | 19,717,872 |
| Advances - performing | 199,162,887 | 287,763,269 | 156,160,411 | - | 131,104 | 42,208,194 | 6,144 | 18,456,175 | (987,756) | 702,900,428 |
| Advances - non-performing | 2,064,966 | 1,233,710 | 582,475 | - | 3,088 | 175,383 | - | 87,086 | - | 4,146,708 |
| Others | 31,097,010 | 35,363,835 | 49,415,064 | 67,200,126 | 1,613,567 | (17,583,487) | 1,171,279 | 63,743,994 | (103,882) | 231,917,506 |
| Total assets | 1,309,547,839 | 432,620,016 | 497,483,131 | 1,531,713,368 | 14,322,377 | 205,285,697 | 3,481,097 | 175,250,194 | (1,182,029,431) | 2,987,674,288 |
| Borrowings | | | | | | | | | | |
| Subordinated debt | 22,860,500 | 88,658,200 | 37,572,930 | 422,310,128 | - | 37,520,694 | 2,083,679 | - | (28,438,278) | 582,567,853 |
| Deposits and other accounts | - | - | - | - | - | - | - | 14,000,000 | - | 14,000,000 |
| Net inter segment borrowing | 1,239,629,992 | 259,035,382 | 376,293,743 | - | 13,838,136 | 153,712,243 | - | 12,558 | (178,849) | 2,042,343,205 |
| Others | - | 33,023,987 | 24,424,662 | 1,094,992,000 | - | 997,876 | - | - | (1,153,438,525) | - |
| Others | 47,057,347 | 51,902,447 | 55,811,030 | 13,522,015 | 484,241 | 12,523,083 | 1,253,406 | 24,131,753 | 26,221 | 206,711,543 |
| Total liabilities | 1,309,547,839 | 432,620,016 | 494,102,365 | 1,530,824,143 | 14,322,377 | 204,753,896 | 3,337,085 | 38,144,311 | (1,182,029,431) | 2,845,622,601 |
| Net assets | - | - | 3,380,766 | 889,225 | - | 531,801 | 144,012 | 137,105,883 | - | 142,051,687 |
| Equity including Non-controlling interest | | | | | | | | | | 142,051,687 |
| Contingencies & Commitments | 127,744,963 | 234,891,669 | 70,871,566 | 349,324,461 | 76,006 | 63,412,992 | 548,216 | 4,441,319 | - | 851,311,192 |

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

| For the quarter ended March 31, 2023 (Un-audited) | | | | | | | | | | |
|---|---------------|-----------------------|-------------|---------------|------------|--------------|-----------|-------------|-----------------|---------------|
| Retail | Corporate | Islamic (Domestic) | Treasury | Digital | Overseas | Subsidiaries | Others* | Elimination | Total | |
| ------(Rupees in '000)----- | | | | | | | | | | |
| Consolidated Profit & loss account | | | | | | | | | | |
| Net mark-up / return / profit | (10,663,789) | 5,686,906 | 5,155,677 | 26,796,215 | 2,702 | 1,588,460 | (23,435) | (628,951) | - | 27,913,785 |
| Inter segment revenue - net | 27,133,335 | (1,154,749) | (306,030) | (25,649,913) | 1,612,761 | (12,875) | - | 550,836 | (2,173,365) | - |
| Non mark-up / return / interest income | 1,921,799 | 859,648 | 502,258 | 2,702,782 | 219,464 | 291,945 | 126,929 | 135,273 | (3,493) | 6,756,605 |
| Total income | 18,391,345 | 5,391,805 | 5,351,905 | 3,849,084 | 1,834,927 | 1,867,530 | 103,494 | 57,158 | (2,176,858) | 34,670,390 |
| Segment direct expenses | | | | | | | | | | |
| Inter segment expense allocation | 5,983,902 | 532,950 | 2,213,513 | 210,326 | 631,788 | 833,401 | 105,736 | 4,611,352 | (3,493) | 15,119,475 |
| Total expenses | 2,711,796 | 444,948 | 804,632 | 242,056 | 359,148 | 118,856 | - | (4,611,352) | (70,084) | - |
| Credit loss allowance / provision / (reversals) | 8,695,698 | 977,898 | 3,018,145 | 452,382 | 990,936 | 952,257 | 105,736 | - | (73,577) | 15,119,475 |
| Profit / (loss) before tax | 1,126,045 | 669,250 | 317,165 | (218,872) | 6,120 | 928 | - | (1,378,861) | - | 521,775 |
| | 8,569,602 | 3,744,657 | 2,016,595 | 3,615,574 | 837,871 | 914,345 | (2,242) | 1,436,019 | (2,103,281) | 19,029,140 |
| As at December 31, 2023 (Audited) | | | | | | | | | | |
| Retail | Corporate | Islamic (Domestic) | Treasury | Digital | Overseas | Subsidiaries | Others* | Elimination | Total | |
| ------(Rupees in '000)----- | | | | | | | | | | |
| Consolidated Statement of Financial Position | | | | | | | | | | |
| Cash & bank balances | 107,505,103 | 20,666,132 | 33,920,116 | - | 801,318 | 56,947,383 | 512,336 | - | (669,800) | 219,682,588 |
| Investments | - | 3,609,787 | 214,732,021 | 1,743,435,218 | - | 104,537,703 | 19,201 | 5,822,837 | - | 2,072,156,767 |
| Net inter segment lending | 973,612,195 | 87,039,833 | - | - | 11,390,718 | - | - | 124,249,350 | (1,196,292,096) | - |
| Lendings to financial institutions | - | - | 32,832,027 | 94,864,225 | - | 13,960,199 | - | - | (22,102,342) | 119,554,109 |
| Advances - performing | 207,915,194 | 299,248,029 | 161,980,731 | - | 80,881 | 44,106,831 | 10,318 | 16,460,775 | - | 729,802,759 |
| Advances - non-performing | 2,955,353 | 1,449,384 | 589,393 | - | 8,333 | 177,923 | - | 78,682 | - | 5,259,068 |
| Others | 21,680,353 | 30,738,634 | 41,414,392 | 62,367,729 | 1,333,206 | 9,780,632 | 940,555 | 35,034,534 | (77,529) | 203,212,506 |
| Total assets | 1,313,668,198 | 442,751,799 | 485,468,680 | 1,900,667,172 | 13,614,456 | 229,510,671 | 1,482,410 | 181,646,178 | (1,219,141,767) | 3,349,667,797 |
| Borrowings | | | | | | | | | | |
| Subordinated debt | 23,956,020 | 88,567,733 | 40,501,991 | 747,762,555 | - | 31,762,975 | 672,579 | - | (23,007,821) | 910,216,032 |
| Deposits and other accounts | - | - | - | - | - | - | - | 14,000,000 | - | 14,000,000 |
| Net inter segment borrowing | 1,243,732,370 | 305,616,623 | 365,397,636 | - | 13,355,298 | 157,205,824 | - | - | (366,494) | 2,084,941,257 |
| Others | - | - | 22,614,166 | 1,144,470,847 | - | 29,207,083 | - | - | (1,196,292,096) | - |
| Total liabilities | 45,979,808 | 48,567,443 | 53,942,917 | 9,462,016 | 259,158 | 12,072,324 | 1,595,603 | 28,483,357 | 524,644 | 200,887,270 |
| Net assets | 1,313,668,198 | 442,751,799 | 482,456,710 | 1,901,695,418 | 13,614,456 | 230,248,206 | 2,268,182 | 42,483,357 | (1,219,141,767) | 3,210,044,559 |
| Equity including Non-controlling interest | - | - | 3,011,970 | (1,028,246) | - | (737,535) | (785,772) | 139,162,821 | - | 139,623,238 |
| Contingencies & Commitments | 127,717,077 | 220,203,714 | 66,758,549 | 447,453,464 | 8 | 61,147,942 | 450,000 | 5,313,913 | - | 929,044,667 |

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

41 RELATED PARTY TRANSACTIONS

The Group has related party transactions with its 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 consolidated financial statements are as follows:

| | As at March 31, 2024 (Un-audited) | | | | As at December 31, 2023 (Audited) | | | |
|---|-----------------------------------|--------------------------|------------|-----------------------|-----------------------------------|--------------------------|------------|-----------------------|
| | Directors/ CEO | Key management personnel | Associates | Other related parties | Directors/ CEO | Key management personnel | Associates | Other related parties |
| | ------(Rupees in '000)----- | | | | ------(Rupees in '000)----- | | | |
| Lendings to financial institutions | | | | | | | | |
| Opening balance | - | - | - | - | - | - | - | - |
| Addition during the period / year | - | - | - | - | - | - | - | 6,332,364 |
| Repaid during the period / year | - | - | - | - | - | - | - | (6,332,364) |
| Transfer in / (out) - net | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | - | - | - | - | - |
| Investments | | | | | | | | |
| Opening balance | - | - | 6,052,472 | 1,802,909 | - | - | 4,634,071 | 1,552,048 |
| Investment made during the period / year | - | - | - | 59,265 | - | - | - | 683,255 |
| Investment redeemed / disposed off during the period / year | - | - | - | - | - | - | - | (504,303) |
| Revaluation of investment during the period / year | - | - | - | 71,206 | - | - | - | 71,909 |
| Equity method adjustment | - | - | 169,415 | - | - | - | 1,418,401 | - |
| Transfer in / (out) - net | - | - | - | - | - | - | - | - |
| Closing balance | - | - | 6,221,887 | 1,933,380 | - | - | 6,052,472 | 1,802,909 |
| Advances | | | | | | | | |
| Opening balance | 14,918 | 935,186 | - | 1,925,526 | 18,062 | 672,608 | - | 2,367,924 |
| Addition during the period / year | - | 85,811 | - | 19,648,491 | 911 | 604,716 | - | 90,959,543 |
| Repaid during the period / year | (673) | (53,021) | - | (19,301,358) | (4,055) | (314,643) | - | (90,662,727) |
| Transfer in / (out) - net | - | - | - | - | - | (27,495) | - | - |
| Write off | - | - | - | - | - | - | - | (739,214) |
| Closing balance | 14,245 | 967,976 | - | 2,272,659 | 14,918 | 935,186 | - | 1,925,526 |
| Other Assets | | | | | | | | |
| Interest / mark-up accrued | 3,180 | 66,272 | - | 149,249 | 2,791 | 59,977 | - | 90,690 |
| Receivable from staff retirement fund | - | - | - | 272,761 | - | - | - | 440,585 |
| Prepayment / rent receivable | - | - | 2,268 | - | - | - | 6,214 | - |
| Advance against shares | - | - | - | 140,000 | - | - | - | 140,000 |
| Provision against other assets | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - |
| Borrowings | | | | | | | | |
| Opening balance | - | - | - | 2,605,576 | - | - | - | 2,180,207 |
| Borrowings during the period / year | - | - | - | 1,500,000 | - | - | - | 2,095,000 |
| Settled during the period / year | - | - | - | (1,968,480) | - | - | - | (1,669,631) |
| Transfer in / (out) - net | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | 2,137,096 | - | - | - | 2,605,576 |

| | As at March 31, 2024 (Un-audited) | | | | As at December 31, 2023 (Audited) | | | |
|--|---|--------------------------|---------------|-----------------------|---|--------------------------|---------------|-----------------------|
| | Directors/ CEO | Key management personnel | Associates | Other related parties | Directors/ CEO | Key management personnel | Associates | Other related parties |
| | ------(Rupees in '000)----- | | | | ------(Rupees in '000)----- | | | |
| Deposits and other accounts | | | | | | | | |
| Opening balance | 406,959 | 340,757 | 17,153,420 | 18,550,205 | 38,466 | 184,994 | 3,078,698 | 12,308,779 |
| Received during the period / year | 2,245,625 | 1,305,744 | 238,111,620 | 50,715,530 | 1,190,788 | 3,877,341 | 840,300,568 | 318,163,352 |
| Withdrawn during the period / year | (661,504) | (1,127,246) | (252,256,961) | (57,064,344) | (822,295) | (3,686,772) | (826,225,846) | (311,950,193) |
| Transfer in / (out) - net | - | - | - | - | - | (34,806) | - | 28,267 |
| Closing balance | 1,991,080 | 519,255 | 3,008,079 | 12,201,391 | 406,959 | 340,757 | 17,153,420 | 18,550,205 |
| Subordinated debt | | | | | | | | |
| Opening balance | - | - | - | 300,000 | - | - | - | 300,000 |
| Issued / Purchased during the year | - | - | - | - | - | - | - | - |
| Redemption / Sold during the year | - | - | - | - | - | - | - | - |
| Closing balance | - | - | - | 300,000 | - | - | - | 300,000 |
| Other Liabilities | | | | | | | | |
| Interest / mark-up payable | 945 | 5,389 | - | 106,052 | 737 | 1,045 | - | 130,491 |
| Dividend Payable | 1,854,361 | 1 | - | 2,047,128 | 1,975,728 | - | - | 1,845,246 |
| Others | - | - | - | 57,824 | - | - | - | 54,868 |
| Contingencies and Commitments | - | - | - | 1,216,027 | - | - | - | 1,573,620 |
| | ------(Rupees in '000)----- | | | | ------(Rupees in '000)----- | | | |
| | For the quarter ended March 31, 2024 (Un-audited) | | | | For the quarter ended March 31, 2023 (Un-audited) | | | |
| | ------(Rupees in '000)----- | | | | ------(Rupees in '000)----- | | | |
| Income | | | | | | | | |
| Mark-up / return / interest earned | 435 | 8,174 | - | 152,496 | 398 | 5,387 | - | 35,491 |
| Fee and commission income | - | - | 75,920 | 1,964 | - | - | 30,372 | 1,605 |
| Dividend income | - | - | 105,000 | 115,692 | - | - | 66,000 | 11,464 |
| Gain / (loss) on sale of securities | - | 4 | - | - | - | 1 | - | (2,182) |
| Rent on property | - | - | 975 | - | - | - | 1,556 | - |
| Gain on sale of property and equipment - net | - | - | 2,504 | - | - | 36 | 1,558 | - |
| Expenses | | | | | | | | |
| Mark-up / return / interest paid | 5,655 | 10,081 | 228,504 | 555,799 | 1,030 | 5,333 | 96,081 | 436,425 |
| Other operating expenses | | | | | | | | |
| Directors fee | 50,800 | - | - | - | 40,977 | - | - | - |
| Managerial remuneration | 239,373 | 842,068 | - | - | 172,907 | 584,118 | - | - |
| Software maintenance | - | - | - | 67,709 | - | - | - | 82,546 |
| Communication cost | - | - | - | 151,780 | - | - | - | 42,566 |
| Charge for defined benefit plan | - | - | - | 167,824 | - | - | - | 116,750 |
| Contribution to defined contribution plan | - | - | - | 213,652 | - | - | - | 179,206 |
| Others | - | - | - | 416 | - | - | - | 163 |
| Other Information | | | | | | | | |
| Dividend paid | 1,975,727 | 9,056 | 7,465 | 1,661,448 | 2,177 | 5,019 | 5,903 | 134,203 |
| Insurance premium paid | - | - | 1,094,934 | - | - | - | 1,021,431 | - |
| Insurance claims settled | - | - | 215,993 | - | - | - | 163,751 | - |

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

15,771,651

15,771,651

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

113,336,329

112,301,515

Eligible Additional Tier 1 (ADT 1) Capital

13,550,000

13,550,000

Total eligible tier 1 capital

126,886,329

125,851,515

Eligible tier 2 capital

37,428,339

35,171,385

Total eligible capital (tier 1 + tier 2)

164,314,668

161,022,900

Risk Weighted Assets (RWAs):

Credit risk

760,768,780

783,469,384

Market risk

44,732,575

18,233,250

Operational risk

177,472,700

177,472,700

Total

982,974,055

979,175,334

Common equity tier 1 capital adequacy ratio

11.53%

11.47%

Tier 1 capital adequacy ratio

12.91%

12.85%

Total capital adequacy ratio

16.72%

16.44%

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 Teer-1 capital

126,886,329

125,851,515

Total exposures

3,548,272,202

3,541,562,293

Leverage ratio

3.58%

3.55%

Liquidity Coverage Ratio (LCR):

Total high quality liquid assets

1,287,297,946

1,082,954,156

Total net cash outflow

642,272,127

488,388,254

Liquidity coverage ratio

200%

222%

Net Stable Funding Ratio (NSFR):

Total available stable funding

1,648,613,452

1,634,520,450

Total required stable funding

1,137,879,520

1,012,638,563

Net stable funding ratio

145%

161%

43 AFGHANISTAN OPERATIONS

The Holding Company's 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 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.

44 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 24, 2024 has declared an interim cash dividend of 20% i.e. Rs. 2.0 per share (March 31, 2023: Nil). These unconsolidated condensed interim financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

45 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on April 24, 2024 by the Board of Directors of the Holding Company.

46 GENERAL

46.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary for better presentation and classification.

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

| Description of item | Nature | (Rupees in '000) | From | To |
|---|-----------|------------------|--|------------------------|
| Right-of-use assets | Asset | 20,208,458 | Property and equipment | Right-of-use assets |
| Lease liabilities against right-of-use-assets | Liability | 23,703,301 | Other liabilities | Lease liabilities |
| IBFT Charges | Expense | 24,177 | Commission on remittances including home remittances | Communication |
| Auditors' remuneration | Expense | 14,915 | Legal and professional charges | Auditors' remuneration |
| Auditors' remuneration | Expense | 1,300 | Consultancy and support services | Auditors' remuneration |
| Auditors' remuneration | Expense | 2,545 | Software maintenance | Auditors' remuneration |

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director