

WE VALUE YOU

Quarterly Report
March 2023

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Corporate Information

Board of Directors

Mr. Ali Hussain
Mr. Syed Amir Ali
Dr. Amjad Waheed
Mr. Haider Ali Hilaly
Dr. Lalarukh Ejaz
Mr. Sulaiman Sadruddin Mehdi
Mr. Syed Ali Hasham
Mr. Tasnim-ul-Haq Farooqui

Chairman (Non-Executive Director)
President & Chief Executive Officer
Independent Director
Independent Director
Independent Director
Independent Director
Non-Executive Director
Non-Executive Director

Shariah Supervisory Board

Mufti Irshad Ahmad Aijaz
Mufti Javed Ahmad
Mufti Muhammad Husain
Mufti Syed Hussain Ahmed

Chairperson
Member
Member
Member

Board Audit Committee

Mr. Haider Ali Hilaly
Dr. Lalarukh Ejaz
Mr. Sulaiman Sadruddin Mehdi
Mr. Syed Ali Hasham
Mr. Tasnim-ul-Haq Farooqui

Chairperson
Member
Member
Member
Member

Board Risk Management Committee

Dr. Amjad Waheed
Mr. Sulaiman Sadruddin Mehdi
Mr. Syed Ali Hasham
Mr. Syed Amir Ali

Chairperson
Member
Member
Member

Board Human Resources & Remuneration Committee

Mr. Sulaiman Sadruddin Mehdi
Mr. Ali Hussain
Dr. Amjad Waheed
Dr. Lalarukh Ejaz
Mr. Syed Ali Hasham
Mr. Tasnim-ul-Haq Farooqui

Chairperson
Member
Member
Member
Member
Member

Board Information Technology (IT) Committee

Dr. Lalarukh Ejaz
Mr. Haider Ali Hilaly
Mr. Syed Amir Ali
Mr. Tasnim-ul-Haq Farooqui

Chairperson
Member
Member
Member

Company Secretary

Mr. Muhammad Shoaib

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Adviser

1- Haidermota & Co.
2- Mohsin Tayebaly & Co.

Management (in alphabetical order)

Syed Amir Ali
Aasim Salim
Bilal Fiaz
Burhan Hafeez Khan
Kashif Nisar
Mahmood Rashid
Masood Muhammad Khan
Mateen Mahmood
Mohammad Faisal Dhedhi
Muhammad Amin
Muhammad Assadullah Chaudhry
Muhammad Idrees Sheikh
Muhammad Irfan Ahmed
Muhammad Shoaib
Muhammad Shoaib Rizwani
Muhammad Uzair Sipra
Rizwan Ata
Rizwan Qamar Lari
Sohail Sikandar
Syed Muhammad Aamir Shamim
Tariq Ali Khan
Usman Shahid
Zabih Ullah Usmani
Zaheer Elahi Babar

President & Chief Executive Officer
General Manager Central
Group Head Consumer Banking
General Manager South West
Head of Product & Shariah Structuring
Head of Government Relations & Security
Head of Compliance
Head of Operations
General Manager South East
Group Head Information Technology
Head of Human Resource
Divisional General Manager Interior Sindh
Head of Shariah Compliance
Company Secretary
Divisional General Manager South Punjab
Head of Legal
Group Head Distribution
Group Head Internal Audit
Chief Financial Officer
Group Head Treasury & Financial Institutions
General Manager North
Group Head Risk Management
Divisional General Manager Balochistan
Group Head Corporate Banking

Registered Office

11th Floor, Executive Tower, Dolmen City,
Marine Drive, Block-4, Clifton, Karachi.
Phone (92-21) 111-247(BIP)-111
Fax: (92-21) 35378373
Email: info@bankislami.com.pk

Share Registrar

CDC Share Registrar Services Limited
Head Office: CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Karachi- 74400.
Tel: (92) 0800-23275 Fax: (92-21) 34326053
URL: www.cdcsrsl.com
Email: info@cdcsrsl.com

Public Dealing Timings of Share Registrar

Monday to Thursday: 9:00 am to 5:00 pm
Friday 9:00 am to 12:30 pm and 2:30 pm to 5:00 pm

Website:

www.bankislami.com.pk

Directors' Report to the Members

Dear Members,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of BankIslami Pakistan Limited ('the Bank' or 'BankIslami') along with the Condensed Interim Un-audited Financial Statements for the period ended March 31, 2023.

Overview on Economy & Industry Outlook

Brief Overview on Economy

The Monetary Policy Committee (MPC) increased the policy rate from 16% in Dec 2022 to 21% in Apr 2023 to control rising inflation, which rose to 35.4% in March (Avg: Jul 22 – Mar 23: 27.3%) and is expected to stay at elevated level owing to market frictions caused by relative demand and supply gap of essential items, exchange rate depreciation and recent upward adjustment of administered prices of petrol and diesel.

Due to rise in policy rate and depreciation in exchange rate, the Current Account Balance recorded USD 654 million surplus in March 2023 against a deficit of USD 36 million in February 2023. Cumulatively, Current Account Deficit reduced to USD 3.4 billion in Jul-Mar FY2023 against a deficit of USD 13 billion in Jul-Mar FY2022, about 74% lower than the same period last year, mainly due to contraction in imports of non-essential items. Although commodity prices in the international markets have fallen from their peak levels in mid-2022, but are still significantly higher than their pre-Covid levels. Global growth is forecasted to fall to 2.9% in 2023 which is below the historical average of 3.8% whereas Pakistan's GDP growth is projected to be around 0.5% in FY23 as against earlier expectation of 2.0%. Due to global recession, exports of the country declined by 7% during Jul-Feb FY2023 and reached to USD 18.8 billion (USD 20.6 billion same period last year). On the other hand, due to depleting FX reserves and various measures taken by the authorities, imports declined sharply by 24% during Jul-Feb FY2023 and reached to USD 40.0 billion (USD 52.5 billion same period last year), reducing trade deficit (Jul-Feb FY2023) to USD 21.3 billion as against USD 31.9 billion same period last year.

The State Bank's foreign exchange reserves, after touching a low of \$2.9 billion on 3rd February, 2023, have since recovered to USD 4.0 billion by 7th April, 2023. Through demand management policies, Government is trying to limit the current account deficit, which would support in stabilizing the dwindling reserves. As Government successfully completes the IMF's 9th review under its Extended Fund Facility (EFF) program, it would clear out the uncertainty regarding external financing.

(Source: SBP Monetary Policy Statement, Other Publications, GoP Monthly Economic Update & Outlook and News Reports)

Financial Performance

Following are the key financial highlights for the quarter ended March 31, 2023:

Key Balance Sheet Numbers	Mar 2023	Dec 2022	Mar 2022	Mar 2023 Vs Dec 2022	Mar 2023 Vs Mar 2022
	Rupees in '000			%	
Net Assets	26,816,824	26,450,401	22,992,497	1.4%	16.6%
Deposits	410,941,586	415,911,942	331,956,591	- 1.2%	23.8%
Financing and related assets - net	240,764,691	201,328,442	196,028,462	19.6%	22.8%
Investments – net	201,137,203	179,741,488	127,431,698	11.9%	57.8%
Due from FI	17,921,490	23,878,183	23,160,161	-24.9%	-22.6%

Key profit and expense numbers	Mar 2023 Rs. in '000	Mar 2022 Rs. in '000	% Change
Profit / return earned	16,563,342	7,754,355	113.6%
Profit / return expensed	9,654,353	4,409,965	118.9%
Net Spread Earned	6,908,989	3,344,390	106.6%
Operating expenses	3,613,054	2,660,729	35.8%
Operating Profit before provisions	4,001,303	1,339,081	198.8%
Profit after taxation	1,794,314	522,116	243.6%
Earnings per share (in Rupees)	1.6184	0.4709	243.6%

Overall deposit of the Bank witnessed growth of 23.8% on year on year basis whereas a decrease of 1.2% was observed as compared to the year-end 2022. The Bank has strategized to surpass its target for the year ending 2023 through opening of new branches and focus on cash management services and employee banking. The Bank will continue to pursue an assertive approach to grow its Current Account base while tapping the influx in demand of term deposit products by offering attractive profit rates. Accordingly, Term Deposit as at March 31, 2023 grew by 6.2% as compared to the level as at December 31, 2022.

The Bank has achieved a healthy growth of 22.8% in financing on year on year basis and 19.6% as compared with December 2022 despite tight regulatory measures on auto financing and non-availability of subsidized housing finance for fresh cases. The ADR (gross) of the Bank stood at 63.4% whereas it was around 52.9% as at December 2022. Due to equal focus on growing healthy financing portfolio and recovering from non-performing financing, infection ratio of the Bank has improved to 8.01% which was recorded at 9.02% as at December 31, 2022. In view of prevailing economic situation, the Bank has recorded additional general provision of Rs. 300 million during Q1 2023. With the recording of additional general provision, coverage ratio of the Bank has reached to 95.6%.

A healthy capital base provides the foundation to maintain a healthy asset book. As at March 31, 2023, the Bank's Capital Adequacy Ratio (CAR) recorded at 17.90% which is almost at the same level as at December 31, 2022. This is despite accounting for dividend payable to shareholders @ Re. 1/- as approved by the shareholders for the year ended December 31, 2022.

During Q1 2023, the Bank deployed surplus liquidity mainly in GoP Ijarah Sukuk, hence, the Bank's investment portfolio has increased to Rs. 201.13 billion from Rs. 179.74 billion, registering a considerable increase of 11.9%. Consequently, investment to deposit ratio (IDR) jumped from 43.22% as at December 31, 2022 to 48.95% as at March 31, 2023.

Alhamdulillah! the Bank has witnessed a healthy growth in profits for the period ended March 31, 2023 where its three pronged strategy remain successful i.e. availability of right level of CASA mix, healthy growth in low risk weighted financing portfolio and investment in GoP Sukuk. Despite increase in tax rates, the Bank posted profit after tax of Rs. 1.79 billion, depicting a growth of 243.7% as compared to Q1 2022.

Group Results

During the Q1 2023, the Group's total assets had comparatively grown by 10.13%. This growth in the Group's financial position was primarily contributed by increase in financing and investments within the Islamic Banking segment. The Group successfully earned a profit after taxation of Rs. 1.79 billion, representing a 243.7% increase from the same period last year. This was achieved primarily due to increase in earning assets, growth in profit bearing liabilities and rise in policy rates.

Composition of the Board

In line with the requirements of the CCG and best practices, the Board of the Bank comprises of both non-executive and independent directors, including representation of a female director on the Board.

The current composition of the Board is as follows:

Total number of Directors

8

Composition:

(i)	Independent Directors:	4
(ii)	Non-executive Directors:	3
(iii)	Executive Director:	1
(a)	Female Director:	1
(b)	Male Directors:	7

Acknowledgements

The Board would like to place on record its deep appreciation to the State Bank of Pakistan for providing assistance and guidance. We would also like to thank the Securities and Exchange Commission of Pakistan and other regulatory authorities for their support to the Bank. We would like to express our gratitude to our valued customers, business partners and shareholders for their continued patronage and trust. Moreover, we would also like to acknowledge the dedication, commitment and hard work put in by our management team and employees that has enabled BankIslami to achieve a prominent position in the Banking industry in general and Islamic Banking industry in particular, *Alhamdulillah*.

On behalf of the Board,

-Sd-

Syed Amir Ali
President & Chief Executive Officer

April 27, 2023

-Sd-

Ali Hussain
Chairman of the Board of the Directors

1	(iii) ایگزیکٹو ڈائریکٹرز
1	(اے) خاتون ڈائریکٹر
7	(بی) مرد ڈائریکٹرز

اظہار تشکر

بورڈ، اسٹیٹ بینک آف پاکستان کو معاونت اور رہنمائی فراہم کرنے پر خراج تحسین پیش کرتے ہوئے ریکارڈ کا حصہ بنانا چاہتا ہے۔ بورڈ سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان اور دیگر انضباطی حکام کی جانب سے تائید کئے جانے پر بھی تہہ دل سے مشکور ہے۔ ہم اپنے گراں قدر صارفین، کاروباری شراکت داروں اور حصص یافتگان کے ان کی جانب سے کی جانے والی سرپرستی کے لئے بھی بے حد مشکور ہیں۔ مزید یہ کہ ہم اپنی انتظامی ٹیم اور ملازمین کی لگن، عزم اور سخت محنت کو بھی قدر کی نگاہ سے دیکھتے ہیں۔ جس نے بینک اسلامی کو نہ صرف بینکاری کی صنعت میں بلکہ خاص طور پر اسلامی بینکاری کی صنعت میں اہم مقام دیا ہے۔ الحمد للہ

منجانب و حسب الحکم بورڈ

-Sd-

علی حسین

چیئرمین آف بورڈ آف ڈائریکٹرز

-Sd-

سید عامر علی

صدر اور چیف ایگزیکٹو آفیسر

27 اپریل، 2023

بینک نے آٹو فنانسنگ پر سخت ریگولیٹری اقدامات اور تازہ کیسز کیلئے سپسڈ انڈ ہاؤسنگ فنانس کی عدم دستیابی کے باوجود سالانہ بنیادوں پر فنانسنگ میں 22.8 فیصد اور دسمبر 2022 کے مقابلے میں 19.6 فیصد کی شاندار نمو حاصل کی۔ بینک کا ADR (مجموعی) 63.4 فیصد رہا جبکہ دسمبر 2022 کو یہ 52.9 فیصد تھا۔ صحت مند فنانسنگ پورٹ فولیو کو بڑھانے اور غیر فعال فنانسنگ سے بازیابی پر مساوی توجہ کی وجہ سے بینک کا انفلیکشن ریشو 8.01 فیصد ہو گیا ہے جو کہ 31 دسمبر 2022 تک 9.02 فیصد پر ریکارڈ کیا گیا تھا۔ موجودہ معاشی صورتحال کے پیش نظر 2023 کی پہلی سہ ماہی کے دوران بینک نے 300 ملین روپے کا اضافی عمومی پروویژن ریکارڈ کیا۔ اضافی عمومی پروویژن ریکارڈ کرنے کے ساتھ بینک کا کوریج ریشو 95.6 فیصد تک پہنچ گیا۔

مستحکم کپٹل میں مستحکم اثاثہ جات کو برقرار رکھنے کیلئے بنیاد فراہم کرتا ہے۔ 31 مارچ، 2023 تک بینک کا کپٹل ایڈووکیسی ریشو (CAR) 17.90 فیصد ریکارڈ کیا گیا جو 31 دسمبر، 2022 کی سطح کے برابر ہے۔ یہ حصص یافتگان کو ایک روپے کے حساب سے قابل ادا منافع منقسمہ کے علاوہ ہے جس کی 31 دسمبر، 2022 کو ختم ہونے والے سال کیلئے حصص یافتگان کی طرف سے منظوری دی گئی۔

2023 کی پہلی سہ ماہی کے دوران بینک نے زیادہ تر حکومتی اجارہ صکوک میں اضافی لیکویڈیٹی رکھی چنانچہ بینک کا سرمایہ کاری پورٹ فولیو 179.74 بلین سے بڑھ کر 201.13 بلین روپے ہو گیا جس میں 11.9 فیصد خاطر خواہ اضافہ ہوا۔ نتیجتاً سرمایہ کاری اور ڈیپازٹس کے درمیان تناسب (IDR) 31 دسمبر، 2022 کے 43.22 فیصد سے بڑھ کر 31 مارچ، 2023 تک 48.95 فیصد ہو گیا۔

الحمد للہ بینک کے 31 مارچ 2023 کو ختم ہونے والی مدت میں منافع میں خاطر خواہ اضافہ ہوا جہاں بینک کی تین جیتی حکمت عملی یعنی CASA کس کی صحیح سطح کی دستیابی، کم خطرے والے مالیاتی پورٹ فولیو میں صحت مند ترقی اور حکومتی صکوک میں سرمایہ کاری کا میاب رہی ہے۔ محصول کی شرح میں اضافے کے باوجود بینک کا بعد از محصول منافع 1.79 بلین روپے رہا جو 2022 کی پہلی سہ ماہی کے مقابلے میں 243.7 فیصد اضافہ کو ظاہر کرتا ہے۔

گروپ کے نتائج

2023 کی پہلی سہ ماہی کے دوران گروپ کے کل اثاثوں میں نسبتاً 10.13 فیصد اضافہ ہوا۔ گروپ کی مالی پوزیشن میں نمو کی وجہ اسلامی بینکنگ سیکمٹ کے اندر فنانسنگ اور سرمایہ کاری میں اضافہ ہے۔ گروپ 1.79 بلین روپے کا بعد از ٹیکس منافع حاصل کرنے میں کامیاب رہا جو گزشتہ سال کی اسی مدت کے مقابلے میں 243.7 فیصد اضافہ ظاہر کرتا ہے۔ جو منافع بخش اثاثوں میں اضافے، منافع پر مبنی واجبات اور پالیسی کی شرح میں اضافے کی وجہ سے حاصل ہوا ہے۔

بورڈ کی تشکیل

سی جی ای اور بہترین طریقوں کے تقاضوں کے مطابق بینک کا بورڈ انان ایگزیکٹو اور آزاد ایگزیکٹرز پر مشتمل ہے، بورڈ میں ایک خاتون ڈائریکٹر کی بھی نمائندگی شامل ہے۔ بورڈ کی موجودہ تشکیل درج ذیل ہے۔

8	ڈائریکٹرز کی کل تعداد
	تشکیل
4	(i) آزاد ایگزیکٹرز
3	(ii) انان ایگزیکٹو ڈائریکٹرز

مالی کارکردگی

31 مارچ، 2023 کو ختم ہونے والی سہ ماہی کے اہم مالی نکات درج ذیل ہیں

فیصد		روپے 000 میں			مالی گوشوارے کے اہم اعداد و شمار
مارچ 2023 vs مارچ 2022	مارچ 2023 vs دسمبر 2022	مارچ 2022	دسمبر 2022	مارچ 2023	
16.6%	1.4%	22,992,497	26,450,401	26,816,824	صافی اثاثہ جات
23.8%	- 1.2%	331,956,591	415,911,942	410,941,586	ڈیپازٹس
22.8%	19.60%	196,028,462	201,328,442	240,764,691	فنانسنگ اور متعلقہ اثاثہ جات - صافی
57.8%	11.9%	127,431,698	179,741,488	201,137,203	سرمایہ کاری - صافی
-22.6%	-24.9%	23,160,161	23,878,183	17,921,490	ایف آئی (FI's) پر واجب الادا

روپے 000 میں		تبدیلی فیصد میں		منافع اور اخراجات کے اہم اعداد و شمار
مارچ 2022	مارچ 2023	مارچ 2022	مارچ 2023	
7,754,355	16,563,342	113.6%		حاصل شدہ منافع / آمدن
4,409,965	9,654,353	118.9%		خرچ شدہ منافع / آمدن
3,344,390	6,908,989	106.6%		حاصل کردہ صافی آمدن
2,660,729	3,613,054	35.8%		آپریٹنگ اخراجات
1,339,081	4,001,303	198.8%		قبل از پروڈیوزر آپریٹنگ منافع
522,116	1,794,314	243.6%		بعد از محصول منافع
0.4709	1.6184	243.6%		فی شخص آمدن (روپے میں)

بینک کے مجموعی ڈیپازٹ میں سالانہ بنیادوں پر 23.8 فیصد اضافہ ہوا جبکہ 2022 کو سال کے اختتام کے مقابلے میں 1.2 فیصد کمی ہوئی۔ بینک نے نئی برانچیں کھولنے اور کیش مینجمنٹ سروسز اور ملازمین کی بینکنگ پروجیکٹس کو زبردستی 2023 کو ختم ہونے والے سال کے لیے اپنے ہدف کو عبور کرنے کی حکمت عملی بنائی ہے۔ بینک اپنے کرنٹ اکاؤنٹس کو بڑھانے کیلئے جارحانہ پالیسی پر عمل درآمد جاری رکھے گا۔ اسی طرح 31 مارچ، 2023 تک ٹرم ڈیپازٹس میں 31 دسمبر، 2022 کے مقابلے میں 6.2 فیصد اضافہ ہوا۔

ڈائریکٹرز کی رپورٹ

معزز اراکین

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ، 2023 کو ختم ہونے والی مدت کیلئے بینک اسلامی کے غیر آڈٹ شدہ مالی گوشواروں کے ہمراہ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معیشت اور انڈسٹری کا جائزہ

معیشت کا مختصر جائزہ

مانٹری پالیسی کمیٹی (ایم پی سی) نے بڑھتے ہوئے افراط زر پر قابو پانے کیلئے پالیسی ریٹ دسمبر 2022 میں 16 فیصد سے بڑھا کر اپریل 2023 میں 21 فیصد کر دیا جبکہ افراط زر مارچ میں بڑھ کر 35.4 فیصد (اوسط: جولائی 22 سے مارچ 23: 27.3 فیصد) ہو گیا، جو ضروری اشیاء سے متعلق طلب اور سپلائی میں فرق، غیر ملکی زرمبادلہ ریٹ میں کمی اور پٹرول اور ڈیزل کی انتظامی قیمتوں میں اینڈ جسٹمنٹ کی وجہ سے مارکیٹ میں پیدا ہونے والے خلل کے نتیجے میں مزید بڑھنے کی توقع ہے۔

پالیسی ریٹ میں اضافہ اور غیر ملکی زرمبادلہ ریٹ میں کمی کی وجہ سے فروری 2023 میں 36 بلین امریکی ڈالر کے کرنٹ اکاؤنٹ خسارہ کے مقابلے میں کرنٹ اکاؤنٹ بیلنس مارچ 2023 میں 654 بلین امریکی ڈالر سرپلس ریکارڈ کیا گیا۔ جولائی مارچ 2023 میں کرنٹ اکاؤنٹ خسارہ کم ہو کر 3.4 بلین امریکی ڈالر تک پہنچ گیا جبکہ جولائی مارچ 2022 میں خسارہ 13 بلین امریکی ڈالر تھا جو گزشتہ سال کی اسی مدت کے مقابلے میں 74 فیصد کم ہے جس کی بڑی وجہ غیر ضروری اشیاء کی درآمدات پر پابندی ہے۔ چونکہ 2022 کے وسط میں عالمی اجناس کی قیمتیں اپنی بلند سطح سے کم ہوئی اس کے باوجود کورونا سے قبل کی سطح سے ابھی بھی زیادہ ہے۔ عالمی معاشی نمو 2023 میں 2.9 فیصد تک رہنے کی پیش گوئی ہے جو کہ 3.8 فیصد کی اوسط تاریخی شرح سے کم ہے۔ پاکستان کی مالی سال 2023 میں معاشی نمو 0.5 فیصد کے لگ بھگ رہنے کی توقع ہے جبکہ اس سے قبل 2.0 فیصد کی توقع کی جارہی تھی۔ عالمی کساد بازاری کی وجہ سے جولائی تا فروری مالی سال 2023 کے دوران ملک کی برآمدات میں 7 فیصد کمی واقع ہوئی اور 18.8 بلین امریکی ڈالر (گزشتہ سال کی اسی مدت میں 20.6 بلین امریکی ڈالر) تک پہنچ گئی۔ دوسری جانب غیر ملکی زرمبادلہ کے ذخائر میں کمی اور حکومتی اقدامات کی وجہ سے جولائی تا فروری مالی سال 2023 کے دوران درآمدات میں تیزی سے 24 فیصد کمی واقع ہوئی اور تجارتی خسارہ (جولائی تا فروری مالی سال 2023) 40.0 بلین امریکی ڈالر (گزشتہ سال کی اسی مدت میں 52.5 بلین امریکی ڈالر) تک پہنچ گیا جو گزشتہ سال کی اسی مدت کے 31.9 بلین امریکی ڈالر کے مقابلے میں 21.3 بلین امریکی ڈالر تک پہنچ گیا۔

اسٹیٹ بینک کے غیر ملکی زرمبادلہ کے ذخائر 3 فروری، 2023 کو 2.9 بلین امریکی ڈالر کی کم ترین سطح پر پہنچ گئے تھے جو 7 اپریل، 2023 تک واپس 4.0 بلین امریکی ڈالر تک پہنچ گئے۔ حکومت ڈیماڈ میٹجمنٹ پالیسیوں کے ذریعے کرنٹ اکاؤنٹ خسارے کو کم کرنے کی کوشش کر رہی ہے جس سے کم ہوتے ہوئے ذخائر کو مستحکم کرنے میں مدد ملے گی۔ جیسے ہی حکومت آئی ایم ایف کے توسیعی فنڈ سہولت پروگرام کے تحت 9 واں جائزہ کامیابی سے مکمل کرتی ہے جس سے بیرونی فنانسنگ کے حوالے سے غیر یقینی صورتحال ختم ہوگی۔

(ماخذ: ایس بی پی مانیٹری پالیسی اسٹیٹمنٹ، دیگر پبلیکیشنز، جی او پی ماہانہ معاشی اپ ڈیٹس و آؤٹ لک اور نیوز رپورٹ)

Condensed Interim
Unconsolidated Financial Statements
of
BankIslami Pakistan Limited
For the Quarter Ended
March 31, 2023

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Statement of Financial Position

AS AT MARCH 31, 2023

		(Un-audited)	(Audited)
		March 31	December 31
	Note	2023	2022
		----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	6	27,986,697	39,972,702
Balances with other banks	7	2,468,530	2,045,955
Due from financial institutions - net	8	17,921,490	23,878,183
Investments - net	9	201,137,203	179,741,488
Islamic financing, related assets and advances - net	10	240,764,691	201,328,442
Property and equipment	11	11,555,789	11,291,988
Right-of-use-assets	12	2,741,040	2,897,382
Intangible assets	13	3,339,321	3,261,569
Deferred tax assets	14	2,852,572	3,338,805
Other assets - net	15	25,758,269	19,482,598
Total Assets		536,525,602	487,239,112
LIABILITIES			
Bills payable	16	2,900,730	3,530,929
Due to financial institutions	17	73,106,532	21,052,256
Deposits and other accounts	18	410,941,586	415,911,942
Lease liabilities	19	3,346,849	3,559,675
Subordinated Sukuk	20	2,850,000	2,850,000
Other liabilities	21	16,563,081	13,883,909
		509,708,778	460,788,711
NET ASSETS		26,816,824	26,450,401
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		2,591,091	2,591,091
Surplus on revaluation of assets - net of tax	22	2,423,673	2,768,287
Unappropriated profit		10,794,069	10,083,032
		26,816,824	26,450,401
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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CHAIRMAN

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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2023

	Note	(Un-audited)	
		March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
Profit / return earned	24	16,563,342	7,754,355
Profit / return expensed	25	9,654,353	4,409,965
Net Profit / return		<u>6,908,989</u>	<u>3,344,390</u>
OTHER INCOME			
Fee and commission income	26	366,938	403,810
Dividend income		-	-
Foreign exchange income		360,385	213,253
Gain on securities	27	2,237	15,568
Other income - net	28	42,206	40,512
Total other income		<u>771,766</u>	<u>673,143</u>
Total Income		<u>7,680,755</u>	<u>4,017,533</u>
OTHER EXPENSES			
Operating expenses	29	3,613,054	2,660,729
Workers' Welfare Fund		64,044	17,463
Other charges	30	2,354	260
Total other expenses		<u>3,679,452</u>	<u>2,678,452</u>
Profit before provisions		<u>4,001,303</u>	<u>1,339,081</u>
Provisions and write offs - net	31	840,468	465,917
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>3,160,835</u>	<u>873,164</u>
Taxation	32	1,366,521	351,048
PROFIT AFTER TAXATION		<u>1,794,314</u>	<u>522,116</u>
Basic / Diluted earnings per share	33	<u>1.6184</u>	<u>0.4709</u>

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2023

	(Un-audited)	
	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----	
Profit after taxation for the period	1,794,314	522,116
Other Comprehensive Income / (Loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	(319,556)	(41,867)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of non-banking assets - net of tax	368	1,046
Total comprehensive income	<u>1,475,126</u>	<u>481,295</u>

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2023

	Share capital	Discount on issue of shares	Statutory reserve*	Surplus on revaluation of		Unappropriated profit	Total
				Investments	Property & Equipment / Non Banking Assets		
Rupees in '000							
Opening Balance as at January 1, 2022	11,087,033	(79,042)	1,703,164	1,389,336	2,075,001	6,335,710	22,511,202
Profit after taxation for the quarter ended March 31, 2022	-	-	-	-	-	522,116	522,116
Other comprehensive income / (loss) for the quarter ended March 31, 2022 - net of tax:							
Movement in surplus on revaluation of available for sale securities - net of tax	-	-	-	(41,867)	-	-	(41,867)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	1,046	-	1,046
Total other comprehensive income - net of tax	-	-	-	(41,867)	1,046	-	(40,821)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(29,302)	29,302	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(243)	243	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	(10,412)	10,412	-
Opening Balance as at April 1, 2022	11,087,033	(79,042)	1,703,164	1,347,469	2,036,090	6,897,783	22,992,497
Profit after taxation for the period from April 01, 2022 to December 31, 2022						3,917,519	3,917,519
Other comprehensive income / (loss) for the period from April 01, 2022 to December 31, 2022 - net of tax:							
Movement in surplus on revaluation of available for sale securities - net of tax	-	-	-	(216,213)	-	-	(216,213)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	26,694	26,694
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	(224,541)	-	(224,541)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	(45,555)	-	(45,555)
Total other comprehensive income - net of tax	-	-	-	(216,213)	(270,096)	26,694	(459,615)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(88,517)	88,517	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	2,901	(2,901)	-
Transfer from surplus on revaluation of non-banking assets on sale to unappropriated profit - net of tax	-	-	-	-	(43,347)	43,347	-
Transfer to statutory reserve	-	-	887,927	-	-	(887,927)	-
Opening Balance as at January 1, 2023	11,087,033	(79,042)	2,591,091	1,131,256	1,637,031	10,083,032	26,450,401
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	1,794,314	1,794,314
Other comprehensive income / (loss) for the quarter ended March 31, 2023 - net of tax:							
Movement in surplus on revaluation of available for sale securities - net of tax	-	-	-	(319,556)	-	-	(319,556)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	368	-	368
Total other comprehensive income - net of tax	-	-	-	(319,556)	368	-	(319,188)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(25,387)	25,387	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(39)	39	-
Transaction with owners recorded directly in equity							
Cash dividend to shareholders for the year 2022 @ Re. 1 per share	-	-	-	-	-	(1,108,703)	(1,108,703)
Closing Balance as at March 31, 2023	11,087,033	(79,042)	2,591,091	811,700	1,611,973	10,794,069	26,816,824

*This represents reserve created under section 21(1) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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BankIslami Pakistan Limited

Condensed Interim Unconsolidated Cash Flow Statement

FOR THE QUARTER ENDED MARCH 31, 2023

Note	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
----- Rupees in '000 -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,794,314	873,164
Less: Dividend income	-	-
	<u>1,794,314</u>	<u>873,164</u>
Adjustments for non-cash charges and other items:		
Net Profit / return	(6,908,989)	(3,344,390)
Depreciation on fixed assets	29 266,752	230,382
Depreciation on non-banking assets	29 567	1,982
Depreciation on right-of-use assets	29 230,667	210,897
Amortization	29 26,952	18,071
Depreciation on operating Ijarah assets	5,654	27,965
Amortisation of lease liability against right of use assets	25 112,480	88,296
Provisions and write offs - net	31 840,468	465,917
Charge for defined benefit plan	-	38,198
(Gain) / Loss on sale of fixed assets	28 451	(10,873)
	<u>(5,424,998)</u>	<u>(2,273,555)</u>
	<u>(3,630,684)</u>	<u>(1,400,391)</u>
(Increase) / decrease in operating assets		
Due from financial institutions	5,957,503	11,785,204
Islamic financing and related assets and advances - net	(40,279,751)	(15,343,842)
Other assets (excluding advance taxation)	(741,107)	3,143,134
	<u>(35,063,355)</u>	<u>(415,504)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(630,199)	1,648,010
Due to financial institutions	52,201,608	14,007,504
Deposits and other accounts	(4,970,356)	(12,831,365)
Other liabilities (excluding current taxation)	1,398,040	(2,780,962)
	<u>47,999,093</u>	<u>43,187</u>
	<u>9,305,054</u>	<u>(1,772,708)</u>
Profit / return received	10,719,600	10,521,882
Profit / return paid	(8,599,055)	(4,125,343)
Income tax paid	(882,000)	(75,235)
Net cash generated from operating activities	<u>10,543,599</u>	<u>4,548,596</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(21,716,081)	(2,635,483)
Payment of Ijarah (lease) liability against right-of-use assets	186,805	(280,472)
Investments in property and equipment	(556,178)	(462,176)
Investments in intangible assets	(104,704)	(23,384)
Proceeds from sale of property and equipment	83,129	73,129
Net cash used in investing activities	<u>(22,107,029)</u>	<u>(3,328,386)</u>
Increase / (decrease) in cash and cash equivalents	<u>(11,563,430)</u>	<u>1,220,210</u>
Cash and cash equivalents at the beginning of the period	42,018,657	28,244,300
Cash and cash equivalents at the end of the period	<u>30,455,227</u>	<u>29,464,510</u>

The annexed notes 1 to 39 form an integral part of these condensed interim unconsolidated financial statements.

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BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2023

1 STATUS AND NATURE OF BUSINESS

- 1.1 BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

The Bank is operating through 380 branches including 80 sub-branches as at March 31, 2023 (2022: 380 branches including 80 sub-branches). The registered office of the Bank is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Bank's long-term rating as 'A+' and the short-term rating as 'A1' with a positive outlook.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information has been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of and directives issued under the Banking Companies Ordinance (BCO), 1962, 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 BCO, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the BCO, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2 The Bank provides financing mainly through Murabahah, Ijarah, Istisna, Musharakah, Diminishing Musharakah, Musawamah and other Islamic modes.

The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Bank.

- 2.3 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 2 dated February 9, 2023 and IAS 34. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2022.
- 2.4 The SBP, through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these unconsolidated financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these unconsolidated financial statements. However, investments and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- Further, as per SBP's BPRD circular no. 07 of 2023, IFRS 9 'Financial Instruments' is applicable on the Bank effective from 1 January 2024. However, an option of early adoption of the standard has been made permissible
- 2.5 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly unconsolidated financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these unconsolidated financial statements.
- 2.6 These condensed interim financial statements are separate condensed interim unconsolidated financial statements of the Bank in which investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any, and are not consolidated. The condensed interim consolidated financial statements of the Bank are being issued separately.

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2023:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current and application of maturity to disclosure of accounting policies - Amendments to IAS 1	January 01, 2024
Disclosure of Accounting Policies - Amendments to IAS 1	January 01, 2023
Lease liability in a sale and leaseback - Amendments to IFRS 16	January 01, 2024
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IFRS 9 - 'Financial Instruments'	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

3.3 IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular no 3 of 2022, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after 1 January, 2024 for banks having asset base of less than Rs. 500 billion as at December 31, 2021. SBP through same circular has finalised the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks. During the transition period, the Bank will perform an impact assessment of IFRS 9 on quarterly basis and submit parallel results to SBP.

During 2022, the management of the Bank had performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalising the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Classification and measurement

The classification and measurement of financial assets will base on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and profit (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') for fair value through profit or loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and profit (SPPI).

Debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the assets is derecognized.

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates as FVOCI in which case both unrealised and realised gains or losses are recognised in reserve and no amounts other than dividends received are recognised in the profit and loss account.

All other financial assets will mandatorily be held at FVTPL.

Impairment

The impairment requirements apply to financial assets measured at an amortised cost and FVOCI (other than equity instruments), lease receivables, and certain financing commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage' 1; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage' 2; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted and should incorporate all available information which is relevant to the assessment including information about past events, current condition and reasonable and supportable forecasts of economic condition at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SICR, Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instruction, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until Implementation of IFRS 9 has stabilised, Stage 1 and stage 2 provision would be made per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Bank's disclosure about its financial instruments particularly in the year of adoption of IFRS 9.

Further, the SBP vide BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. While the new format has revised certain disclosure requirements, it includes disclosure requirements with respect to IFRS 9.

Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective 1 January 2024 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period.

In order to mitigate the impact of expected credit loss (ECL) models on capital, the SBP has allowed a transitional arrangement on the impact on regulatory capital from the application of ECL accounting period over a period of 5 years.

- 3.4 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5 FINANCIAL RISK MANAGEMENT

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

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
- Local currency	9,928,279	12,786,558
- Foreign currency	836,497	626,887
	<u>10,764,776</u>	<u>13,413,445</u>

With State Bank of Pakistan in:

- Local currency current account	13,674,437	24,819,147
- Foreign currency deposit accounts:		
- Cash reserve account	1,035,266	683,821
- Special cash reserve account	857,058	826,020
- US dollar clearing account	13,749	7,466
	<u>1,906,073</u>	<u>1,517,307</u>

With National Bank of Pakistan in:

- Local currency current account	1,641,403	222,780
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Prize Bonds

8	23
<u>27,986,697</u>	<u>39,972,702</u>

7 BALANCES WITH OTHER BANKS

In Pakistan:

- In current accounts	927	927
- In deposit accounts	134	132
	<u>1,061</u>	<u>1,059</u>

Outside Pakistan:

- In current accounts	2,335,226	1,717,993
- In deposit accounts	132,243	326,903
	<u>2,467,469</u>	<u>2,044,896</u>
	<u>2,468,530</u>	<u>2,045,955</u>

8 DUE FROM FINANCIAL INSTITUTIONS - NET

		(Un-audited)			(Audited)		
		March 31, 2023			December 31, 2022		
Note		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----							
Secured							
Bai Muajjal Receivable							
-from Other Financial Institutions	8.1	3,818,649	-	3,818,649	4,000,718	-	4,000,718
Unsecured							
Musharakah Placements							
	8.2	6,000,000	-	6,000,000	10,000,000	-	10,000,000
Bai Muajjal Receivable							
-from Banks	8.1	-	-	-	4,036,995	-	4,036,995
-from Other Financial Institutions	8.1	8,102,841	-	8,102,841	5,840,470	-	5,840,470
Other placements		20,250	-	20,250	21,060	-	21,060
		17,941,740	-	17,941,740	23,899,243	-	23,899,243
Provision held against							
Financial Institution Placements							
	8.4	(20,250)	-	(20,250)	(21,060)	-	(21,060)
		17,921,490	-	17,921,490	23,878,183	-	23,878,183

8.1 The average return on this product ranges between 13.09% to 21.75% (2022: 13.09% to 17.35%) per annum. The balances have maturities ranging between 6 days to 188 days (2022: 3 days to 278 days). The Secured Bai Muajjal receivable are secured against Federal Government securities received as collateral and having market value of Rs.3,819 million as at March 31, 2023 (2022: Rs. 3,821 million).

8.2 The expected profit rates on these agreements range between 20% to 20.1% (2022: 16% to 16.10%) per annum. The agreements have remaining maturities of 3 days to 70 days (2022: 6 days).

8.3 Category of classification

	(Un-audited)		(Audited)	
	March 31, 2023		December 31, 2022	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	20,250	20,250	21,060	21,060

8.3.1 The Bank does not hold overseas classified placements.

		(Un-audited)	(Audited)
		March 31,	December 31,
	Note	2023	2022
		-----Rupees in '000-----	
INVESTMENTS - NET			
Investments - Islamic	9.1	200,559,528	179,163,813
Investments - Conventional (relating to amalgamated entity)	9.2	577,675	577,675
		<u>201,137,203</u>	<u>179,741,488</u>

9 INVESTMENTS - NET

9.1 Islamic Investments by type

	(Un-audited)				(Audited)			
	March 31, 2023				December 31, 2022			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
Available for sale securities								
Federal Government Shariah Compliant Securities	162,122,288	-	(739,827)	161,382,461	140,109,510	-	(289,819)	139,819,691
Shares / Modaraba Certificates	427,743	(77,571)	84,571	434,743	371,784	(77,571)	84,571	378,784
Non-Government Shariah Compliant Securities	36,064,151	(35,880)	2,079,291	38,107,562	36,176,548	(35,880)	2,189,908	38,330,576
Foreign securities	6,820	-	-	6,820	6,820	-	-	6,820
	198,621,002	(113,451)	1,424,035	199,931,586	176,664,662	(113,451)	1,984,660	178,535,871
Associates	627,942	-	-	627,942	627,942	-	-	627,942
Total Islamic investments	199,248,944	(113,451)	1,424,035	200,559,528	177,292,604	(113,451)	1,984,660	179,163,813

9.2 Conventional Investments by type*

Available for sale securities								
Shares	591,680	(591,680)	-	-	591,680	(591,680)	-	-
Non-Government Debt Securities	224,467	(224,467)	-	-	224,467	(224,467)	-	-
Foreign securities	1,155,350	(577,675)	-	577,675	1,155,350	(577,675)	-	577,675
	1,971,497	(1,393,822)	-	577,675	1,971,497	(1,393,822)	-	577,675
Held to maturity securities								
Non-Government Debt Securities	92,145	(92,145)	-	-	92,145	(92,145)	-	-
Associates	474,169	(474,169)	-	-	474,169	(474,169)	-	-
Subsidiary	104,771	(104,771)	-	-	104,771	(104,771)	-	-
Total conventional investments	2,642,582	(2,064,907)	-	577,675	2,642,582	(2,064,907)	-	577,675

* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

9.3 Investments given as collateral

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
Federal Government Securities	57,814,000	5,889,000

9.4 Provision for diminution in value of investments
9.4.1 Opening balance

	2,178,358	2,177,289
Charge / (reversal)		
Charge for the period / year	-	1,069
Reversals for the period / year	-	-
	-	1,069
Amounts written off	-	-
Closing Balance	2,178,358	2,178,358

9.4.2 Particulars of provision against debt securities

Category of classification	(Un-audited)		(Audited)	
	March 31, 2023		December 31, 2022	
	Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
-----Rupees in '000-----				
Domestic Loss	628,743	352,492	628,743	352,492
Total	628,743	352,492	628,743	352,492

9.4.3 The Bank does not hold overseas classified debt securities

9.5 Details of investment in subsidiary

(Un-audited)							
March 31, 2023							
As at	Holding %	Country of incorporation	Assets	Liabilities	Revenue	Loss after taxation	Total comprehensive (loss)
-----Rupees '000-----							
Unlisted							
My Solutions Corporation Limited	December 31, 2022	100.00	Pakistan	69,539	10,105	14,580	(1,763)
							(1,763)

9.6 Details of investment in associates

(Un-audited)								
March 31, 2023								
As at	Holding %	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)	
-----Rupees '000-----								
Unlisted								
Shakarganj Food Products Limited	December 31, 2022	36.38	Pakistan	10,900,483	7,132,523	5,479,192	260,231	-
Conventional								
KASB Funds Limited	December 31, 2015	43.89	Pakistan	46,465	32,465	23,640	(66,241)	(65,679)
KASB Capital Limited*	December 31, 2016	21.78	Mauritius	\$ 652,864	\$ 135,428	\$ -	\$ (34,084)	\$ (34,084)

* This represents the full US\$ amount.

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

10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET

Islamic financing and related assets - net	10.1	240,599,976	201,160,513
Advances (relating to amalgamated entity) - net	10.2	164,715	167,929
		<u>240,764,691</u>	<u>201,328,442</u>

10.1 ISLAMIC FINANCING AND RELATED ASSETS

	Note	Performing		Non Performing		Total	
		(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----							
In Pakistan							
- Running Musharakah	10.9	83,888,038	70,086,223	1,324,955	1,324,955	85,212,993	71,411,178
- Diminishing Musharakah financing and related assets - Others	10.3	61,901,676	41,068,657	3,387,393	3,121,040	65,289,069	44,189,697
- Diminishing Musharakah - Housing		25,482,122	25,751,728	1,730,836	1,663,899	27,212,958	27,415,627
- Diminishing Musharakah financing and related assets - Auto		21,969,422	23,470,877	474,769	380,557	22,444,191	23,851,434
- Istisna financing and related assets	10.4 & 10.10	21,378,837	13,790,179	2,876,648	2,563,708	24,255,485	16,353,887
- Murabahah financing and related assets	10.5 & 10.11	14,416,361	13,255,965	237,182	238,222	14,653,543	13,494,187
- Musawamah financing and related assets / Tijarah	10.6 & 10.12	6,424,225	6,221,702	4,634,054	4,328,305	11,058,279	10,550,007
- Investment Agency Wakalah		2,730,590	3,125,000	-	-	2,730,590	3,125,000
- Murabahah against Bills		272,270	1,120,211	146,681	146,681	418,951	1,266,892
- Financing against Bills		512,587	1,179,967	-	-	512,587	1,179,967
- Past Due Acceptance		43,243	498,354	-	-	43,243	498,354
- Ijarah financing under IFAS 2 and related assets	10.7	328,678	336,640	118,430	120,030	447,108	456,670
- Salam	10.8	73,900	223,900	-	-	73,900	223,900
- Musharakah financing		160,000	160,000	-	-	160,000	160,000
- Qardh-e-Hasana		32,275	36,135	122,243	121,359	154,518	157,494
- Net investment in Ijarah financing in Pakistan		96,737	104,062	-	-	96,737	104,062
- Housing finance portfolio - others		23,535	23,535	-	-	23,535	23,535
Islamic financing and related assets - gross		239,734,497	200,453,135	15,053,190	14,008,756	254,787,687	214,461,891
Less: Provision against non-performing Islamic financing and related assets							
- Specific	10.16	-	-	(10,920,143)	(10,314,265)	(10,920,143)	(10,314,265)
- General	10.16	(3,267,568)	(2,987,113)	-	-	(3,267,568)	(2,987,113)
		(3,267,568)	(2,987,113)	(10,920,143)	(10,314,265)	(14,187,711)	(13,301,378)
Islamic financing and related assets - net of provision		236,466,929	197,466,022	4,133,047	3,694,491	240,599,976	201,160,513

10.2 ADVANCES

- Loans, cash credits, running finances, etc. - In Pakistan*		14,869	15,253	4,547,361	4,598,676	4,562,230	4,613,929
- Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan		-	-	684,295	684,295	684,295	684,295
- Net investment in finance lease - in Pakistan		-	-	580,807	580,807	580,807	580,807
Advances - gross		14,869	15,253	5,812,463	5,863,778	5,827,332	5,879,031
Provision against advances							
- Specific	10.16	-	-	(5,753,551)	(5,804,866)	(5,753,551)	(5,804,866)
- General	10.16	(55)	(55)	-	-	(55)	(55)
		(55)	(55)	(5,753,551)	(5,804,866)	(5,753,606)	(5,804,921)
Advances - net of provision		14,814	15,198	58,912	58,912	73,726	74,110
Fair value adjustment	10.18	-	-	90,989	93,819	90,989	93,819
Advances - net of provision and fair value adjustment		14,814	15,198	149,901	152,731	164,715	167,929

* This represents non-interest bearing performing financing facilities amounting to Rs. 14,869 million (2022: Rs. 15,253 million).

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	61,187,465	38,633,625
Advance against Diminishing Musharakah financing	4,101,604	5,556,072
	<u>65,289,069</u>	<u>44,189,697</u>
10.4 Istisna financing and related assets		
Istisna financing	8,335,757	7,547,321
Advance against Istisna financing	1,660,942	1,613,446
Istisna inventories	14,258,786	7,193,120
	<u>24,255,485</u>	<u>16,353,887</u>
10.5 Murabahah financing and related assets		
Murabahah financing	7,727,371	8,278,378
Deferred Murabahah income	1,745,931	563,847
Advances against Murabahah financing	223,751	4,651,962
Murabahah Inventories	4,956,490	-
	<u>14,653,543</u>	<u>13,494,187</u>
10.6 Musawamah financing and related assets / Tijarah		
Musawamah financing	7,643,260	8,317,899
Advance against Musawamah financing	113,377	2,232,108
Musawamah inventories	3,301,642	-
	<u>11,058,279</u>	<u>10,550,007</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	446,497	456,059
Advance against Ijarah financing	611	611
	<u>447,108</u>	<u>456,670</u>

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.8 Salam		
Salam financing	-	110,000
Advance against Salam	64,000	64,000
Salam inventories	9,900	49,900
	<u>73,900</u>	<u>223,900</u>

10.9 Running musharakah financing and related assets includes financing amounting to Rs. 2,373 million (2022: Rs. 2,423 million) under Islamic Export Refinance Scheme.

10.10 Istisna financing and related assets includes financing amounting to Rs. 634.5 million (2022: Rs. 865 million) and advance amounting to Rs. 966.400 million (2022: Rs. 1,087 million) under Islamic Export Refinance Scheme.

10.11 Murabahah financing and related assets includes financing amounting to Rs. 0.052 million and advance amounting Rs. 50.0 million (2022: Rs.0.033 million) under Islamic Export Refinance Scheme.

10.12 Musawamah financing and related assets / Tijarah includes advance amounting to Rs. 100 million (2022: Rs. 150 million) under Islamic Export Refinance Scheme.

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.13 Particulars of Islamic financing and related assets and advances - gross		
In local currency	259,004,661	218,622,648
In foreign currencies	1,610,358	1,718,274
	<u>260,615,019</u>	<u>220,340,922</u>

10.14 Islamic financing and related assets and advances include Rs. 20,864.453 million (2022: Rs.19,872.534 million) which have been placed under non-performing status as detailed below:

Category of classification

	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Non-performing Islamic financing, related assets and advances	Specific Provision	Non-performing Islamic financing, related assets and advances	Specific Provision
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned	489,384	-	325,596	-
Substandard	1,101,848	65,114	548,330	48,085
Doubtful	2,459,422	884,090	4,236,194	2,411,182
Loss	16,814,999	15,724,490	14,762,414	13,659,864
Total	<u>20,865,653</u>	<u>16,673,694</u>	<u>19,872,534</u>	<u>16,119,131</u>

10.14.1 The Bank does not hold overseas classified non-performing Islamic financing, related assets and advances.

10.15 Particulars of provision against non-performing Islamic financing, related assets and advances:

(Un-audited)				(Audited)		
March 31, 2023				December 31, 2022		
	Specific	General	Total	Specific	General	Total
-----Rupees in '000-----						
Opening balance	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653
Charge for the period / year	756,735	300,000	1,056,735	2,748,357	2,220,145	4,968,502
Reversals for the period / year	(202,172)	(19,545)	(221,717)	(1,157,169)	-	(1,157,169)
	554,563	280,455	835,018	1,591,188	2,220,145	3,811,333
Amount written off	-	-	-	(687)	-	(687)
Closing balance	16,673,694	3,267,623	19,941,317	16,119,131	2,987,168	19,106,299
10.15.1 Islamic	10,920,143	3,267,568	14,187,711	10,314,265	2,987,113	13,301,378
Conventional	5,753,551	55	5,753,606	5,804,866	55	5,804,921
	16,673,694	3,267,623	19,941,317	16,119,131	2,987,168	19,106,299
				(Un-audited) March 31, 2023		
				(Audited) December 31, 2022		
				-----Rupees in '000-----		
10.15.2 Provision / reversal of provision net of fair value adjustment taken to the profit and loss account						
Gross reversals for the period / year				221,717		
Charge for the period / year				(1,056,735)		
				(835,018)		
Fair Value Adjusted - Net				(2,830)		
Net charge taken to the profit and loss account				(837,848)		

10.15.3 Particulars of provision against non-performing Islamic financing and related assets and advances:

	(Un-audited)			(Audited)		
	March 31, 2022			December 31, 2022		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
In local currency	16,673,694	3,267,623	19,941,317	16,119,131	2,987,168	19,106,299
In foreign currency	-	-	-	-	-	-
	16,673,694	3,267,623	19,941,317	16,119,131	2,987,168	19,106,299

10.15.4 The Bank maintains general reserve (provision) amounting to Rs. 467.623 million (2022: Rs. 487.168 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing. In addition, the Bank carries general provision of Rs. 2,800 million (2022: Rs. 2,500 million) as a matter of prudence based on management estimate.

10.15.5 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at March 31, 2022 amounts to Rs.1,198.602 million (2022: Rs. 1,061.067 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 683.203 million (2022: Rs. 541.144 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

10.16 Provision in respect of acquired loans related to amalgamated entity have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by an independent consultant.

		(Un-audited)	(Audited)
	Note	March 31, 2023	December 31, 2022
-----Rupees in '000-----			
10.17	SBP other refinance scheme		
	Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	7,856,874	7,478,402
	Islamic Long-Term Financing Facility	963,047	952,692
	Islamic refinance scheme for payment of wages and salaries	228,610	438,035
	RM EFS - Rupee Based Discounting (TFA)	1,223,996	223,136
	Islamic refinance scheme for Renewable Energy	688,256	627,670
	Islamic refinance scheme for combating COVID (IRFCC)	252,825	271,263
	Islamic refinance facility for mernization of SMEs	67,161	71,930
	Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAF)	57,199	59,710
	Islamic Credit Guarantee Scheme for Woman Entrepreneur	8,805	9,279
		<u>11,346,773</u>	<u>10,132,117</u>

11 PROPERTY AND EQUIPMENT

Capital work-in-progress	11.1	1,584,511	1,427,567
Property and equipment	11.2	9,971,278	9,864,421
		11,555,789	11,291,988

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
11.1 Capital work-in-progress		
Advances to suppliers and contractors	393,788	236,844
Advance for acquiring properties:		
- Office premises	1,190,723	1,190,723
	<u>1,584,511</u>	<u>1,427,567</u>
	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	-----Rupees in '000-----	
11.2 Additions to property and equipment		
The following additions have been made during the period:		
Capital work-in-progress	335,629	131,121
Property and equipment		
Leasehold building	-	209,436
Furniture and fixture	93,770	35,693
Electrical office and computer equipment	273,435	93,618
Vehicles	6,870	13,699
	<u>374,075</u>	<u>352,446</u>
Total	<u>709,704</u>	<u>483,567</u>
11.3 Disposal of Property and equipment		
The net book value of property and equipment disposed off during the period is as follows:		
Leasehold building	-	59,470
Furniture and fixture	1,416	5,461
Electrical office and computer equipment	2,878	13
Total	<u>4,294</u>	<u>64,944</u>
	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
12 RIGHT-OF-USE ASSETS		
At January 1		
Cost	6,129,251	5,007,717
Accumulated Depreciation	(3,231,869)	(2,365,045)
Net Carrying amount at January 1	<u>2,897,382</u>	<u>2,642,672</u>
Additions during the period / year	74,325	1,121,534
Depreciation Charge during the period / year	(230,667)	(866,824)
Net Carrying amount at the end of the year	<u>2,741,040</u>	<u>2,897,382</u>
13 INTANGIBLE ASSETS		
Computer software	334,828	271,628
Core deposits	21,701	22,835
Membership & Subscription	38,495	22,809
Goodwill	2,944,297	2,944,297
	<u>3,339,321</u>	<u>3,261,569</u>
	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	-----Rupees in '000-----	
13.1 Additions to intangible assets		
The following additions have been made during the period:		
- Directly purchased	104,704	25,222
13.2 Disposals of intangible assets		
There were no disposals of intangible assets during the period		

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Note	-----Rupees in '000-----	
14 DEFERRED TAX ASSETS			
Deductible Temporary Differences on:			
Accumulated tax losses		-	863,212
Provision for diminution in the value of investments		220,328	220,328
Provision against non-performing Islamic financing and related assets and advances		4,685,264	4,650,741
Ijarah financing and related assets		17,367	53,009
Accelerated tax depreciation		145,415	146,333
		5,068,373	5,933,623
Taxable Temporary Differences on:			
Fair value adjustments relating to net assets acquired upon amalgamation		(330,356)	(351,206)
Surplus on revaluation of available for sale securities		(540,162)	(853,404)
Surplus on revaluation of fixed assets		(1,187,375)	(1,206,906)
Surplus on revaluation of non-banking assets		(28,712)	(28,712)
Others		(129,197)	(154,590)
		(2,215,801)	(2,594,818)
		2,852,572	3,338,805
15 OTHER ASSETS - NET			
Profit / return accrued in local currency		18,317,064	12,472,201
Profit / return accrued in foreign currency		25,078	26,199
Advances, deposits, advance rent and other prepayments		2,739,778	2,656,198
Non-banking assets acquired in satisfaction of claims		1,454,591	1,455,091
Branch Adjustment Account		564,327	-
Takaful claim receivable		55,933	58,148
Receivable against takaful and registration charges - Diminishing Musharakah Auto Financing		371,275	319,093
Receivable against First WAPDA Sukuk		50,000	50,000
Acceptances		1,036,310	2,332,910
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		1,505,695	7,968
Others		335,901	802,973
		26,455,952	20,180,781
Less: Provision held against other assets	15.2	(764,955)	(764,955)
Other Assets (net of provision)		25,690,997	19,415,826
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		67,272	66,772
Other assets - total		25,758,269	19,482,598
15.1 Market value of non-banking assets acquired in satisfaction of claims		1,216,101	1,216,101
15.2 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		26,692	26,692
Non banking assets acquired in satisfaction of claims		305,762	305,762
Others		432,501	432,501
	15.2.1	764,955	764,955

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
15.2.1 Movement in provision held against other assets		
Opening Balance	764,955	1,261,370
Reversal during the period / year	-	(496,415)
Closing Balance	<u>764,955</u>	<u>764,955</u>

16 **BILLS PAYABLE**

In Pakistan	2,900,730	3,530,929
Outside Pakistan	-	-
	<u>2,900,730</u>	<u>3,530,929</u>

17 **DUE TO FINANCIAL INSTITUTIONS**

Secured

Due to State Bank of Pakistan

Refinance facility for Islamic Temporary Economic
Refinance Facility (TERF)

Acceptances for financial assistance

Acceptances under Islamic Export Refinance Scheme

Islamic refinance scheme for payment of wages and salaries

Islamic Long-Term Financing Facility

Islamic refinance scheme for Renewable Energy

Islamic Export Finance Scheme - Rupee based discounting

Islamic refinance scheme for combating COVID (IRFCC)

Acceptances from SBP under Mudaraba

Islamic Refinance Scheme for Modernization of SMEs

Islamic Credit Guarantee Scheme for Women Entrepreneur

Islamic refinance scheme for Facility of Storage of
Agricultural Produce (IFFSAP)

8,167,976	7,473,692
4,129,172	4,036,120
3,478,003	4,175,000
62,546	469,634
958,921	922,930
77,912	563,692
1,135,865	139,863
64,311	76,879
47,111,052	-
71,491	65,854
9,500	9,499
54,027	56,967
65,320,776	17,990,130
4,585,756	3,062,126
69,906,532	21,052,256

Refinance facility for Islamic Mortgage

Total secured

Unsecured

Wakalah Acceptance

Musharakah Acceptance

Total unsecured

2,000,000	-
1,200,000	-
3,200,000	-
73,106,532	21,052,256

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	March 31, 2023			December 31, 2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits	139,249,990	6,393,383	145,643,373	153,254,447	4,891,424	158,145,871
Savings deposits	86,986,997	3,692,124	90,679,121	91,134,589	3,359,456	94,494,045
Term deposits	139,042,545	6,512,286	145,554,831	132,317,698	4,987,727	137,305,425
Others	8,244,118	121,146	8,365,264	10,979,366	90,052	11,069,418
	373,523,650	16,718,939	390,242,589	387,686,100	13,328,659	401,014,759
Financial Institutions						
Current deposits	1,525,813	14,160	1,539,973	1,419,692	9,985	1,429,677
Savings deposits	18,519,024	-	18,519,024	13,071,506	-	13,071,506
Term deposits	640,000	-	640,000	396,000	-	396,000
	20,684,837	14,160	20,698,997	14,887,198	9,985	14,897,183
	394,208,487	16,733,099	410,941,586	402,573,298	13,338,644	415,911,942

19 LEASE LIABILITIES

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
-----Rupees in '000-----		
Outstanding amount at the start of the period / year	3,559,675	3,213,456
Additions during the period / year	74,325	1,121,534
Lease payments including interest	(397,275)	(1,216,855)
Interest expense	110,124	441,540
Outstanding amount at the end of the period / year	3,346,849	3,559,675

19.1 Liabilities Outstanding

Not later than one year	457,784	486,895
Later than one year and unto five year	2,352,002	2,501,565
Over five year	537,063	571,215
Total at the year end	3,346,849	3,559,675

- 19.2 The Bank enters in to lease agreements with terms and conditions mainly included rent escalation usually at 10% p.a, sub-letting of the property at discretion of the Bank, alterations to the premises as per business requirement, termination of the agreement with notice period, agreement period, renewal of agreement usually at same terms with change in monthly rent, escalation clause and termination of the agreement. Discount rate ranges between 12.19% to 16.48%.

20 SUBORDINATED SUKUK

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
-----Rupees in '000-----			
ADT-1 Sukuk Issue I	20.1	2,000,000	2,000,000
Advance subscription against ADT-1 Sukuk Issue II	20.2	850,000	850,000
		2,850,000	2,850,000

- 20.1 The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuk under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

20.1.1 Salient features of the ADT-1 Sukuk issue I are as follows:

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A-' (A minus).
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.
Call option	The Bank may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

20.1.2 The funds raised through this instrument are being utilized towards the Bank's General Pool, that is, financing and investment activities as permitted by the Bank's Memorandum and Articles of Association. With permission of Sukuk holders, the proceeds of this issue have been commingled with other funds of the depositors (which may include Bank's own equity) i.e. invested in General Pool of the Bank.

20.2 The Bank is in the process of issuing fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Sukuks under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. The total size of ADT-1 Sukuk Issue II is Rs. 1,000 million.

As of 31 December 2022, the Pre-IPO (Initial Public Offer) phase of ADT-I Sukuk issue II was achieved through which subscription amounting to Rs. 850 million was received. Further, the Bank is in process of conducting the IPO of ADT-I Sukuk issue II, subject to regulatory approvals, amounting to Rs. 150 million.

The State Bank of Pakistan also allowed the Bank to consider the advance subscription money of Rs. 850 million received against the issuance of ADT-1 Sukuk issue II (Pre-IPO) for Capital Adequacy Ratio subject to following conditions.

- The pre-IPO subscription money shall not be withdrawn without prior approval of SBP.
- The pre-IPO subscription money shall only be used for the issuance of ADT-I eligible Sukuks of BIPL and will not be refunded.
- The terms of SBP's In-principle approval and final approval will remain applicable on the pre-IPO subscription money received against the proposed Sukuks.

21	OTHER LIABILITIES	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
			-----Rupees in '000-----	
	Profit / return payable in local currency		5,704,937	4,633,768
	Profit / return payable in foreign currencies		136,437	152,308
	Dividend Payable		1,108,703	-
	Accrued expenses		1,801,110	1,343,277
	Deferred Murabahah Income Financing, IERS and Others		788,866	335,033
	Payable to defined benefit plan		4,677	4,677
	Payable to defined contribution plan		31,924	29,804
	Defined Benefit Plan liabilities		509,756	302,347
	Security deposits against Ijarah		435,069	441,034
	Provision against off-balance sheet obligations		85,975	85,975
	Acceptances		1,036,310	2,332,910
	Current taxation (provisions less payments)		1,580,243	1,895,197
	Provision against other tax liabilities		52,615	95,475
	Sundry creditors		519,509	528,572
	Clearing and settlement accounts		1,617,848	479,890
	Payable to brokers against purchase of shares - net		536	442
	Charity payable		13,790	7,440
	Retention money payable		31,055	27,158
	Provision for Workers' Welfare Fund		422,463	358,419
	Branch adjustment account		-	387,266
	Others		681,258	442,917
			<u>16,563,081</u>	<u>13,883,909</u>

22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

Available for sale securities	1,424,035	1,984,660
Property and equipment	2,761,338	2,805,877
Non-banking assets acquired in satisfaction of claims	67,272	66,772
	<u>4,252,645</u>	<u>4,857,309</u>

Deferred tax liability on surplus on revaluation of:

Available for sale securities	(612,335)	(853,404)
Fixed assets	(1,187,754)	(1,206,906)
Non-banking assets acquired in satisfaction of claims	(28,883)	(28,712)
	<u>(1,828,972)</u>	<u>(2,089,022)</u>
	<u>2,423,673</u>	<u>2,768,287</u>

23 CONTINGENCIES AND COMMITMENTS

- Guarantees	23.1	4,332,576	3,527,283
- Commitments	23.2	34,798,936	35,701,601
- Other contingent liabilities	23.3	229,652	229,652
		<u>39,361,164</u>	<u>39,458,536</u>

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
		-----Rupees in '000-----	
23.1 Guarantees:			
Performance guarantees		2,953,267	2,668,388
Other guarantees		1,379,309	858,895
		<u>4,332,576</u>	<u>3,527,283</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		21,664,477	28,386,915
Commitments in respect of:			
- Shariah compliant alternative of forward foreign exchange contracts	23.2.1	12,304,140	6,708,168
Commitments for acquisition of:			
- fixed assets		731,282	553,177
- intangible assets		99,038	53,341
		<u>34,798,936</u>	<u>35,701,601</u>
23.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions			
Purchase		37,883,311	17,741,180
Sale		(25,579,171)	(11,033,012)
		<u>12,304,140</u>	<u>6,708,168</u>
23.3 Other contingent liabilities			
Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt		4,200	4,200
Tax Contingencies		225,452	225,452
		<u>229,652</u>	<u>229,652</u>

	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	-----Rupees in '000-----	
24 PROFIT / RETURN EARNED		
Profit earned on:		
Financing	8,201,042	4,067,874
Investments	7,505,138	2,873,240
Placements	810,638	778,339
Others	46,524	34,902
	<u>16,563,342</u>	<u>7,754,355</u>
25 PROFIT / RETURN EXPENSED		
Deposits and other accounts	7,503,291	3,625,363
Due to financial institutions	1,877,467	596,121
Cost of foreign currency swaps against foreign currency deposits	20,606	35,212
Amortisation of lease liability against right of use assets	112,480	88,296
Subordinated Sukuk	140,509	64,973
	<u>9,654,353</u>	<u>4,409,965</u>
26 FEE AND COMMISSION INCOME		
Card related fees	209,365	181,077
Commission on trade	68,738	76,058
Commission on arrangement with financial institutions	18,824	23,353
Investment banking fees	1,022	22,593
Commission on bancatakaful	19,619	25,980
Guarantees related fee	14,209	12,362
Consumer finance related fees	3,465	19,850
Branch banking customer fees	15,306	14,764
Commission on remittances including home remittances	9,282	22,904
Commission on cash management	3,710	3,371
Others	3,398	1,498
	<u>366,938</u>	<u>403,810</u>
27 GAIN ON SECURITIES		
Realized gain on Federal Government Shariah Compliant Securities	<u>2,237</u>	<u>15,568</u>
28 OTHER INCOME - NET		
Gain on termination of financing	40,853	27,325
Gain / (loss) on sale of property and equipment	451	10,873
Rent on property	-	365
Others	902	1,949
	<u>42,206</u>	<u>40,512</u>

		(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	Note	-----Rupees in '000-----	
29 OPERATING EXPENSES			
Total compensation expense		1,725,942	1,270,803
Property expense			
Rent & taxes		52,240	13,896
Takaful cost		541	1,109
Utilities cost		131,061	98,696
Security (including guards)		127,463	88,267
Repair & maintenance (including janitorial charges)		66,235	50,994
Depreciation		123,849	118,626
Depreciation on right-of-use assets	12	230,667	210,897
		732,056	582,485
Information technology expenses			
Software maintenance		113,574	60,138
Hardware maintenance		75,485	27,988
Depreciation		78,314	63,313
Amortization		25,504	16,931
Network charges		67,968	51,820
		360,845	220,190
Other operating expenses			
Directors' fees and allowances		2,540	3,300
Fees and allowances to Shariah Board		5,538	5,448
Legal & professional charges		28,019	32,292
Travelling & conveyance		31,870	19,961
NIFT clearing charges		7,369	5,331
Depreciation		64,589	48,443
Depreciation on non-banking assets		567	1,982
Entertainment expense		22,101	25,207
Training & development		12,378	1,256
Postage & courier charges		20,554	12,233
Communication		52,024	14,198
Stationery & printing		94,227	59,259
Marketing, advertisement & publicity		68,501	55,094
Repairs and maintenance		64,936	31,857
Takaful, tracker and other charges on car Ijarah - net of income		-	29,379
Takaful / Insurance		84,431	69,754
Fee and subscription		88,645	68,404
Vehicle running and maintenance		108,874	58,453
Auditors' remuneration		5,015	4,640
Amortization		1,448	1,140
CDC and share registrar services		2,773	1,457
Brokerage and commission		5,172	6,610
Stamp duty, registration & verification charges		9,900	16,211
Others		12,740	15,342
		794,211	587,251
		3,613,054	2,660,729

		(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	Note	-----Rupees in '000-----	
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		2,354	260
31 PROVISIONS AND WRITE OFFS - NET			
Reversal of provision against Due from financial institutions		(810)	(810)
Charge / (reversal) of provision for diminution in value of Investments		-	1,045
Provision against Islamic financing and related assets and advances - net	10.15.2	837,848	463,655
Other provisions / (reversal) / write offs - net		3,430	2,027
		840,468	465,917
32 TAXATION			
Current		567,046	195,955
Deferred		799,475	155,093
		1,366,521	351,048
33 BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the period		1,794,314	522,116
		----- Number of shares -----	
Weighted average number of ordinary shares		1,108,703,299	1,108,703,299
		----- Rupees -----	
Basic and diluted EPS	33.1	1.6184	0.4709

33.1 There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2023 and March 31, 2022, therefore diluted earning per share has not been presented separately.

34 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity or investments in associates and subsidiary, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost less impairment losses. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted Shariah compliant securities, fixed term financing, other assets, other liabilities, fixed term deposits and acceptances 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.

34.1 Fair value of financial assets

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 assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

(Un-audited)			
March 31, 2023			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	434,743	-	584,495	1,019,238
GoP Ijarah Sukuk	-	161,382,461	-	161,382,461
Non-Government Shariah compliant securities	33,574,356	4,533,206	-	38,107,562

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	7,272,921	7,272,921
Non-banking assets acquired in satisfaction of claims	-	-	1,210,260	1,210,260

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	37,883,311	-	37,883,311
Shariah compliant alternative of forward sale of foreign exchange	-	25,579,171	-	25,579,171

(Audited)			
December 31, 2022			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	378,784	-	584,495	963,279
GOP Ijarah Sukuk	-	139,819,691	-	139,819,691
Non-Government Shariah compliant Securities	32,376,937	5,953,639	-	38,330,576

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	7,396,770	7,396,770
Non-banking assets acquired in satisfaction of claims	-	-	1,216,101	1,216,101

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	17,741,180	-	17,741,180
Shariah compliant alternative of forward sale of foreign exchange	-	11,033,012	-	11,033,012

Valuation techniques used in determination of fair values within level 1

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
Listed securities (Shares and Sukuks)	The valuation has been determined through closing rates on Pakistan Stock Exchange.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
GoP Ijarah Sukuks	The fair value of GoP Ijarah Sukuk are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
Non-Government Shariah compliant Securities	Non-Government Shariah compliant Securities 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.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

Fixed assets - Land and building	Land and buildings are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.
Non-banking assets acquired in satisfaction of claims	Non-banking assets acquired in satisfaction of claims are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Banks' Association. The valuation is based on their assessment of market value of the properties.

- 34.2 The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

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

35 SEGMENT INFORMATION

35.1 Segment Details with respect to Business Activities

(Un-audited)					
March 31, 2023					
	Trading & sales	Retail banking	Commercial banking	Support center	Total
Rupees in '000					
Profit & Loss					
Net profit / return	6,233,898	(5,022,204)	5,820,304	(123,009)	6,908,989
Inter segment revenue - net	(6,695,053)	12,823,817	(6,227,797)	99,033	-
Total other income	381,446	299,536	15,661	75,123	771,766
Total income	(79,709)	8,101,148	(391,831)	51,147	7,680,755
Segment direct expenses	38,900	1,860,547	144,511	1,635,495	3,679,452
Inter segment expense allocation	12,780	731,457	192,413	(936,650)	-
Total expenses	51,680	2,592,004	336,923	698,845	3,679,452
Provisions / (reversals)	810	71,008	763,291	5,359	840,468
Profit / (loss) before tax	(132,199)	5,438,136	(1,492,046)	(653,057)	3,160,835
Balance Sheet					
(Un-audited)					
March 31, 2023					
	Trading & sales	Retail banking	Commercial banking	Support center	Total
Rupees in '000					
Assets					
Cash & Bank balances	2,570,865	27,884,362	-	-	30,455,227
Investments	201,137,203	-	-	-	201,137,203
Net inter segment placements	-	333,476,289	-	-	333,476,289
Due from financial institutions	17,921,490	-	-	-	17,921,490
Islamic financing and related assets					
- performing	-	42,997,048	186,533,728	7,041,955	236,572,731
- non-performing - net	-	1,524,470	2,608,577	58,912	4,191,959
Others	-	-	-	46,246,991	46,246,991
Total Assets	221,629,558	405,882,170	189,142,305	53,347,858	870,001,890
Liabilities					
Due to financial institutions	54,440,223	4,585,756	14,080,552	-	73,106,532
Subordinated Sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	16,796,424	394,145,162	-	-	410,941,586
Net inter segment acceptances	150,178,749	-	173,889,686	9,407,854	333,476,289
Others	214,162	7,151,251	1,172,067	14,273,180	22,810,659
Total liabilities	221,629,558	405,882,170	189,142,305	26,531,034	843,185,066
Equity	-	-	-	26,816,824	26,816,824
Total Equity & liabilities	221,629,558	405,882,170	189,142,305	53,347,858	870,001,890
Contingencies & Commitments	12,304,140	-	25,997,052	1,059,972	39,361,164

(Un-audited)					
March 31, 2022					
Trading & sales	Retail banking	Commercial banking	Support center	Total	
Rupees in '000					
Profit & Loss					
Net profit / return	2,935,208	(2,371,891)	2,807,986	(26,913)	3,344,390
Inter segment revenue - net	(2,931,038)	6,106,061	(3,088,946)	(86,077)	-
Total other income	252,174	287,906	119,877	13,186	673,143
Total Income	256,344	4,022,076	(161,083)	(99,804)	4,017,533
Segment direct expenses	23,487	1,740,515	110,293	804,157	2,678,452
Inter segment expense allocation	56,224	491,904	260,750	(808,878)	-
Total expenses	79,711	2,232,419	371,043	(4,721)	2,678,452
Provisions / (reversals)	235	(4,643)	469,431	894	465,917
Profit / (loss) before tax	176,398	1,794,300	(1,001,557)	(95,977)	873,164
(Audited)					
December 31, 2022					
Trading & sales	Retail banking	Commercial banking	Support center	Total	
Rupees in '000					
Assets					
Cash & Bank balances	2,148,290	39,870,367	-	-	42,018,657
Investments	179,741,488	-	-	-	179,741,488
Net inter segment placements	-	326,385,391	-	9,995,730	336,381,121
Due from financial institutions	23,878,183	-	-	-	23,878,183
Islamic financing and related assets					
- performing	-	44,799,019	148,864,422	4,336,599	198,000,040
- non-performing - net	-	1,338,876	1,821,532	167,994	3,328,402
Others	6,821,631	1,671,185	6,630,060	25,149,466	40,272,342
Total Assets	212,589,592	414,064,838	157,316,014	39,649,789	823,620,233
Liabilities					
Due to financial institutions	4,036,120	3,062,126	13,954,010	-	21,052,256
Subordinated Sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	12,701,835	403,210,107	-	-	415,911,942
Net inter segment acceptances	195,667,357	-	140,713,764	-	336,381,121
Others	184,280	7,792,605	2,648,240	10,349,388	20,974,513
Total liabilities	212,589,592	414,064,838	157,316,014	13,199,388	797,169,832
Equity	-	-	-	26,450,401	26,450,401
Total Equity & liabilities	212,589,592	414,064,838	157,316,014	39,649,789	823,620,233
Contingencies & Commitments					
	6,708,168	-	31,914,198	836,170	39,458,536

36 RELATED PARTY TRANSACTIONS

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

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

	(Un-audited)					(Audited)				
	March 31, 2023					December 31, 2022				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees in '000										
Investments										
Opening balance	-	-	104,771	1,102,111	-	-	-	104,771	1,660,111	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed-off during the year / period	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	(558,000)	-
Closing balance	-	-	104,771	1,102,111	-	-	-	104,771	1,102,111	-
Provision for diminution in value of investments	-	-	(104,771)	(474,169)	-	-	-	(104,771)	(474,169)	-
Islamic financing and related assets										
Opening balance	-	372,910	-	480,187	700,001	15,382	280,483	-	480,540	700,001
Addition during the period / year	-	29,000	-	286,867	3,198,190	-	204,049	-	813,116	4,655,399
Repaid during the period / year	-	(10,248)	-	(282,317)	(2,766,740)	(15,382)	(107,753)	-	(813,469)	(4,405,399)
Transfer in / (out) - net	-	(41,788)	-	-	-	-	(3,869)	-	-	(250,000)
Closing balance	-	349,874	-	484,737	1,131,451	-	372,910	-	480,187	700,001
Other assets										
Profit receivable on financings	-	134	-	15,857	17,428	-	280	-	5,579	18,842
Subordinated Sukuk										
Opening balance	-	1,015	-	-	-	-	1,015	-	-	-
Issued / purchased during period / year	-	-	-	-	-	-	-	-	-	-
Redemption / sold during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	1,015	-	-	-	-	1,015	-	-	-
Rupees in '000										
	(Un-audited)					(Audited)				
	March 31, 2023					December 31, 2022				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees in '000										
Deposits and other accounts										
Opening balance	2,745	32,443	4	12,186	1,776,697	6,063	42,412	4	27,338	1,306,399
Received during the period / year	90,283	102,262	-	308,614	3,044,845	39,235	709,549	-	1,641,001	13,686,134
Withdrawn during the period / year	(90,079)	(99,856)	-	(296,484)	(2,956,733)	(42,553)	(716,423)	-	(1,656,153)	(13,218,501)
Transfer in / (out) - net	-	(6,251)	-	-	34	-	(3,095)	-	-	2,665
Closing balance	2,949	28,598	4	24,316	1,864,843	2,745	32,443	4	12,186	1,776,697
Other Liabilities										
Profit / return payable	1	301	-	-	18,300	1	490	-	-	31,609
Meeting fee / remuneration payable	-	-	-	-	-	240	-	-	-	-
Dividend Payable	186,989	-	-	329,398	172,744	-	-	-	-	-
Contingencies and Commitments										
Other contingencies	-	-	-	-	144,764	-	-	-	25,202	82,277
Rupees in '000										
	(Un-audited)					(Un-audited)				
	March 31, 2023					March 31, 2022				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Rupees in '000										
Income										
Profit / return earned	-	3,737	-	15,824	26,752	336	2,550	-	3,006	13,115
Other income	-	4,017	-	-	-	-	2,447	-	-	-
Expense										
Profit / return expensed	7	398	-	6	73,443	3	268	-	12	27,736
Other administrative expenses	-	743	-	-	11,615	-	656	-	-	9,083
Meeting fee / remuneration	2,780	85,247	-	-	-	3,300	141,590	-	-	-
Contribution to employees provident fund	-	-	-	-	44,932	-	-	-	-	41,283
Charge for employees gratuity fund	-	-	-	-	48,276	-	-	-	-	38,198

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	20,794,437	19,539,043
Eligible Additional Tier 1 (ADT 1) Capital	2,850,000	2,850,000
Total Eligible Tier 1 Capital	23,644,437	22,389,043
Eligible Tier 2 Capital	7,574,399	7,112,440
Total Eligible Capital (Tier 1 + Tier 2)	31,218,836	29,501,483
Risk Weighted Assets (RWAs):		
Credit Risk	141,051,522	130,973,978
Market Risk	1,738,512	2,036,650
Operational Risk	31,601,888	31,601,888
Total	174,391,922	164,612,516
Common Equity Tier 1 Capital Adequacy ratio	11.92%	11.87%
Tier 1 Capital Adequacy Ratio	13.56%	13.60%
Total Capital Adequacy Ratio	17.90%	17.92%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital Conservation Buffer (CCB) (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

37.1 SBP vide its letter no. SBPHOK-BPRD-BACPD-BIS-457801 dated April 27, 2023 has allowed the bank to consider funds received against Pre-IPO of ADT-1 sukuk issue II as ADT-1 sukuk for the purpose of calculation of capital adequacy ratio (subject to conditions disclosed in note 20 to these unconsolidated financial statements).

37.2 The capital to risk weighted assets ratio is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for credit and market risk and Basic Indicator Approach for operational Risk.

	(Un-audited) March 31 2023	(Audited) December 31 2022
	-----Rupees in '000-----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	23,644,437	22,389,043
Total Exposures	587,340,193	547,348,618
Leverage Ratio	4.03%	4.09%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	182,335,645	158,731,694
Total Net Cash Outflow	69,747,935	50,014,976
Liquidity Coverage Ratio	261.42%	317.37%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	417,935,101	418,095,642
Total Required Stable Funding	179,252,098	160,353,265
Net Stable Funding Ratio	233.15%	260.73%

37.3 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time has been placed on the Bank's website. The link to the full disclosures is available at www.bankislami.com.pk/investor-relations

38 GENERAL

38.1 Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these unconsolidated financial statements, except for captions of the Unconsolidated Statement of Financial Position and Unconsolidated Profit and Loss Account.

38.2 These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

38.3 The figures in these unconsolidated financial statements have been rounded off to the nearest thousand rupee.

38.4 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassifications during the period except as disclosed below:

Items	Transfer from	Transfer to	As at December 31, 2022
Statement of Financial Position:			
Right-of-use-assets	Property and Equipment	Statement of Financial Position	2,897,382
Lease Liabilities	Other liabilities	Statement of Financial Position	3,559,675

39 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on April 27, 2023 by the Board of Directors of the Bank.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

Condensed Interim
Consolidated Financial Statements
of
BankIslami Pakistan Limited
For the Quarter Ended
March 31, 2023

BankIslami Pakistan Limited

Condensed Interim Consolidated Statement of Financial Position

AS AT MARCH 31, 2023

		(Un-audited) March 31 2023	(Audited) December 31 2022
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	6	27,986,697	39,972,702
Balances with other banks	7	2,470,732	2,048,157
Due from financial institutions - net	8	17,921,490	23,878,183
Investments - net	9	201,666,726	180,176,339
Islamic financing, related assets and advances - net	10	240,764,691	201,328,442
Property and equipment	11	11,556,841	11,293,040
Right-of-use-assets	12	2,741,040	2,897,382
Intangible assets	13	3,386,332	3,308,580
Deferred tax assets	14	2,727,486	3,213,719
Other assets - net	15	25,758,541	19,482,870
Total Assets		536,980,576	487,599,414
LIABILITIES			
Bills payable	16	2,900,730	3,530,929
Due to financial institutions	17	73,106,532	21,052,256
Deposits and other accounts	18	410,941,581	415,911,937
Lease liabilities	19	3,346,849	3,559,675
Subordinated Sukuk	20	2,850,000	2,850,000
Other liabilities	21	16,582,845	13,903,673
		509,728,537	460,808,470
NET ASSETS		27,252,039	26,790,944
REPRESENTED BY			
Share capital - net		11,007,991	11,007,991
Reserves		2,591,071	2,591,071
Surplus on revaluation of assets - net of tax	22	2,414,608	2,759,222
Unappropriated profit		11,238,369	10,432,660
		27,252,039	26,790,944
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2023

	Note	(Un-audited)	
		March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
Profit / return earned	24	16,563,342	7,754,355
Profit / return expensed	25	9,654,353	4,409,965
Net Profit / return		6,908,989	3,344,390
OTHER INCOME			
Fee and commission income	26	366,938	403,810
Dividend income		-	-
Foreign exchange income		360,385	213,253
Gain on securities	27	2,237	15,568
Other income - net	28	42,206	40,512
Total other income		771,766	673,143
Total Income		7,680,755	4,017,533
OTHER EXPENSES			
Operating expenses	29	3,613,054	2,660,729
Workers' Welfare Fund		64,044	17,463
Other charges	30	2,354	260
Total other expenses		3,679,452	2,678,452
Profit before provisions		4,001,303	1,339,081
Provisions and write offs - net	31	840,468	465,917
Extra ordinary / unusual items		-	-
Share of profit / (loss) from associate - net of tax		-	-
PROFIT BEFORE TAXATION		3,160,835	873,164
Taxation	32	1,366,521	351,048
PROFIT AFTER TAXATION		1,794,314	522,116
ATTRIBUTABLE TO:			
Equity shareholders of the Bank		1,794,314	522,116
Non-controlling interest		-	-
		1,794,314	522,116
----- Rupees -----			
Basic / Diluted earnings per share	33	1.6184	0.4709

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

-Sd-
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OFFICER

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CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2023

	(Un-audited)	
	March 31, 2023	March 31, 2022
	----- Rupees in '000 -----	
Profit after taxation for the period	1,794,314	522,116
Other Comprehensive Income / (Loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	(319,556)	(41,867)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of non-banking assets - net of tax	368	1,046
Total comprehensive income	<u>1,475,126</u>	<u>481,295</u>

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

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CHIEF EXECUTIVE
OFFICER

-Sd-
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OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2023

	Share capital	Discount on issue of shares	Statutory reserve*	Surplus on revaluation of		Unappropriated profit	Total
				Investments	Property & Equipment / Non Banking Assets		
Rupees in '000							
Opening Balance as at January 1, 2022	11,087,033	(79,042)	1,703,144	1,380,271	2,075,001	6,640,760	22,807,167
Profit after taxation for the quarter ended March 31, 2022	-	-	-	-	-	522,116	522,116
Other comprehensive income / (loss) for the quarter ended March 31, 2022 - net of tax:							
Movement in surplus on revaluation of available for sale securities - net of tax	-	-	-	(41,867)	-	-	(41,867)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	1,046	-	1,046
Total other comprehensive income - net of tax	-	-	-	(41,867)	1,046	-	(40,821)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(29,302)	29,302	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(243)	243	-
Transfer from surplus on revaluation of fixed assets on sale to unaappropriated profit - net of tax	-	-	-	-	(10,412)	10,412	-
Opening Balance as at April 1, 2022	11,087,033	(79,042)	1,703,144	1,338,404	2,036,090	7,202,833	23,288,462
Profit after taxation for the period from April 01, 2022 to December 31, 2022						3,962,097	3,962,097
Other comprehensive income / (loss) for the period from April 01, 2022 to December 31, 2022 - net of tax:							
Movement in surplus on revaluation of available for sale securities - net of tax	-	-	-	(216,213)	-	-	(216,213)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	26,694	26,694
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	(224,541)	-	(224,541)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	(45,555)	-	(45,555)
Total other comprehensive income - net of tax	-	-	-	(216,213)	(270,096)	26,694	(459,615)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(88,517)	88,517	-
Transfer from surplus on revaluation of non-banking assets to unaappropriated profit - net of tax	-	-	-	-	2,901	(2,901)	-
Transfer from surplus on revaluation of non-banking assets on sale to unaappropriated profit - net of tax	-	-	-	-	(43,347)	43,347	-
Transfer to statutory reserve	-	-	887,927	-	-	(887,927)	-
Opening Balance as at January 1, 2023	11,087,033	(79,042)	2,591,071	1,122,191	1,637,031	10,432,660	26,790,944
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	-	1,794,314	1,794,314
Other comprehensive income / (loss) for the quarter ended March 31, 2023 - net of tax:							
Movement in surplus on revaluation of available for sale securities - net of tax	-	-	-	(319,556)	-	-	(319,556)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	368	-	368
Total other comprehensive income - net of tax	-	-	-	(319,556)	368	-	(319,188)
Share of profit from Associate for the period from October 01, 2022 to December 31, 2022	-	-	-	-	-	94,672	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(25,387)	25,387	-
Transfer from surplus on revaluation of non-banking assets to unaappropriated profit - net of tax	-	-	-	-	(39)	39	-
Transaction with owners recorded directly in equity							
Cash dividend to shareholders for the year 2022 @ Re. 1 per share	-	-	-	-	-	(1,108,703)	(1,108,703)
Closing Balance as at March 31, 2023	11,087,033	(79,042)	2,591,071	802,635	1,611,973	11,238,369	27,157,367

*This represents reserve created under section 21(1) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

-Sd- PRESIDENT / CHIEF EXECUTIVE OFFICER	-Sd- CHIEF FINANCIAL OFFICER	-Sd- CHAIRMAN	-Sd- DIRECTOR	-Sd- DIRECTOR
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BankIslami Pakistan Limited

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2023

	Note	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,794,314	873,164
Less: Dividend income		-	-
		1,794,314	873,164
Adjustments for non-cash charges and other items:			
Net Profit / return		(6,908,989)	(3,344,390)
Depreciation on fixed assets	29	266,752	230,382
Depreciation on non-banking assets	29	567	1,982
Depreciation on right-of-use assets	29	230,667	210,897
Amortization	29	26,952	18,071
Depreciation on operating Ijarah assets		5,654	27,965
Amortisation of lease liability against right of use assets	25	112,480	88,296
Provisions and write offs - net	31	840,468	465,917
Charge for defined benefit plan		-	38,198
(Gain) / Loss on sale of fixed assets	28	451	(10,873)
		(5,424,998)	(2,273,555)
		(3,630,684)	(1,400,391)
(Increase) / decrease in operating assets			
Due from financial institutions		5,957,503	11,785,204
Islamic financing and related assets and advances - net		(40,279,751)	(15,315,878)
Other assets (excluding advance taxation)		(741,107)	3,143,134
		(35,063,355)	(387,540)
Increase / (decrease) in operating liabilities			
Bills payable		(630,199)	1,648,010
Due to financial institutions		52,201,608	14,007,504
Deposits and other accounts		(4,970,356)	(12,831,365)
Other liabilities (excluding current taxation)		1,398,040	(2,808,350)
		47,999,093	15,799
		9,305,054	(1,772,132)
Profit / return received		10,719,600	10,521,882
Profit / return paid		(8,599,055)	(4,125,343)
Income tax paid		(882,000)	(75,235)
Net cash generated from operating activities		10,543,599	4,549,172
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(21,716,081)	(2,635,483)
Payment of Ijarah (lease) liability against right-of-use assets		186,805	(280,472)
Investments in property and equipment		(556,178)	(462,176)
Investments in intangible assets		(104,704)	(23,960)
Proceeds from sale of property and equipment		83,129	73,129
Net cash used in investing activities		(22,107,029)	(3,328,962)
Increase / (decrease) in cash and cash equivalents			
		(11,563,430)	1,220,210
Cash and cash equivalents at the beginning of the period		42,020,859	28,246,502
Cash and cash equivalents at the end of the period		30,457,429	29,466,712

The annexed notes 1 to 39 form an integral part of these condensed interim consolidated financial statements.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

FOR THE QUARTER ENDED MARCH 31, 2023

1 STATUS AND NATURE OF BUSINESS

- 1.1 BankIslami Pakistan Limited (the Holding Company) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Holding Company on March 18, 2005. The Holding Company commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Holding Company is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

The Holding Company is operating through 380 branches including 80 sub-branches as at March 31, 2023 (2022: 380 branches including 80 sub-branches). The registered office of the Holding Company is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Holding Company are quoted on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Holding Company's long-term rating as 'A+' and the short-term rating as 'A1' with a positive outlook.

1.2 Subsidiary Company

1.2.1 My Solutions Corporation Limited - 100 percent holding

My Solutions Corporation Limited (the Company) was incorporated as a private limited company on November 05, 1995 and was converted into a public limited company on March 24, 2003. The Company is currently dormant. Its registered office is situated at the 9th floor, Trade Centre, I.I Chundrigar Road, Karachi.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information has been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of and directives issued under the Banking Companies Ordinance (BCO), 1962, 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 BCO, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the BCO, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2 The Holding Company provides financing mainly through Murabahah, Ijarah, Istisna, Musharakah, Diminishing Musharakah, Musawamah and other Islamic modes.

The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Bank.

2.3 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 2 dated February 9, 2023 and IAS 34. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

2.4 The SBP, through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these consolidated financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these consolidated financial statements. However, investments and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

Further, as per SBP's BPRD circular no. 07 of 2023, IFRS 9 'Financial Instruments' is applicable on the Bank effective from 1 January 2024. However, an option of early adoption of the standard has been made permissible

2.5 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly consolidated financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these unconsolidated financial statements.

2.6 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company and the financial statements of subsidiary company from the date that control of the subsidiary by the Holding Company commences until the date that control ceases. The financial statements of the subsidiary company are incorporated on a line-by-line basis and the investment held by The Holding Company is eliminated against the corresponding share capital of subsidiary in these consolidated financial statements.

Material intra-group balances and transactions are eliminated.

Associates are those entities in which the Holding Company has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Holding Company has joint control established by contractual agreement. Associates and joint ventures are accounted for using the equity method.

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2023:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current and application of maturity to disclosure of accounting policies - Amendments to IAS 1	January 01, 2024
Disclosure of Accounting Policies - Amendments to IAS 1	January 01, 2023
Lease liability in a sale and leaseback - Amendments to IFRS 16	January 01, 2024
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IFRS 9 - 'Financial Instruments'	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

3.3 IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular no 3 of 2022, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after 1 January, 2024 for banks having asset base of less than Rs. 500 billion as at December 31, 2021. SBP through same circular has finalised the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks. During the transition period, the Bank will perform an impact assessment of IFRS 9 on quarterly basis and submit parallel results to SBP.

During 2022, the management of the Bank had performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Holding Company at the time of finalising the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Classification and measurement

The classification and measurement of financial assets will base on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and profit (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') for fair value through profit or loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and profit (SPPI).

Debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the assets is derecognized.

The classification of equity instruments is generally measured at FVTPL unless the Bank, at initial recognition, irrevocably designates as FVOCI in which case both unrealised and realised gains or losses are recognised in reserve and no amounts other than dividends received are recognised in the profit and loss account.

All other financial assets will mandatorily be held at FVTPL.

Impairment

The impairment requirements apply to financial assets measured at an amortised cost and FVOCI (other than equity instruments), lease receivables, and certain financing commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage' 1; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage' 2; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted and should incorporate all available information which is relevant to the assessment including information about past events, current condition and reasonable and supportable forecasts of economic condition at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SICR, Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instruction, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until Implementation of IFRS 9 has stabilised, Stage 1 and stage 2 provision would be made per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Bank's disclosure about its financial instruments particularly in the year of adoption of IFRS 9.

Further, the SBP vide BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. While the new format has revised certain disclosure requirements, it includes disclosure requirements with respect to IFRS 9.

Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective 1 January 2024 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period. "

In order to mitigate the impact of expected credit loss (ECL) models on capital, the SBP has allowed a transitional arrangement on the impact on regulatory capital from the application of ECL accounting period over a period of 5 years.

- 3.4 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

4 **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

5 **FINANCIAL RISK MANAGEMENT**

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

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
- Local currency	9,928,279	12,786,558
- Foreign currency	836,497	626,887
	<u>10,764,776</u>	<u>13,413,445</u>

With State Bank of Pakistan in:

- Local currency current account	13,674,437	24,819,147
- Foreign currency deposit accounts:		
- Cash reserve account	1,035,266	683,821
- Special cash reserve account	857,058	826,020
- US dollar clearing account	13,749	7,466
	<u>1,906,073</u>	<u>1,517,307</u>

With National Bank of Pakistan in:

- Local currency current account	1,641,403	222,780
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Prize Bonds

8	23
<u>27,986,697</u>	<u>39,972,702</u>

7 BALANCES WITH OTHER BANKS

In Pakistan:

- In current accounts	927	927
- In deposit accounts	2,336	2,334
	<u>3,263</u>	<u>3,261</u>

Outside Pakistan:

- In current accounts	2,335,226	1,717,993
- In deposit accounts	132,243	326,903
	<u>2,467,469</u>	<u>2,044,896</u>
	<u>2,470,732</u>	<u>2,048,157</u>

8 DUE FROM FINANCIAL INSTITUTIONS - NET

		(Un-audited)			(Audited)		
		March 31, 2023			December 31, 2022		
Note		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
-----Rupees in '000-----							
Secured							
Bai Muajjal Receivable							
-from Other Financial Institutions	8.1	3,818,649	-	3,818,649	4,000,718	-	4,000,718
Unsecured							
Musharakah Placements	8.2	6,000,000	-	6,000,000	10,000,000	-	10,000,000
Bai Muajjal Receivable							
-from Banks	8.1	-	-	-	4,036,995	-	4,036,995
-from Other Financial Institutions	8.1	8,102,841	-	8,102,841	5,840,470	-	5,840,470
Other placements		20,250	-	20,250	21,060	-	21,060
		17,941,740	-	17,941,740	23,899,243	-	23,899,243
Provision held against							
Financial Institution Placements	8.4	(20,250)	-	(20,250)	(21,060)	-	(21,060)
		17,921,490	-	17,921,490	23,878,183	-	23,878,183

8.1 The average return on this product ranges between 13.09% to 21.75% (2022: 13.09% to 17.35%) per annum. The balances have maturities ranging between 6 days to 188 days (2022: 3 days to 278 days). The Secured Bai Muajjal receivable are secured against Federal Government securities received as collateral and having market value of Rs.3,819 million as at March 31, 2023 (2022: Rs. 3,821 million).

8.2 The expected profit rates on these agreements range between 20% to 20.1% (2022: 16% to 16.10%) per annum. The agreements have remaining maturities of 3 days to 70 days (2022: 6 days).

8.3 Category of classification

	(Un-audited)		(Audited)	
	March 31, 2023		December 31, 2022	
	Classified Placements	Provision held	Classified Placements	Provision held
-----Rupees in '000-----				
Loss	20,250	20,250	21,060	21,060

8.3.1 The Bank does not hold overseas classified placements.

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Note	-----Rupees in '000-----	
INVESTMENTS - NET			
Investments - Islamic	9.1	201,089,051	179,598,664
Investments - Conventional (relating to amalgamated entity)	9.2	577,675	577,675
		<u>201,666,726</u>	<u>180,176,339</u>

9 INVESTMENTS - NET

9.1 Islamic Investments by type

	(Un-audited)				(Audited)			
	March 31, 2023				December 31, 2022			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
Available for sale securities								
Federal Government Shariah Compliant Securities	162,122,288	-	(739,827)	161,382,461	140,109,510	-	(289,819)	139,819,691
Shares / Modaraba Certificates	427,743	(77,571)	84,571	434,743	371,784	(77,571)	84,571	378,784
Non-Government Shariah Compliant Securities	36,064,151	(35,880)	2,079,291	38,107,562	36,176,548	(35,880)	2,189,908	38,330,576
Foreign securities	6,820	-	-	6,820	6,820	-	-	6,820
	198,621,002	(113,451)	1,424,035	199,931,586	176,664,662	(113,451)	1,984,660	178,535,871
Associates	1,157,465	-	-	1,157,465	1,062,793	-	-	1,062,793
Total Islamic investments	199,778,467	(113,451)	1,424,035	201,089,051	177,727,455	(113,451)	1,984,660	179,598,664

9.2 Conventional Investments by type*

Available for sale securities								
Shares	591,680	(696,451)	-	-	591,680	(591,680)	-	-
Non-Government Debt Securities	224,467	(224,467)	-	-	224,467	(224,467)	-	-
Foreign securities	1,155,350	(577,675)	-	577,675	1,155,350	(577,675)	-	577,675
	1,971,497	(1,498,593)	-	577,675	1,971,497	(1,393,822)	-	577,675
Held to maturity securities								
Non-Government Debt Securities	92,145	(92,145)	-	-	92,145	(92,145)	-	-
Associates	(55,354)	(474,169)	-	-	474,169	(474,169)	-	-
Total conventional investments	2,008,288	(2,064,907)	-	577,675	2,537,811	(1,960,136)	-	577,675

* These assets are related to a amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
9.3 Investments given as collateral	57,814,000	5,889,000
Federal Government Securities		
9.4 Provision for diminution in value of investments		
9.4.1 Opening balance	2,178,358	2,177,289
Charge / (reversal)	-	1,069
Charge for the period / year	-	-
Reversals for the period / year	-	1,069
Amounts written off	-	-
Closing Balance	2,178,358	2,178,358

9.4.2 Particulars of provision against debt securities

Category of classification	(Un-audited)		(Audited)	
	March 31, 2023		December 31, 2022	
	Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
	----- Rupees in '000 -----			
Domestic				
Loss	628,743	352,492	628,743	352,492
Total	628,743	352,492	628,743	352,492

9.4.3 The Bank does not hold overseas classified debt securities

9.5 Details of investment in associates

(Un-audited)							
March 31, 2023							
As at	Holding %	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
----- Rupees '000 -----							
Unlisted							
Shakarganj Food Products Limited	December 31, 2022	36.38 Pakistan	10,900,483	7,132,523	5,479,192	260,231	-
Conventional							
KASB Funds Limited	December 31, 2015	43.89 Pakistan	46,465	32,465	23,640	(66,241)	(65,679)
KASB Capital Limited*	December 31, 2016	21.78 Mauritius	\$ 652,864	\$ 135,428	\$ -	\$ (34,084)	\$ (34,084)

* This represents the full US\$ amount.

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

10 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET

Islamic financing and related assets - net	10.1	240,599,976	201,160,513
Advances (relating to amalgamated entity) - net	10.2	164,715	167,929
		<u>240,764,691</u>	<u>201,328,442</u>

10.1 ISLAMIC FINANCING AND RELATED ASSETS

Note		Performing		Non Performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
----- Rupees in '000 -----							
In Pakistan							
- Running Musharakah	10.9	83,888,038	70,086,223	1,324,955	1,324,955	85,212,993	71,411,178
- Diminishing Musharakah financing and related assets - Others	10.3	61,901,676	41,068,657	3,387,393	3,121,040	65,289,069	44,189,697
- Diminishing Musharakah - Housing		25,482,122	25,751,728	1,730,836	1,663,899	27,212,958	27,415,627
- Diminishing Musharakah financing and related assets - Auto		21,969,422	23,470,877	474,769	380,557	22,444,191	23,851,434
- Istisna financing and related assets	10.4 & 10.10	21,378,837	13,790,179	2,876,648	2,563,708	24,255,485	16,353,887
- Murabahah financing and related assets	10.5 & 10.11	14,416,361	13,255,965	237,182	238,222	14,653,543	13,494,187
- Musawamah financing and related assets /Tijarah	10.6 & 10.12	6,424,225	6,221,702	4,634,054	4,328,305	11,058,279	10,550,007
- Investment Agency Wakalah		2,730,590	3,125,000	-	-	2,730,590	3,125,000
- Murabahah against Bills		272,270	1,120,211	146,681	146,681	418,951	1,266,892
- Financing against Bills		512,587	1,179,967	-	-	512,587	1,179,967
- Past Due Acceptance		43,243	498,354	-	-	43,243	498,354
- Ijarah financing under IFAS 2 and related assets	10.7	328,678	336,640	118,430	120,030	447,108	456,670
- Salam	10.8	73,900	223,900	-	-	73,900	223,900
- Musharakah financing		160,000	160,000	-	-	160,000	160,000
- Qardh-e-Hasana		32,275	36,135	122,243	121,359	154,518	157,494
- Net investment in Ijarah financing in Pakistan		96,737	104,062	-	-	96,737	104,062
- Housing finance portfolio - others		23,535	23,535	-	-	23,535	23,535
Islamic financing and related assets - gross		239,734,497	200,453,135	15,053,190	14,008,756	254,787,687	214,461,891
Less: Provision against non-performing Islamic financing and related assets							
- Specific	10.16	-	-	(10,920,143)	(10,314,265)	(10,920,143)	(10,314,265)
- General	10.16	(3,267,568)	(2,987,113)	-	-	(3,267,568)	(2,987,113)
		(3,267,568)	(2,987,113)	(10,920,143)	(10,314,265)	(14,187,711)	(13,301,378)
Islamic financing and related assets - net of provision		236,466,929	197,466,022	4,133,047	3,694,491	240,599,976	201,160,513
ADVANCES							
- Loans, cash credits, running finances, etc. - In Pakistan*		14,869	15,253	4,547,361	4,598,676	4,562,230	4,613,929
- Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan		-	-	684,295	684,295	684,295	684,295
- Net investment in finance lease - in Pakistan		-	-	580,807	580,807	580,807	580,807
Advances - gross		14,869	15,253	5,812,463	5,863,778	5,827,332	5,879,031
Provision against advances							
- Specific	10.16	-	-	(5,753,551)	(5,804,866)	(5,753,551)	(5,804,866)
- General	10.16	(55)	(55)	-	-	(55)	(55)
		(55)	(55)	(5,753,551)	(5,804,866)	(5,753,606)	(5,804,921)
Advances - net of provision		14,814	15,198	58,912	58,912	73,726	74,110
Fair value adjustment	10.18	-	-	90,989	93,819	90,989	93,819
Advances - net of provision and fair value adjustment		14,814	15,198	149,901	152,731	164,715	167,929

* This represents non-interest bearing performing financing facilities amounting to Rs. 14,869 million (2022: Rs. 15,253 million).

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
		-----Rupees in '000-----	
10.3	Diminishing Musharakah financing and related assets - Others		
	Diminishing Musharakah financing	61,187,465	38,633,625
	Advance against Diminishing Musharakah financing	4,101,604	5,556,072
		<u>65,289,069</u>	<u>44,189,697</u>
10.4	Istisna financing and related assets		
	Istisna financing	8,335,757	7,547,321
	Advance against Istisna financing	1,660,942	1,613,446
	Istisna inventories	14,258,786	7,193,120
		<u>24,255,485</u>	<u>16,353,887</u>
10.5	Murabahah financing and related assets		
	Murabahah financing	7,727,371	8,278,378
	Deferred Murabahah income	1,745,931	563,847
	Advances against Murabahah financing	223,751	4,651,962
	Murabahah Inventories	4,956,490	-
		<u>14,653,543</u>	<u>13,494,187</u>
10.6	Musawamah financing and related assets / Tijarah		
	Musawamah financing	7,643,260	8,317,899
	Advance against Musawamah financing	113,377	2,232,108
	Musawamah inventories	3,301,642	-
		<u>11,058,279</u>	<u>10,550,007</u>
10.7	Ijarah financing under IFAS 2 and related assets		
	Net book value of assets under IFAS 2	446,497	456,059
	Advance against Ijarah financing	611	611
		<u>447,108</u>	<u>456,670</u>

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.8 Salam		
Salam financing	-	110,000
Advance against Salam	64,000	64,000
Salam inventories	9,900	49,900
	<u>73,900</u>	<u>223,900</u>
10.9	Running musharakah financing and related assets includes financing amounting to Rs. 2,373 million (2022: Rs. 2,423 million) under Islamic Export Refinance Scheme.	
10.10	Istisna financing and related assets includes financing amounting to Rs. 634.5 million (2022: Rs. 865 million) and advance amounting to Rs. 966,400 million (2022: Rs. 1,087 million) under Islamic Export Refinance Scheme.	
10.11	Murabahah financing and related assets includes financing amounting to Rs. 0.052 million and advance amounting Rs. 50.0 million (2022: Rs.0.033 million) under Islamic Export Refinance Scheme.	
10.12	Musawamah financing and related assets / Tijarah includes advance amounting to Rs. 100 million (2022: Rs. 150 million) under Islamic Export Refinance Scheme.	

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.13 Particulars of Islamic financing and related assets and advances - gross		
In local currency	259,004,661	218,622,648
In foreign currencies	1,610,358	1,718,274
	<u>260,615,019</u>	<u>220,340,922</u>
10.14	Islamic financing and related assets and advances include Rs. 20,864.453 million (2022: Rs.19,872.534 million) which have been placed under non-performing status as detailed below:	

Category of classification

	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Non-performing Islamic financing, related assets and advances	Specific Provision	Non-performing Islamic financing, related assets and advances	Specific Provision
	-----Rupees in '000-----			
Domestic				
Other assets especially mentioned	489,384	-	325,596	-
Substandard	1,101,848	65,114	548,330	48,085
Doubtful	2,459,422	884,090	4,236,194	2,411,182
Loss	16,814,999	15,724,490	14,762,414	13,659,864
Total	<u>20,865,653</u>	<u>16,673,694</u>	<u>19,872,534</u>	<u>16,119,131</u>

- 10.14.1** The Holding Company does not hold overseas classified non-performing Islamic financing, related assets and advances.

10.15 Particulars of provision against non-performing Islamic financing, related assets and advances:

	(Un-audited)			(Audited)		
	March 31, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653
Charge for the period / year	756,735	300,000	1,056,735	2,748,357	2,220,145	4,968,502
Reversals for the period / year	(202,172)	(19,545)	(221,717)	(1,157,169)	-	(1,157,169)
	554,563	280,455	835,018	1,591,188	2,220,145	3,811,333
Amount written off	-	-	-	(687)	-	(687)
Closing balance	16,673,694	3,267,623	19,941,317	16,119,131	2,987,168	19,106,299

10.15.1	Islamic	10,920,143	3,267,568	14,187,711	10,314,265	2,987,113	13,301,378
	Conventional	5,753,551	55	5,753,606	5,804,866	55	5,804,921
		16,673,694	3,267,623	19,941,317	16,119,131	2,987,168	19,106,299

	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
-----Rupees in '000-----		
10.15.2 Provision / reversal of provision net of fair value adjustment taken to the profit and loss account		
Gross reversals for the period / year	221,717	1,157,169
Charge for the period / year	(1,056,735)	(4,968,502)
	(835,018)	(3,811,333)
Fair Value Adjusted - Net	(2,830)	-
Net charge taken to the profit and loss account	(837,848)	(3,811,333)

10.15.3 Particulars of provision against non-performing Islamic financing and related assets and advances:

	(Un-audited)			(Audited)		
	March 31, 2022			December 31, 2022		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
In local currency	16,673,694	3,267,623	19,941,317	16,119,131	2,987,168	19,106,299
In foreign currency	-	-	-	-	-	-
	16,673,694	3,267,623	19,941,317	16,119,131	2,987,168	19,106,299

10.15.4 The Holding Company maintains general reserve (provision) amounting to Rs. 467.623 million (2022: Rs. 487.168 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing. In addition, the Bank carries general provision of Rs. 2,800 million (2022: Rs. 2,500 million) as a matter of prudence based on management estimate.

10.15.5 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Holding Company has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at March 31, 2022 amounts to Rs. 1,198.602 million (2022: Rs. 1,061.067 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 683.203 million (2022: Rs. 541.144 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

10.16 Provision in respect of acquired loans related to amalgamated entity have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by an independent consultant.

	Note	(Un-audited)	(Audited)
		March 31, 2023	December 31, 2022
-----Rupees in '000-----			
10.17 SBP other refinance scheme			
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)		7,856,874	7,478,402
Islamic Long-Term Financing Facility		963,047	952,692
Islamic refinance scheme for payment of wages and salaries		228,610	438,035
RM EFS - Rupee Based Discounting (TFA)		1,223,996	223,136
Islamic refinance scheme for Renewable Energy		688,256	627,670
Islamic refinance scheme for combating COVID (IRFCC)		252,825	271,263
Islamic refinance facility for mernization of SMEs		67,161	71,930
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)		57,199	59,710
Islamic Credit Guarantee Scheme for Woman Entrepreneur		8,805	9,279
		11,346,773	10,132,117

11 PROPERTY AND EQUIPMENT

Capital work-in-progress	11.1	1,584,511	1,427,567
Property and equipment	11.2	9,972,330	9,865,473
		11,556,841	11,293,040

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
11.1 Capital work-in-progress		
Advances to suppliers and contractors	393,788	236,844
Advance for acquiring properties: - Office premises	1,190,723	1,190,723
	<u>1,584,511</u>	<u>1,427,567</u>
	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	-----Rupees in '000-----	

11.2 Additions to property and equipment

The following additions have been made during the period:

Capital work-in-progress	335,629	131,121
Property and equipment		
Leasehold building	-	209,436
Furniture and fixture	93,770	35,693
Electrical office and computer equipment	273,435	93,618
Vehicles	6,870	13,699
	<u>374,075</u>	<u>352,446</u>
Total	<u>709,704</u>	<u>483,567</u>

11.3 Disposal of Property and equipment

The net book value of property and equipment disposed off during the period is as follows:

Leasehold building	-	59,470
Furniture and fixture	1,416	5,461
Electrical office and computer equipment	2,878	13
Total	<u>4,294</u>	<u>64,944</u>
	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	

12 RIGHT-OF-USE ASSETS

At January 1

Cost	6,129,251	5,007,717
Accumulated Depreciation	(3,231,869)	(2,365,045)
Net Carrying amount at January 1	<u>2,897,382</u>	<u>2,642,672</u>
Additions during the period / year	74,325	1,121,534
Depreciation Charge during the period / year	(230,667)	(866,824)
Net Carrying amount at the end of the year	<u>2,741,040</u>	<u>2,897,382</u>

13 INTANGIBLE ASSETS

Computer software	335,681	272,481
Core deposits	20,848	21,982
Membership & Subscription	38,495	22,809
Goodwill	2,991,308	2,991,308
	<u>3,386,332</u>	<u>3,308,580</u>
	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	-----Rupees in '000-----	

13.1 Additions to intangible assets

The following additions have been made during the period:

- Directly purchased	<u>104,704</u>	<u>25,222</u>
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13.2 Disposals of intangible assets

There were no disposals of intangible assets during the period

14 DEFERRED TAX ASSETS

Deductible Temporary Differences on:

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
Accumulated tax losses	-	863,212
Provision for diminution in the value of investments	95,242	95,242
Provision against non-performing Islamic financing and related assets and advances	4,685,264	4,650,741
Ijarah financing and related assets	17,367	53,009
Accelerated tax depreciation	145,415	146,333
	4,943,287	5,808,537

Taxable Temporary Differences on:

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
Fair value adjustments relating to net assets acquired upon amalgamation	(330,356)	(351,206)
Surplus on revaluation of available for sale securities	(540,162)	(853,404)
Surplus on revaluation of fixed assets	(1,187,375)	(1,206,906)
Surplus on revaluation of non-banking assets	(28,712)	(28,712)
Others	(129,197)	(154,590)
	(2,215,801)	(2,594,818)
	2,727,486	3,213,719

15 OTHER ASSETS - NET

Profit / return accrued in local currency	18,317,064	12,472,201
Profit / return accrued in foreign currency	25,078	26,199
Advances, deposits, advance rent and other prepayments	2,739,952	2,656,372
Non-banking assets acquired in satisfaction of claims	1,454,591	1,455,091
Branch Adjustment Account	564,327	-
Takaful claim receivable	55,933	58,148
Receivable against takaful and registration charges - Diminishing Musharakah Auto Financing	371,275	319,093
Receivable against First WAPDA Sukuk	50,000	50,000
Trade debts	532	532
Acceptances	1,036,310	2,332,910
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts	1,505,695	7,968
Others	335,467	802,539
	26,456,224	20,181,053
Less: Provision held against other assets	(764,955)	(764,955)
Other Assets (net of provision)	25,691,269	19,416,098

Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	67,272	66,772
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Other assets - total	25,758,541	19,482,870
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15.1 Market value of non-banking assets acquired in satisfaction of claims

	1,216,101	1,216,101
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15.2 Provision held against other assets

Advances, deposits, advance rent & other prepayments	26,692	26,692
Non banking assets acquired in satisfaction of claims	305,762	305,762
Others	432,501	432,501

15.2.1	764,955	764,955
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	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
15.2.1 Movement in provision held against other assets		
Opening Balance	764,955	1,261,370
Reversal during the period / year	-	(496,415)
Closing Balance	764,955	764,955

16 **BILLS PAYABLE**

In Pakistan	2,900,730	3,530,929
Outside Pakistan	-	-
	2,900,730	3,530,929

17 **DUE TO FINANCIAL INSTITUTIONS**

Secured

Due to State Bank of Pakistan

Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	8,167,976	7,473,692
Acceptances for financial assistance	4,129,172	4,036,120
Acceptances under Islamic Export Refinance Scheme	3,478,003	4,175,000
Islamic refinance scheme for payment of wages and salaries	62,546	469,634
Islamic Long-Term Financing Facility	958,921	922,930
Islamic refinance scheme for Renewable Energy	77,912	563,692
Islamic Export Finance Scheme - Rupee based discounting	1,135,865	139,863
Islamic refinance scheme for combating COVID (IRFCC)	64,311	76,879
Acceptances from SBP under Mudaraba	47,111,052	-
Islamic Refinance Scheme for Modernization of SMEs	71,491	65,854
Islamic Credit Guarantee Scheme for Women Entrepreneur	9,500	9,499
Islamic refinance scheme for Facility of Storage of Agricultural Produce (IFFSAP)	54,027	56,967
	65,320,776	17,990,130
Refinance facility for Islamic Mortgage	4,585,756	3,062,126
Total secured	69,906,532	21,052,256

Unsecured

Wakalah Acceptance	2,000,000	-
Musharakah Acceptance	1,200,000	-
Total unsecured	3,200,000	-
	73,106,532	21,052,256

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	March 31, 2023			December 31, 2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits	139,249,990	6,393,383	145,643,373	153,254,447	4,891,424	158,145,871
Savings deposits	86,986,997	3,692,124	90,679,121	91,134,589	3,359,456	94,494,045
Term deposits	139,042,545	6,512,286	145,554,831	132,317,698	4,987,727	137,305,425
Others	8,244,118	121,146	8,365,264	10,979,366	90,052	11,069,418
	373,523,650	16,718,939	390,242,589	387,686,100	13,328,659	401,014,759
Financial Institutions						
Current deposits	1,525,813	14,160	1,539,973	1,419,692	9,985	1,429,677
Savings deposits	18,519,019	-	18,519,019	13,071,501	-	13,071,501
Term deposits	640,000	-	640,000	396,000	-	396,000
	20,684,832	14,160	20,698,992	14,887,193	9,985	14,897,178
	394,208,482	16,733,099	410,941,581	402,573,293	13,338,644	415,911,937

19 LEASE LIABILITIES

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
-----Rupees in '000-----		
Outstanding amount at the start of the period / year	3,559,675	3,213,456
Additions during the period / year	74,325	1,121,534
Lease payments including interest	(397,275)	(1,216,855)
Interest expense	110,124	441,540
Outstanding amount at the end of the period / year	3,346,849	3,559,675

19.1 Liabilities Outstanding

Not later than one year	457,784	486,895
Later than one year and unto five year	2,352,002	2,501,565
Over five year	537,063	571,215
Total at the year end	3,346,849	3,559,675

- 19.2 The Holding Company enters in to lease agreements with terms and conditions mainly included rent escalation usually at 10% p.a, sub-letting of the property at discretion of the Holding Company, alterations to the premises as per business requirement, termination of the agreement with notice period, agreement period, renewal of agreement usually at same terms with change in monthly rent, escalation clause and termination of the agreement. Discount rate ranges between 12.19% to 16.48%.

20 SUBORDINATED SUKUK

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
-----Rupees in '000-----			
ADT-1 Sukuk Issue I	20.1	2,000,000	2,000,000
Advance subscription against ADT-1 Sukuk Issue II	20.2	850,000	850,000
		2,850,000	2,850,000

- 20.1 The Holding Company has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuk under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

20.1.1 Salient features of the ADT-1 Sukuk issue I are as follows:

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A-' (A minus).
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.
Call option	The Holding Company may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

20.1.2 The funds raised through this instrument are being utilized towards the Holding Company's General Pool, that is, financing and investment activities as permitted by the Holding Company's Memorandum and Articles of Association. With permission of Sukuk holders, the proceeds of this issue have been commingled with other funds of the depositors (which may include Holding Company's own equity) i.e. invested in General Pool of the Bank.

20.2 The Holding Company is in the process of issuing fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Sukuks under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. The total size of ADT-1 Sukuk Issue II is Rs. 1,000 million.

As of 31 December 2022, the Pre-IPO (Initial Public Offer) phase of ADT-I Sukuk issue II was achieved through which subscription amounting to Rs. 850 million was received. Further, the Holding Company is in process of conducting the IPO of ADT-I Sukuk issue II, subject to regulatory approvals, amounting to Rs. 150 million.

The State Bank of Pakistan also allowed the Holding Company to consider the advance subscription money of Rs. 850 million received against the issuance of ADT-I Sukuk issue II (Pre-IPO) for Capital Adequacy Ratio subject to following conditions.

- The pre-IPO subscription money shall not be withdrawn without prior approval of SBP.
- The pre-IPO subscription money shall only be used for the issuance of ADT-I eligible Sukuks of BIPL and will not be refunded.
- The terms of SBP's In-principle approval and final approval will remain applicable on the pre-IPO subscription money received against the proposed Sukuks.

21 OTHER LIABILITIES

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
-----Rupees in '000-----			
Profit / return payable in local currency		5,704,937	4,633,768
Profit / return payable in foreign currencies		136,437	152,308
Dividend Payable		1,108,703	-
Accrued expenses		1,817,306	1,359,473
Deferred Murabahah Income Financing, IERS and Others		788,866	335,033
Payable to defined benefit plan		4,677	4,677
Payable to defined contribution plan		31,924	29,804
Defined Benefit Plan liabilities		509,756	302,347
Security deposits against Ijarah		435,304	441,269
Provision against off-balance sheet obligations		85,975	85,975
Acceptances		1,036,310	2,332,910
Current taxation (provisions less payments)		1,569,759	1,884,713
Provision against other tax liabilities		52,615	95,475
Sundry creditors		519,509	528,572
Clearing and settlement accounts		1,617,848	479,890
Payable to brokers against purchase of shares - net		536	442
Charity payable		13,790	7,440
Retention money payable		31,055	27,158
Provision for Workers' Welfare Fund		422,463	358,419
Branch adjustment account		-	387,266
Others		695,075	456,734
		<u>16,582,845</u>	<u>13,903,673</u>

22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus on revaluation of:

Available for sale securities	1,424,035	1,984,660
Property and equipment	2,752,273	2,796,812
Non-banking assets acquired in satisfaction of claims	67,272	66,772
	<u>4,243,580</u>	<u>4,848,244</u>

Deferred tax liability on surplus on revaluation of:

Available for sale securities	(612,335)	(853,404)
Fixed assets	(1,187,754)	(1,206,906)
Non-banking assets acquired in satisfaction of claims	(28,883)	(28,712)
	<u>(1,828,972)</u>	<u>(2,089,022)</u>
	<u>2,414,608</u>	<u>2,759,222</u>

23 CONTINGENCIES AND COMMITMENTS

- Guarantees	23.1	4,332,576	3,527,283
- Commitments	23.2	34,798,936	35,701,601
- Other contingent liabilities	23.3	229,652	229,652
		<u>39,361,164</u>	<u>39,458,536</u>

	Note	(Un-audited) March 31, 2023	(Audited) December 31, 2022
		-----Rupees in '000-----	
23.1 Guarantees:			
Performance guarantees		2,953,267	2,668,388
Other guarantees		1,379,309	858,895
		<u>4,332,576</u>	<u>3,527,283</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		21,664,477	28,386,915
Commitments in respect of:			
- Shariah compliant alternative of forward foreign exchange contracts	23.2.1	12,304,140	6,708,168
Commitments for acquisition of:			
- fixed assets		731,282	553,177
- intangible assets		99,038	53,341
		<u>34,798,936</u>	<u>35,701,601</u>
23.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions			
Purchase		37,883,311	17,741,180
Sale		(25,579,171)	(11,033,012)
		<u>12,304,140</u>	<u>6,708,168</u>
23.3 Other contingent liabilities			
Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt		4,200	4,200
Tax Contingencies		225,452	225,452
		<u>229,652</u>	<u>229,652</u>

	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	-----Rupees in '000-----	
24 PROFIT / RETURN EARNED		
Profit earned on:		
Financing	8,201,042	4,067,874
Investments	7,505,138	2,873,240
Placements	810,638	778,339
Others	46,524	34,902
	<u>16,563,342</u>	<u>7,754,355</u>
25 PROFIT / RETURN EXPENSED		
Deposits and other accounts	7,503,291	3,625,363
Due to financial institutions	1,877,467	596,121
Cost of foreign currency swaps against foreign currency deposits	20,606	35,212
Amortisation of lease liability against right of use assets	112,480	88,296
Subordinated Sukuk	140,509	64,973
	<u>9,654,353</u>	<u>4,409,965</u>
26 FEE AND COMMISSION INCOME		
Card related fees	209,365	181,077
Commission on trade	68,738	76,058
Commission on arrangement with financial institutions	18,824	23,353
Investment banking fees	1,022	22,593
Commission on banca takaful	19,619	25,980
Guarantees related fee	14,209	12,362
Consumer finance related fees	3,465	19,850
Branch banking customer fees	15,306	14,764
Commission on remittances including home remittances	9,282	22,904
Commission on cash management	3,710	3,371
Others	3,398	1,498
	<u>366,938</u>	<u>403,810</u>
27 GAIN ON SECURITIES		
Realized gain on Federal Government Shariah Compliant Securities	<u>2,237</u>	<u>15,568</u>
28 OTHER INCOME - NET		
Gain on termination of financing	40,853	27,325
Gain on sale of property and equipment	451	10,873
Rent on property	-	365
Others	902	1,949
	<u>42,206</u>	<u>40,512</u>

29 OPERATING EXPENSES

		(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	Note	-----Rupees in '000-----	
Total compensation expense		1,725,942	1,270,803
Property expense			
Rent & taxes		52,240	13,896
Takaful cost		541	1,109
Utilities cost		131,061	98,696
Security (including guards)		127,463	88,267
Repair & maintenance (including janitorial charges)		66,235	50,994
Depreciation		123,849	118,626
Depreciation on right-of-use assets	12	230,667	210,897
		732,056	582,485
Information technology expenses			
Software maintenance		113,574	60,138
Hardware maintenance		75,485	27,988
Depreciation		78,314	63,313
Amortization		25,504	16,931
Network charges		67,968	51,820
		360,845	220,190
Other operating expenses			
Directors' fees and allowances		2,540	3,300
Fees and allowances to Shariah Board		5,538	5,448
Legal & professional charges		28,019	32,292
Travelling & conveyance		31,870	19,961
NIFT clearing charges		7,369	5,331
Depreciation		64,589	48,443
Depreciation on non-banking assets		567	1,982
Entertainment expense		22,101	25,207
Training & development		12,378	1,256
Postage & courier charges		20,554	12,233
Communication		52,024	14,198
Stationery & printing		94,227	59,259
Marketing, advertisement & publicity		68,501	55,094
Repairs and maintenance		64,936	31,857
Takaful, tracker and other charges on car Ijarah - net of income		-	29,379
Takaful / Insurance		84,431	69,754
Fee and subscription		88,645	68,404
Vehicle running and maintenance		108,874	58,453
Auditors' remuneration		5,015	4,640
Amortization		1,448	1,140
CDC and share registrar services		2,773	1,457
Brokerage and commission		5,172	6,610
Stamp duty, registration & verification charges		9,900	16,211
Others		12,740	15,342
		794,211	587,251
		3,613,054	2,660,729

		(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
	Note	-----Rupees in '000-----	
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		2,354	260
31 PROVISIONS AND WRITE OFFS - NET			
Reversal of provision against Due from financial institutions		(810)	(810)
Charge / (reversal) of provision for diminution in value of Investments		-	1,045
Provision against Islamic financing and related assets and advances - net	10.15.2	837,848	463,655
Other provisions / (reversal) / write offs - net		3,430	2,027
		840,468	465,917
32 TAXATION			
Current		567,046	195,955
Deferred		799,475	155,093
		1,366,521	351,048
33 BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the period		1,794,314	522,116
		----- Number of shares -----	
Weighted average number of ordinary shares		1,108,703,299	1,108,703,299
		----- Rupees -----	
Basic and diluted EPS	33.1	1.6184	0.4709

33.1 There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2023 and March 31, 2022, therefore diluted earning per share has not been presented separately.

34 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity or investments in associates and subsidiary, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost less impairment losses. The fair value of unquoted equity securities, other than investments in associates and subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted Shariah compliant securities, fixed term financing, other assets, other liabilities, fixed term deposits and acceptances 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.

34.1 Fair value of financial assets

The Holding Company 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 assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

(Un-audited)			
March 31, 2023			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	434,743	-	584,495	1,019,238
GoP Ijarah Sukuk	-	161,382,461	-	161,382,461
Non-Government Shariah compliant securities	33,574,356	4,533,206	-	38,107,562

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	7,272,921	7,272,921
Non-banking assets acquired in satisfaction of claims	-	-	1,210,260	1,210,260

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	37,883,311	-	37,883,311
Shariah compliant alternative of forward sale of foreign exchange	-	25,579,171	-	25,579,171

(Audited)			
December 31, 2022			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	378,784	-	584,495	963,279
GoP Ijarah Sukuk	-	139,819,691	-	139,819,691
Non-Government Shariah compliant Securities	32,376,937	5,953,639	-	38,330,576

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	7,396,770	7,396,770
Non-banking assets acquired in satisfaction of claims	-	-	1,216,101	1,216,101

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	17,741,180	-	17,741,180
Shariah compliant alternative of forward sale of foreign exchange	-	11,033,012	-	11,033,012

Valuation techniques used in determination of fair values within level 1

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
Listed securities (Shares and Sukuks)	The valuation has been determined through closing rates on Pakistan Stock Exchange.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks	The fair value of GOP Ijarah Sukuks are revalued using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from 6 different pre-defined / approved dealers / brokers.
GoP Ijarah Sukuks	The fair value of GoP Ijarah Sukuk are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
Non-Government Shariah compliant Securities	Non-Government Shariah compliant Securities 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.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

Fixed assets - Land and building	Land and buildings are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.
Non-banking assets acquired in satisfaction of claims	Non-banking assets acquired in satisfaction of claims are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Banks' Association. The valuation is based on their assessment of market value of the properties.

- 34.2 The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

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

35 SEGMENT INFORMATION

35.1 Segment Details with respect to Business Activities

	(Un-audited)				
	March 31, 2023				
	Trading & sales	Retail banking	Commercial banking	Support center	Total
	----- Rupees in '000 -----				
Profit & Loss					
Net profit / return	6,233,898	(5,022,204)	5,820,304	(123,009)	6,908,989
Inter segment revenue - net	(6,695,053)	12,823,817	(6,227,797)	99,033	-
Total other income	381,446	299,536	15,661	75,123	771,766
Total income	(79,709)	8,101,148	(391,831)	51,147	7,680,755
Segment direct expenses	38,900	1,860,547	144,511	1,635,495	3,679,452
Inter segment expense allocation	12,780	731,457	192,413	(936,650)	-
Total expenses	51,680	2,592,004	336,923	698,845	3,679,452
Provisions / (reversals)	810	71,008	763,291	5,359	840,468
Profit / (loss) before tax	(132,199)	5,438,136	(1,492,046)	(653,057)	3,160,835

(Un-audited)					
March 31, 2023					
Balance Sheet	Trading & sales	Retail banking	Commercial banking	Support center	Total
----- Rupees in '000 -----					
Assets					
Cash & Bank balances	2,570,865	27,886,564	-	-	30,457,429
Investments	201,666,726	-	-	-	201,666,726
Net inter segment placements	-	333,476,289	-	-	333,476,289
Due from financial institutions	17,921,490	-	-	-	17,921,490
Islamic financing and related assets					
- performing	-	42,997,048	186,533,728	7,041,955	236,572,731
- non-performing - net	-	1,524,470	2,608,577	58,913	4,191,960
Others	-	-	-	46,170,240	46,170,240
Total Assets	222,159,081	405,884,372	189,142,305	53,271,107	870,456,865
Liabilities					
Due to financial institutions	54,440,223	4,585,756	14,080,552	-	73,106,532
Subordinated Sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	16,796,424	394,145,157	-	-	410,941,581
Net inter segment acceptances	150,178,749		173,889,686	9,407,854	333,476,289
Others	214,162	7,151,251	1,172,067	14,292,944	22,830,424
Total liabilities	221,629,558	405,882,164	189,142,305	26,550,798	843,204,826
Equity	-	-	-	27,252,039	27,252,039
Total Equity & liabilities	221,629,558	405,882,164	189,142,305	53,802,837	870,456,865
Contingencies & Commitments					
	12,304,140	-	25,997,052	1,059,972	39,361,164

(Un-audited)					
March 31, 2022					
Trading & sales	Retail banking	Commercial banking	Support center	Total	
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	2,935,208	(2,371,891)	2,807,986	(26,913)	3,344,390
Inter segment revenue - net	(2,931,038)	6,106,061	(3,088,946)	(86,077)	-
Total other income	252,174	287,906	119,877	13,186	673,143
Total Income	256,344	4,022,076	(161,083)	(99,804)	4,017,533
Segment direct expenses	23,487	1,740,515	110,293	804,157	2,678,452
Inter segment expense allocation	56,224	491,904	260,750	(808,878)	-
Total expenses	79,711	2,232,419	371,043	(4,721)	2,678,452
Provisions / (reversals)	235	(4,643)	469,431	894	465,917
Profit / (loss) before tax	176,398	1,794,300	(1,001,557)	(95,977)	873,164
(Audited)					
December 31, 2022					
Trading & sales	Retail banking	Commercial banking	Support center	Total	
----- Rupees in '000 -----					
Assets					
Cash & Bank balances	2,148,290	39,870,367	-	-	42,018,657
Investments	179,741,488	-	-	-	179,741,488
Net inter segment placements	-	326,385,391	-	9,995,730	336,381,121
Due from financial institutions	23,878,183	-	-	-	23,878,183
Islamic financing and related assets					
- performing	-	44,799,019	148,864,422	4,336,599	198,000,040
- non-performing - net	-	1,338,876	1,821,532	167,994	3,328,402
Others	6,821,631	1,671,185	6,630,060	25,149,466	40,272,342
Total Assets	212,589,592	414,064,838	157,316,014	39,649,789	823,620,233
Liabilities					
Due to financial institutions	4,036,120	3,062,126	13,954,010	-	21,052,256
Subordinated Sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	12,701,835	403,210,107	-	-	415,911,942
Net inter segment acceptances	195,667,357	-	140,713,764	-	336,381,121
Others	184,280	7,792,605	2,648,240	10,349,388	20,974,513
Total liabilities	212,589,592	414,064,838	157,316,014	13,199,388	797,169,832
Equity	-	-	-	26,450,401	26,450,401
Total Equity & liabilities	212,589,592	414,064,838	157,316,014	39,649,789	823,620,233
Contingencies & Commitments	6,708,168	-	31,914,198	836,170	39,458,536

36 RELATED PARTY TRANSACTIONS

The Holding Company has related party transactions with its subsidiary, associates, employee benefit plans, its directors and key management personnel.

The Holding Company 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 unconsolidated financial statements are as follows:

	(Un-audited)				(Audited)			
	March 31, 2023				December 31, 2022			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees in '000								
Investments								
Opening balance	-	-	1,102,111	-	-	-	1,660,111	-
Investment made during the period / year	-	-	-	-	-	-	-	-
Investment redeemed / disposed-off during the year / period	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	(558,000)	-
Closing balance	-	-	1,102,111	-	-	-	1,102,111	-
Provision for diminution in value of investments	-	-	(474,169)	-	-	-	(474,169)	-
Islamic financing and related assets								
Opening balance	-	372,910	480,187	700,001	15,382	280,483	480,540	700,001
Addition during the period / year	-	29,000	286,867	3,198,190	-	204,049	813,116	4,655,399
Repaid during the period / year	-	(10,248)	(282,317)	(2,766,740)	(15,382)	(107,753)	(813,469)	(4,405,399)
Transfer in / (out) - net	-	(41,788)	-	-	-	(3,869)	-	(250,000)
Closing balance	-	349,874	484,737	1,131,451	-	372,910	480,187	700,001
Other assets								
Profit receivable on financings	-	134	15,857	17,428	-	280	5,579	18,842
Subordinated Sukuk								
Opening balance	-	1,015	-	-	-	1,015	-	-
Issued / purchased during period / year	-	-	-	-	-	-	-	-
Redemption / sold during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	1,015	-	-	-	1,015	-	-
	(Un-audited)				(Audited)			
	March 31, 2023				December 31, 2022			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees in '000								
Deposits and other accounts								
Opening balance	2,745	32,443	12,186	1,776,697	6,063	42,412	27,338	1,306,399
Received during the period / year	90,283	102,262	308,614	3,044,845	39,235	709,549	1,641,001	13,686,134
Withdrawn during the period / year	(90,079)	(99,856)	(296,484)	(2,956,733)	(42,553)	(716,423)	(1,656,153)	(13,218,501)
Transfer in / (out) - net	-	(6,251)	-	34	-	(3,095)	-	2,665
Closing balance	2,949	28,598	24,316	1,864,843	2,745	32,443	12,186	1,776,697
Other Liabilities								
Profit / return payable	1	301	-	18,300	1	490	-	31,609
Meeting fee / remuneration payable	-	-	-	-	240	-	-	-
Dividend Payable	186,989	-	329,398	172,744	-	-	-	-
Contingencies and Commitments								
Other contingencies	-	-	-	144,764	-	-	25,202	82,277
	(Un-audited)				(Un-audited)			
	March 31, 2023				March 31, 2022			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees in '000								
Income								
Profit / return earned	-	3,737	15,824	26,752	336	2,550	3,006	13,115
Other income	-	4,017	-	-	-	2,447	-	-
Expense								
Profit / return expensed	7	398	6	73,443	3	268	12	27,736
Other administrative expenses	-	743	-	11,615	-	656	-	9,083
Meeting fee / remuneration	2,780	85,247	-	-	3,300	141,590	-	-
Contribution to employees provident fund	-	-	-	44,932	-	-	-	41,283
Charge for employees gratuity fund	-	-	-	48,276	-	-	-	38,198

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
Paid-up capital (net of losses)	11,007,991	11,007,991

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	21,312,771	19,971,442
Eligible Additional Tier 1 (ADT 1) Capital	2,850,000	2,850,000
Total Eligible Tier 1 Capital	24,162,771	22,821,442
Eligible Tier 2 Capital	7,757,464	7,265,706
Total Eligible Capital (Tier 1 + Tier 2)	31,920,235	30,087,148

Risk Weighted Assets (RWAs):

Credit Risk	146,303,754	135,264,964
Market Risk	1,738,512	2,036,650
Operational Risk	31,614,900	31,614,900
Total	179,657,166	168,916,514

Common Equity Tier 1 Capital Adequacy ratio	11.86%	11.82%
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Tier 1 Capital Adequacy Ratio	13.45%	13.51%
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Total Capital Adequacy Ratio	17.77%	17.81%
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National minimum capital requirements prescribed by SBP

CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital Conservation Buffer (CCB) (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

37.1 SBP vide its letter no. SBPHOK-BPRD-BACPD-BIS-457801 dated April 27, 2023 has allowed the bank to consider funds received against Pre-IPO of ADT-1 sukuk issue II as ADT-1 sukuk for the purpose of calculation of capital adequacy ratio (subject to conditions disclosed in note 20 to these unconsolidated financial statements).

37.2 The capital to risk weighted assets ratio is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for credit and market risk and Basic Indicator Approach for operational Risk.

	(Un-audited) March 31 2023	(Audited) December 31 2022
	-----Rupees in '000-----	

Leverage Ratio (LR):

Eligible Tier-1 Capital	24,162,771	22,821,442
Total Exposures	587,809,757	547,791,150
Leverage Ratio	4.11%	4.17%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	182,335,645	158,731,694
Total Net Cash Outflow	69,747,935	50,014,976
Liquidity Coverage Ratio	261.42%	317.37%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	417,955,239	418,115,780
Total Required Stable Funding	179,252,098	160,353,265
Net Stable Funding Ratio	233.17%	260.75%

37.3 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time has been placed on the Holding Company's website. The link to the full disclosures is available at www.bankislami.com.pk/investor-relations

38 GENERAL

38.1 Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these consolidated financial statements, except for captions of the Consolidated Statement of Financial Position and Consolidated Profit and Loss Account.

38.2 These consolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

38.3 The figures in these consolidated financial statements have been rounded off to the nearest thousand rupee.

38.4 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassifications during the period except as disclosed below:

Items	Transfer from	Transfer to	As at December 31, 2022
Statement of Financial Position:			
Right-of-use-assets	Property and Equipment	Statement of Financial Position	2,897,382
Lease Liabilities	Other liabilities	Statement of Financial Position	3,559,675

38.5 Due to non-availability of approved interim financial results of Shakarganj Food Products Limited (associated company) for the period ended March 31, 2023, these condensed interim consolidated financial statements does not included share of profit from associate.

39 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on April 27, 2023 by the Board of Directors of the Bank.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

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