

WE VALUE YOU

Quarterly Report September 2023

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Corporate Information

Board of Directors

Mr. Suleman Lalani	Chairman (Non-Executive Director)
Mr. Rizwan Ata *	President & Chief Executive Officer
Mr. Akhtar Abbas	Independent Director
Mr. Ali Hussain	Non-Executive Director
Ms. Iffat Zehra Mankani	Non-Executive Director
Mr. Haider Ali Hilaly	Independent Director
Mr. Sulaiman Sadruddin Mehdi	Independent Director
Mr. Syed Ali Hasham	Non-Executive Director

Shariah Supervisory Board

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

Board Audit Committee

Mr. Haider Ali Hilaly	Chairperson
Ms. Iffat Zehra Mankani	Member
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member

Board Risk Management Committee

Ms. Iffat Zehra Mankani	Chairperson
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member
Chief Executive Officer	Member

Board Human Resources & Remuneration Committee

Mr. Akhtar Abbas	Chairperson
Ms. Iffat Zehra Mankani	Member
Mr. Suleman Lalani	Member
Mr. Syed Ali Hasham	Member

Board Information Technology Committee

Mr. Haider Ali Hilaly	Chairperson
Mr. Akhtar Abbas	Member
Mr. Suleman Lalani	Member
Chief Executive Officer	Member

* With effect from September 29, 2023.

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)

Rizwan Ata
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 Qamar Lari
Faisal Anwer
Sohail Sikandar
Tariq Ali Khan
Usman Shahid
Zabih Ullah Usmani
Zaheer Elahi Babar

President & Chief Executive Officer
Group Head Distribution
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 Internal Audit
Group Head Treasury & Financial Institutions
Chief Financial Officer
General Manager North
Group Head Risk Management
Divisional General Manager Baluchistan
Group Head Corporate Banking

Registered Office

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Marine Drive, Block-4, Clifton, Karachi.
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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') on the Condensed Interim Un-audited Financial Statements for the nine months ended September 30, 2023.

Economy Snapshot

In Fiscal Year 2023 (FY23), Pakistan's economy experienced a significant deceleration, with an estimated 0.6% contraction in real GDP. The most recent Pakistan Development Update from the World Bank, titled "Restoring Fiscal Sustainability," highlights that this decline in economic activity can be attributed to a combination of factors. These include domestic and external shocks, such as the Year 2022 floods, government-imposed limitations on imports and capital flows, domestic political instability, the rise in global commodity prices, and stricter global financial conditions. Moving forward, the implementation of the economic adjustment program and a smooth general election planned during the Fiscal Year 2024 (FY24) are expected to boost confidence and would be critical in restoring stability and gradual recovery of economy. Easing import controls is likely to support investments; favorable weather conditions and the Government's relief package of free seeds, subsidized credit, and fertilizers are expected to support a recovery in agriculture. This, in turn, will help the industry, which will also benefit from the increased availability of critical imports. The World Bank estimates forecasted GDP growth for the fiscal year 2024 to recover at 1.7%, while International Monetary Fund (IMF) and Asian Development Bank (ADB) have given forecast of 2.5% and 1.9% respectively.

The Monetary Policy Committee (MPC) has analyzed certain developments having positive expected impact on inflationary pressure, which was at its peak in May 2023 at 38% and declined to 31.4% in September 2023, and decided to maintain the policy rate at 22%. Key considerations to this decision include a healthy agricultural outlook driven by a robust cotton crop and improved conditions, rising global oil prices exceeding \$90 per barrel, a shift in the current account to a deficit of USD 809 million in July 2023 - partly due to eased import restrictions, and successful administrative and regulatory measures aimed at food commodity availability and exchange company reforms. These changes are also connected to a recent IMF Stand-By Arrangement (SBA) of USD 3 billion, with an initial disbursement of USD 1.2 billion, helped in narrowing the gap between interbank and open market exchange rates. The SBP's and overall country's reserve now stood at USD 7.6 billion and USD 13 billion as at Oct 06, 2023 respectively, which has previously been reported at USD 4.4 billion and USD 9.2 billion respectively at the end of FY23.

Pakistan's new SBA-supported program will provide a policy anchor for addressing domestic and external imbalances and a framework for financial support from multilateral and bilateral partners. The program will focus on (1) implementation of the FY24 budget to facilitate Pakistan's needed fiscal adjustment and ensure debt sustainability, while protecting critical social spending; (2) a return to a market-determined exchange rate and proper FX market functioning to absorb external shocks and eliminate FX shortages; (3) an appropriately tight monetary policy aimed at disinflation; and (4) further progress on structural reforms, particularly with regard to energy sector viability, governance, and climate resilience.

(Source: SBP Monetary Policy Statement, World Bank Pakistan Development Update and News Reports)

Overview of Financial Performance

Following are the key financial highlights for the nine months ended September 30, 2023:

Key Balance Sheet Numbers	September 2023	December 2022	September 2022	September 2023 Vs December 2022	September 2023 Vs September 2022
----- Rupees in '000 -----			----- % -----		
Net Assets	32,694,168	26,450,401	25,610,790	23.6%	27.7%
Deposits	461,908,104	415,911,942	388,128,524	11.1%	19.0%
Financing and related assets - net	203,699,800	201,328,442	205,282,924	1.2%	-0.8%
Investments – net	276,160,518	179,741,488	139,363,656	53.6%	98.2%
Due to FI	60,146,046	21,052,256	20,940,017	185.7%	187.2%

Key profit and expense numbers	September 2023	September 2022	% Change
----- Rupees in '000 -----			
Profit / return earned	65,309,237	31,591,490	106.7%
Profit / return expensed	36,964,611	17,947,864	106.0%
Net Spread Earned	28,344,626	13,643,626	107.7%
Fee and commission income	1,274,885	1,044,835	22.0%
Operating expenses	11,630,715	8,695,391	33.8%
Operating Profit before provisions	18,863,300	7,790,448	142.1%
Provisions (net)	3,903,489	2,246,379	73.8%
Profit before taxation	14,959,811	5,544,069	169.8%
Profit after taxation	8,473,584	2,852,229	197.1%
Earnings per share (in Rupees)	7.6428	2.5726	197.1%

Alhumdulillah! the Bank's net assets increased by 23.6%, primarily driven by the allocation of excess liquidity in GoP Ijarah Sukuk. As a result, the Bank's investment portfolio surged from Rs. 179.74 billion in Dec 2022 to Rs. 276.16 billion in Sept 2023, marking a substantial growth of 53.6%. Consequently, the investment to deposit ratio (IDR) rose from 43.2% as of Dec 31, 2022, to 59.8% as of Sept 30, 2023.

The Bank's total deposits surged by 11.1% compared to the end of the year 2022, while it achieved a year-on-year growth of 19%. The results demonstrate significant growth of 29.9% in term deposits with a slight decrease of 1.9% in current deposits compared to the end of the year 2022. On a year-on-year basis, there is a growth of 12.9% in the current account of the Bank. The growth in total deposits emerged based on the Bank's strategic product diversification, catering to distinct market segments and effectively addressing specific market needs. In line with this approach, the Bank reintroduced attractive term deposit offerings, leveraging the heightened demand owing to higher policy rates. Moreover, it introduced customized products for women, established priority banking centers, and emphasized cash management and employee banking services. Additionally, the Bank is expanding its branch network, thereby improving accessibility and market presence.

The Bank demonstrated controlled growth in its financing portfolio, recording a modest 1.2% increase as compared to the end of the year 2022. Challenges such as high policy rates, stringent regulatory measures on auto financing, and the absence of subsidized housing finance schemes for new cases led to a notable decline in the Bank's consumer financing portfolio. Consequently, the Bank's gross Advance to Deposit ratio (ADR) decreased to 48.9% from 53% reported as of Dec 31, 2022. Nevertheless, going forward, the Bank intends

to increase its funding to large corporate and commercial clients, with the goal of sustaining a robust financing portfolio.

A strong capital foundation is essential for maintaining a robust asset portfolio. As of September 30, 2023, the Bank's Capital Adequacy Ratio (CAR) has reached an impressive 22.42%, marking a significant increase from 17.92% recorded as of December 31, 2022, despite the payment of dividend of Re. 1/- per share during the current year. The strong growth in profitability and investments in zero/low risk weighted assets notably contributed to the improved CAR. This growth highlights the Bank's commitment to sustaining a strong financial position and enhancing shareholder value.

Owing to growth in overall balance sheet along with rise in policy rate, the net spread earned by the Bank during the period of 9M 2023 grew by 107.7% as compared to same period last year. With the country going through a high cycle of inflation, opening of new branches by the Bank and increase in headcount primarily on business side, the overall operating expenses of the Bank has increased by 33.8% as compared to same period last year. Net provision against financings and investments increased by 73.8% during the 9M 2023 due to certain fresh classifications, discounting of FSV benefit considered against previously classified financings and incremental general provision. While the management will continue to make efforts to recover from classified portfolio, at the same time, it will continue to prudently monitor the health of the overall financing portfolio. In response to the current economic conditions, the Bank has proactively allocated an additional general provision of Rs. 1.1 billion during the 9M 2023, leading to an improvement in the coverage ratio to 102.2%.

Alhumdulillah! the Bank has attained an increase of 169.8% in its profit before tax for the nine months ended on September 30, 2023 as compared to same period last year. This achievement is a result of Bank's comprehensive strategy which included a focus on attaining an optimal CASA mix, promoting growth in low-risk weighted financing portfolios, prioritizing fee-based income and consciously expanding the investment portfolio. In the year 2023, the recognition of deferred tax assets was adjusted based on the tax rates amended vide Finance Bill 2023-24, leading to a reversal in the tax charge by approx. Rs. 1 billion. Consequently, the profit after tax reached to Rs. 8.47 billion, an increase of 197.1% which underscores the Bank's unwavering commitment to financial excellence and its ability to navigate challenging circumstances, yielding exceptional results.

Group Results

Throughout the initial nine months of the year 2023, the Group witnessed a substantial 20.2% increase in its total assets. This notable enhancement in the Group's financial position was primarily propelled by investments in Sukuks. Demonstrating exceptional performance, the Group attained a post-tax profit of Rs. 8.46 billion, showcasing an impressive 195.4% surge compared to the same period last year. This outstanding accomplishment is attributed to the augmentation of earning assets, the growth of profit-bearing liabilities, and the increase in policy rates.

Dividend

The Board of Directors, in their meeting held on October 24, 2024 declared an interim cash dividend of Rs. 1.75 (17.5%) for the nine months ended September 30, 2023

Composition of the Board

In line with the requirements of the Code of Corporate Governance (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:	3
(ii)	Non-executive Directors:	4
(iii)	Executive Director:	1
(a)	Female Director:	1
(b)	Male Directors:	7

Acknowledgements

The Board wishes to formally express its profound gratitude to the State Bank of Pakistan for their invaluable assistance and guidance. Additionally, we extend our appreciation to the Securities and Exchange Commission of Pakistan and other regulatory bodies for their unwavering support towards the Bank's endeavors. Our sincere gratitude goes out to our esteemed customers, valued business partners, and shareholders for their continuous loyalty and trust.

Furthermore, we would like to recognize the exceptional dedication, commitment, and tireless efforts exhibited by our management team and employees. Their contributions have been instrumental in propelling BankIslami to a prominent position within the broader banking sector and particularly in the Islamic Banking industry.

On behalf of the Board,

-Sd-

Rizwan Ata
President & Chief Executive Officer

October 24, 2023

-Sd-

Suleman Lalani
Chairman of the Board of Directors

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 بینک کی غیر متزلزل معاونت فراہم کرنے 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 نگاہ سے دیکھتے ہیں جس کی بدولت بینک اسلامی کو نہ صرف بینکاری بلکہ خاص طور پر اسلامی بینکاری کی صنعت میں اہم مقام ملا ہے۔

بورڈ کی جانب سے

-Sd-

سیمان لالانی

چیئر مین بورڈ آف ڈائریکٹرز

-Sd-

رضوان عطاء

صدر اور چیف ایگزیکٹو آفیسر

24 اکتوبر، 2023

فروغ، فیس پڑنی آمدنی کو ترجیح اور سرمایہ کاری پورٹ فولیو میں توسیع کی جامع حکمت کا نتیجہ ہے۔ سال 2023 میں اثاثوں پر موخر محصول کو فنانس بل 2023-24 کے ذریعے محصول کی ترمیم شدہ شرحوں کی بنیاد پر ایڈجسٹ کیا گیا۔ نتیجتاً بینک کا بعد از محصول منافع 197.1 فیصد اضافہ کے ساتھ 8.47 بلین روپے پہنچ گیا جو بینک کی اعلیٰ معیار کی مالی کارکردگی، بشکل حالات سے نکلنے اور غیر معمولی نتائج کے حصول کیلئے غیر متزلزل عزیمت کا ثبوت ہے۔

گروپ کے نتائج

سال 2023 کے دوران گروپ کے کل اثاثوں میں 20.2 فیصد کا نمایاں اضافہ ہوا۔ گروپ کی مالی پوزیشن میں قابل غور اضافہ کی وجہ صکوک میں سرمایہ کاری ہے۔ گروپ نے غیر معمولی کارکردگی کا مظاہرہ کرتے ہوئے 8.46 بلین روپے کا بعد از محصول منافع حاصل کیا جو گزشتہ سال کی اسی مدت کے مقابلے میں 195.4 فیصد کے شاندار اضافہ کو 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۔

حصص یافتگان کو منافع

بورڈ آف ڈائریکٹرز نے 24 اکتوبر 2023 کو ہونے والی اپنی میٹنگ میں 30 ستمبر 2023 کو ختم ہونے والی مدت کیلئے 1.75 روپے (17.5) فیصد کے نقد ڈیویڈنڈ کا اعلان کیا۔

بورڈ کی تشکیل

CCG اور بہترین طریقوں کے تقاضوں کے مطابق بینک کا بورڈ نان ایگزیکٹو اور آزاد ڈائریکٹرز پر مشتمل ہے جس میں ایک خاتون ڈائریکٹر کی بھی نمائندگی شامل ہے۔ بورڈ کی موجودہ تشکیل درج ذیل ہے۔

8	ڈائریکٹرز کی کل تعداد
	تشکیل
3	(i) آزاد ڈائریکٹرز
4	(ii) نان ایگزیکٹو ڈائریکٹرز
1	(iii) ایگزیکٹو ڈائریکٹر
1	(اے) خاتون ڈائریکٹر
7	(بی) مرد ڈائریکٹرز

پیش کش کو دوبارہ متعارف کروایا۔ اس کے علاوہ خواتین کیلئے ان کی مرضی کے مطابق مصنوعات متعارف کروائیں، ترجیحی بینکنگ مراکز کا قیام، کیش میجمنٹ اور ایمپلائمنٹ بینکنگ سروسز شامل ہیں۔ اس کے علاوہ بینک اپنے برانچ نیٹ ورک میں بھی توسیع کر رہا ہے تاکہ صارفین کی زیادہ سے زیادہ رسائی ہو اور مارکیٹ کی موجودگی میں اضافہ ہو۔

بینک نے فنانسنگ پورٹ فولیو میں منظم نمو کا مظاہرہ کیا جس میں سال 2022 کے اختتام کے مقابلے میں 1.2 فیصد کا معمولی اضافہ ہوا۔ پالیسی ریٹ کی بلند شرح، آٹو فنانسنگ پر سخت ریگولیٹری اقدامات اور نئے کیسز کیلئے رعایتی ہاؤسنگ فنانس سکیموں کی عدم موجودگی جیسی مشکلات کے باعث بینک کے کنزرویٹو فنانسنگ پورٹ فولیو میں واضح کمی ہوئی۔ نتیجتاً بینک کا مجموعی ADR کم ہو کر 48.9 فیصد رہا جبکہ 31 دسمبر 2022 کو یہ 53 فیصد تھا۔ اس کے باوجود بینک بڑھتے ہوئے مضبوط فنانسنگ پورٹ فولیو کو برقرار رکھنے کے مقصد کے ساتھ بڑے کارپوریٹ اور کمرشل صارفین کو سرمایہ کی فراہمی میں اضافہ کا ارادہ رکھتا ہے۔

مستحکم کپٹل میں مستحکم اثاثہ جات کو برقرار رکھنے کیلئے بنیاد فراہم کرتا ہے۔ 31 ستمبر، 2023 تک بینک کا موزوں سرمایہ کا تناسب (CAR) 22.42 فیصد ریکارڈ کیا گیا جو 31 دسمبر، 2022 کے 17.92 فیصد کے مقابلے میں نمایاں اضافہ ظاہر کرتا ہے۔ باوجود اس کے موجودہ سال کے دوران ایک روپے فی حصص کے حساب سے نقد منافع منقسمہ کی ادائیگی کی گئی۔ منافع میں مضبوط نمو اور صفر/کم خطرے والے اثاثوں میں سرمایہ کاری نے خاص طور پر CAR کو بہتر بنانے میں اہم کردار ادا کیا۔ یہ نمو مضبوط مالیاتی پوزیشن کو برقرار رکھنے اور حصص یافتگان کی قدر بڑھانے کے لیے بینک کے عزم کو نمایاں کرتی ہے۔

مجموعی بیلنس شیٹ میں نمو اور پالیسی ریٹ میں اضافہ کے باعث 2023 کی نو ماہ کی مدت کے دوران بینک کی حاصل کردہ صافی آمدنی میں گزشتہ سال کی مدت کے مقابلے میں 107.7 فیصد اضافہ ہوا ہے۔ ملک میں جاری مہنگائی کی بلند شرح، بینک کی طرف سے نئی برانچیں کھولنے اور ملازمتین کی تعداد میں اضافہ سے بینک کے مجموعی عملیاتی اخراجات میں گزشتہ سال کی اسی مدت کے مقابلے میں 33.8 فیصد کا اضافہ ہوا۔ فنانسنگ اور سرمایہ کاری کے عوض خالص پروویڈنر 2023 کی نو ماہ کی مدت کے دوران 73.8 فیصد بڑھے جس کی وجوہات میں گزشتہ غیر فعال فنانسنگ اور عمومی پروویڈنر کو مد نظر رکھتے ہوئے تازہ ترین درجہ بندیوں، FSV بینیفٹ کی رعایت شامل ہے۔ ایک طرف بینک کی انتظامیہ غیر فعال پورٹ فولیو سے بحالی کیلئے اپنی کوششیں جاری رکھے گی، دوسری طرف مجموعی فنانسنگ پورٹ فولیو کی فعال انداز میں نگرانی بھی جاری رکھے گی۔ جاری معاشی حالات کے پیش نظر بینک نے 2023 کی نو ماہ کی مدت کے دوران 1.1 بلین روپے کے اضافی عمومی پروویڈنر مختص کئے ہیں جس کی وجہ سے کورٹن ریٹو بہتر ہو کر 102.2 فیصد ہو گیا۔

الحمد للہ بینک نے گزشتہ سال کی اسی مدت کے مقابلے میں 30 ستمبر، 2023 کو ختم ہونے والے نو ماہ کی مدت کیلئے قبل از محصول منافع میں 169.8 فیصد اضافہ حاصل کیا ہے جو بینک کے بہترین CASA کس کے حصول، کم خطرے والے فنانسنگ پورٹ فولیو میں نمو کے

----- روپے 000 میں -----
----- فیصد -----

منافع اور اخراجات کے اہم اعداد و شمار	ستمبر 2023	ستمبر 2022	تبدیلی
حاصل شدہ منافع / آمدن	65,309,237	31,591,490	106.7 فیصد
خرچ شدہ منافع / آمدن	36,964,611	17,947,864	106.0 فیصد
حاصل کردہ صافی آمدنی	28,344,626	13,643,626	107.7 فیصد
فیس اور کمیشن سے حاصل آمدن	1,274,885	1,044,835	22.0 فیصد
آپریٹنگ اخراجات	11,630,715	8,695,391	33.8 فیصد
قبل از پروویڈنز آپریٹنگ منافع	18,863,300	7,790,448	142.1 فیصد
پروویڈنز (صافی)	3,903,489	2,246,379	73.8 فیصد
قبل از محصول منافع	14,959,811	5,544,069	169.8 فیصد
بعد از محصول منافع	8,473,584	2,852,229	197.1 فیصد
فی حصص آمدن (روپے میں)	7.6428	2.5726	197.1 فیصد

الحمد للہ! بینک کے خالص اثاثوں میں حکومتی اجارہ صکوک میں اضافی سرمایہ کاری کرنے سے 23.6 فیصد اضافہ ہوا۔ نتیجتاً بینک کی سرمایہ کاری کا پورٹ فولیو دسمبر 2022 میں 179.74 بلین روپے سے بڑھ کر ستمبر 2023 میں 276.16 بلین روپے ہو گیا جو 53.6 فیصد کی غیر معمولی اضافہ کو ظاہر کرتی ہے۔ سرمایہ کاری اور ڈیپازٹ کے درمیان تناسب (IDR) جو کہ دسمبر 2022 میں 43.2 فیصد تھا 30 ستمبر 2023 تک بڑھ کر 59.8 فیصد ہو گیا۔

سال 2022 کے اختتام کے مقابلے میں بینک کے مجموعی ڈیپازٹس میں 11.1 فیصد اضافہ ہوا جبکہ سالانہ بنیادوں پر اضافہ 19 فیصد رہا۔ سال 2022 کے اختتام کے مقابلے میں ٹرم ڈیپازٹس میں 29.9 فیصد کا نمایاں اضافہ اور کرنٹ ڈیپازٹس میں 1.9 فیصد کی معمولی کمی ہوئی جب کہ سالانہ بنیادوں پر بینک کے کرنٹ اکاؤنٹس میں 12.9 فیصد اضافہ ہوا۔ بینک کے مجموعی ڈیپازٹس میں اضافہ کا سبب صارفین کے لئے مختلف نوع کی مصنوعات ہیں جو کہ مارکیٹ کے مختلف حصوں کے لئے صارفین کی ضروریات کو مد نظر رکھ کر متعارف کرائی گئی ہیں۔ اسی حکمت عملی کے تحت بینک نے پالیسی ریٹ کی بلند ترین شرح کی وجہ سے بڑھتی ہوئی طلب کے پیش نظر ٹرم ڈیپازٹس کی پرکشش

آئی ایم ایف کا نیا SBA پروگرام ملکی اور غیر ملکی سطح پر حائل مشکلات سے نمٹنے میں معاونت فراہم کرنے کے علاوہ کثیر الملکی اور دوطرفہ شراکت داروں کی طرف سے مالی معاونت کیلئے فریم ورک فراہم کرے گا۔ پروگرام کے ذریعے ان امور پر توجہ مرکوز کی جائے گی (1) پاکستان کی مطلوبہ مالی معاونت میں سہولت اور قرضوں کی ادائیگی کے استحکام کو یقینی بنانے کیلئے مالی سال 2024 کے بجٹ کا نفاذ (2) بیرونی دباؤ کو کم کرنے اور زرمبادلہ کی کمی کے خاتمے کیلئے مارکیٹ پر مبنی شرح تبادلہ اور زرمبادلہ کی مارکیٹ کی مناسب فعالیت (3) مہنگائی کم کرنے کیلئے مناسب سخت مانیٹری پالیسی اور (4) بلخصوص توانائی کے شعبہ، گورننس اور موسمیاتی چلک کے حوالے سے اصلاحات پر مزید پیش رفت شامل ہے۔

(ماخذ: ایس بی پی مانیٹری پالیسی اسٹیٹمنٹ، ورلڈ بینک پاکستان ڈویلپمنٹ اپ ڈیٹ اور نیوز رپورٹس)

مالی کارکردگی کا جائزہ

30 ستمبر، 2023 کو ختم ہونے والی مدت کے اہم مالی نکات درج ذیل ہیں

----- روپے 000 میں ----- فیصد -----

مالی گوشوارے کے اہم اعداد و شمار	ستمبر 2023	دسمبر 2022	ستمبر 2022	ستمبر 2023	ستمبر 2023 vs ستمبر 2022
صافی اثاثہ جات	32,694,168	26,450,401	25,610,790	23.6 فیصد	27.7 فیصد
ڈیپازٹس	461,908,104	415,911,942	388,128,524	11.1 فیصد	19.0 فیصد
فنانسنگ اور متعلقہ اثاثہ جات - صافی	203,699,800	201,328,442	205,282,924	1.2 فیصد	-0.8 فیصد
سرماہ کاری - صافی	276,160,518	179,741,488	139,363,656	53.6 فیصد	98.2 فیصد
ایف آئی سے متوقع حصول	60,146,046	21,052,256	20,940,017	185.7 فیصد	187.2 فیصد

ڈائریکٹرز کی رپورٹ

معزز اراکین،

ہم بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر، 2023 کو ختم ہونے والی مدت کیلئے بینک اسلامی پاکستان لمیٹڈ ('بینک' یا 'بینک اسلامی') کے مختصر عبوری غیر آڈٹ شدہ مالی گوشواروں کے ہمراہ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

معاشی منظر نامہ

مالی سال 2023 میں پاکستان کی معیشت سست روی کا شکار رہی جس کی وجہ سے پاکستان کی حقیقی GDP 0.6 فیصد تک کم ہونے کا اندازہ لگایا گیا ہے۔ عالمی بینک کی طرف سے پاکستان کی حالیہ ترقی کے حوالے سے اپ ڈیٹ بعنوان "مالی استحکام کی بحالی" میں واضح کیا گیا کہ معاشی ترقی میں کمی کی وجوہات میں ملکی اور غیر ملکی حالات، جیسا کہ 2022 کے سیلاب، درآمدات اور کیپٹل فلو پر پابندیاں، سیاسی عدم استحکام عالمی اجناس کی قیمتوں میں اضافہ اور سخت عالمی مالیاتی شرائط شامل ہیں۔ مالی سال 2024 کے دوران معیشت کو استحکام دینے کیلئے پروگرام اور عام انتخابات کے ہموار انعقاد کی صورت میں اعتماد میں اضافہ متوقع ہے جو کہ معیشت کی تدریج بحالی اور استحکام کیلئے اہم ثابت ہوگا۔ سرمایہ کاری کیلئے درآمدات کے حوالے سے نرمی، سازگار موسمی حالات، مفت بیجوں کی فراہمی، سبسڈی والے قرضے اور کھاد کی فراہمی کیلئے حکومتی امدادی پیکیج سے زراعت کے شعبے میں معاونت ملے گی۔ جس کے نتیجے میں صنعت کو بھی فائدہ پہنچے گا۔ عالمی بینک کے مطابق پاکستان کی مالی سال 2024 کیلئے GDP کی شرح نمو 1.7 فیصد جبکہ عالمی مالیاتی فنڈ (IMF) اور ایشیائی ترقیاتی بینک (ADB) کے مطابق بلتر تیب 2.5 فیصد اور 1.9 فیصد رہنے کی توقع ہے۔

مانیٹرنگ پالیسی کمیٹی (MPC) نے مہنگائی میں کمی کے حوالے سے مثبت توقعات کا اظہار کیا ہے جو کہ ستمبر 2023 میں 38 فیصد کی بلند ترین سطح پر تھی اور ستمبر 2023 میں کم ہو کر 31.4 فیصد ہو گئی ہے۔ کمیٹی نے کپاس کی فصل کی اچھی پیداوار کی وجہ سے متوقع مستحکم زراعی پیداوار، بہتر حالات، عالمی سطح پر تیل کی قیمتوں میں اضافہ جو 90 ڈالر فی بیرل سے تجاوز کر گئیں، جزوی طور پر درآمد پر پابندی میں نرمی کی وجہ سے جولائی 2023 میں حسابات جاریہ میں 809 ملین ڈالر اضافہ، غذائی اجناس کی دستیابی اور ایکس چینج اصلاحات کے دوران کامیاب انتظامی اور ریگولیٹری اقدامات کی بدولت پالیسی ریٹ بھی 22 فیصد پر برقرار رکھا۔ پاکستان اور آئی ایم ایف کے درمیان حالیہ 3 بلین ڈالر کے اسٹینڈ بائے معاہدہ (SBA) جس کی 1.2 بلین ڈالر کی ابتدائی قسط وصول ہو گئی، نے انٹر بینک اور اوپن مارکیٹ کے زور مبادلہ کے ریٹ کے درمیان فرق کو کم کرنے میں مدد دی۔ اسٹینڈ بینک آف پاکستان اور ملک کے مجموعی ذخائر 16 اکتوبر، 2023 تک بلتر تیب 7.6 بلین ڈالر اور 13 بلین ڈالر رہے جبکہ مالی سال 2023 کے اختتام پر یہ ذخائر بلتر تیب 4.4 بلین ڈالر اور 9.2 بلین ڈالر تھے۔

**Condensed Interim
Unconsolidated Financial Statements
of
BankIslami Pakistan Limited
For the Quarter and Nine Months Ended
September 30, 2023**

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2023

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	40,850,734	39,972,702
Balances with other banks	7	1,147,506	2,045,955
Due from financial institutions - net	8	5,255,544	23,878,183
Investments - net	9	276,160,518	179,741,488
Islamic financing, related assets and advances - net	10	203,699,800	201,328,442
Fixed assets	11	14,260,469	14,189,370
Intangible assets	12	3,435,454	3,261,569
Deferred tax assets	13	4,390,317	3,338,805
Other assets - net	14	36,184,295	19,482,598
Total Assets		585,384,637	487,239,112
LIABILITIES			
Bills payable	15	2,640,416	3,530,929
Due to financial institutions	16	60,146,046	21,052,256
Deposits and other accounts	17	461,908,104	415,911,942
Subordinated sukuk	18	2,850,000	2,850,000
Deferred tax liabilities		-	-
Other liabilities	19	25,145,903	17,443,584
		552,690,469	460,788,711
NET ASSETS		32,694,168	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	20	1,546,365	2,768,287
Unappropriated profit		17,548,721	10,083,032
		32,694,168	26,450,401
CONTINGENCIES AND COMMITMENTS	21		

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

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

For The Quarter and Nine Months Ended September 30, 2023

		Quarter Ended		Nine Months Ended	
	Note	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
----- Rupees in '000 -----					
Profit / return earned	22	26,144,635	13,220,921	65,309,237	31,591,490
Profit / return expensed	23	14,453,407	7,495,521	36,964,611	17,947,864
Net Profit / return		11,691,228	5,725,400	28,344,626	13,643,626
OTHER INCOME					
Fee and commission income	24	476,971	315,685	1,274,885	1,044,835
Dividend income		16,975	5,188	44,313	17,753
Foreign exchange income		(208,516)	637,327	376,061	1,228,708
Gain on securities	25	86,261	58,342	201,266	77,067
Other income - net	26	145,474	115,847	252,864	473,850
Total other income		517,165	1,132,389	2,149,389	2,842,213
Total Income		12,208,393	6,857,789	30,494,015	16,485,839
OTHER EXPENSES					
Operating expenses	27	3,831,461	3,063,344	11,325,125	8,576,209
Workers' Welfare Fund		132,322	56,930	298,239	110,881
Other charges	28	2,590	600	7,351	8,301
Total other expenses		3,966,373	3,120,874	11,630,715	8,695,391
Profit before provisions		8,242,020	3,736,915	18,863,300	7,790,448
Provisions and write offs - net	29	1,578,042	890,417	3,903,489	2,246,379
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		6,663,978	2,846,498	14,959,811	5,544,069
Taxation	30	3,286,140	1,430,526	6,486,227	2,691,840
PROFIT AFTER TAXATION		3,377,838	1,415,972	8,473,584	2,852,229
----- Rupees -----					
Basic / Diluted earnings per share	31	3.0467	1.2771	7.6428	2.5726

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

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DIRECTOR

BankIslami Pakistan Limited

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

For The Quarter and Nine Months Ended September 30, 2023

	Quarter Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----			
Profit after taxation for the period	3,377,838	1,415,972	8,473,584	2,852,229
Other Comprehensive Income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of investments - net of tax	(654,034)	147,935	(948,918)	247,359
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of fixed assets - net of tax	(2,735)	-	(169,369)	-
Movement in surplus on revaluation of non-banking assets - net of tax	231	-	(2,827)	-
	(2,504)	-	(172,196)	-
Total comprehensive income	<u>2,721,300</u>	<u>1,563,907</u>	<u>7,352,470</u>	<u>3,099,588</u>

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

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BankIslami Pakistan Limited

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

For The Quarter and Nine Months Ended September 30, 2023

	Share capital	Discount on issue of shares	Statutory reserve ¹	Surplus on revaluation of		Unappropriated profit	Total
				Investments	Fixed / 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 nine months ended September 30, 2022	-	-	-	-	-	2,852,229	2,852,229
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	247,359	-	-	247,359
	-	-	-	247,359	-	2,852,229	3,099,588
Transfer from surplus on revaluation of operating fixed assets to unappropriated profit - net of tax	-	-	-	-	(88,225)	88,225	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(573)	573	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	(10,412)	10,412	-
Transfer from surplus on revaluation of non-banking assets on sale to unappropriated profit - net of tax	-	-	-	-	(43,347)	43,347	-
Opening Balance as at October 1, 2022	11,087,033	(79,042)	1,703,164	1,636,695	1,932,444	9,330,496	25,610,790
Profit after taxation for the period from October 01, 2022 to December 31, 2022	-	-	-	-	-	1,587,406	1,587,406
Other comprehensive (loss) / income for the period from October 01, 2022 to December 31, 2022	-	-	-	(505,439)	(269,050)	26,694	(747,795)
	-	-	-	(505,439)	(269,050)	1,614,100	839,611
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(29,594)	29,594	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	3,231	(3,231)	-
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 nine months ended September 30, 2023	-	-	-	-	-	8,473,584	8,473,584
Other comprehensive loss for the nine months ended September 30, 2023	-	-	-	(948,918)	(172,196)	-	(1,121,114)
	-	-	-	(948,918)	(172,196)	8,473,584	7,352,470
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(100,671)	100,671	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(137)	137	-
Transactions 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 September 30, 2023	11,087,033	(79,042)	2,591,091	182,338	1,364,027	17,548,721	32,694,168

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

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

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DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For The Nine Months Ended September 30, 2023

	Note	September 30, 2023	September 30, 2022
		----- Rupees in '000 -----	-----
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		14,959,811	5,544,069
Less: Dividend income		(44,313)	(17,753)
		14,915,498	5,526,316
Adjustments for non-cash charges and other items:			
Depreciation on fixed assets		837,320	712,263
Depreciation on non-banking assets		1,726	2,643
Depreciation on right-of-use assets		625,803	629,591
Amortization		98,313	67,344
Depreciation on operating Ijarah assets		14,540	56,771
Amortisation of lease liability against right of use assets	23	956,819	259,487
Provisions and write offs - net	29	3,903,489	2,246,379
Charge for defined benefit plan		142,227	114,594
Gain on sale of fixed assets	26	(101,190)	(11,697)
Gain on sale of non-banking assets	26	-	(208,967)
		6,479,047	3,868,408
		21,394,545	9,394,724
(Increase) / decrease in operating assets			
Due from financial institutions		18,622,639	(8,010,308)
Islamic financing and related assets and advances - net		(5,650,502)	(26,403,604)
Other assets (excluding advance taxation)		(17,392,911)	(1,457,779)
		(4,420,774)	(35,871,691)
Increase / (decrease) in operating liabilities			
Bills payable		(890,513)	(383,812)
Due to financial institutions		39,093,790	(253,315)
Deposits and other accounts		45,996,162	43,340,568
Other liabilities (excluding current taxation)		4,952,268	(377,234)
		89,151,707	42,326,207
		106,125,478	15,849,240
		(4,331,724)	(567,756)
Income tax paid			
Net cash generated from operating activities		101,793,754	15,281,484
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(97,947,295)	(14,283,308)
Dividends received		44,313	17,753
Investments in fixed assets		(2,064,479)	(972,392)
Investments in intangible assets		(272,198)	(130,604)
Proceeds from sale of fixed assets		562,415	77,049
Net cash used in investing activities		(99,677,244)	(15,291,502)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of Ijarah (lease) liability against right of use assets		(1,127,700)	(908,200)
Dividend paid		(1,009,228)	-
Net cash generated from financing activities		(2,136,928)	(908,200)
Increase / (decrease) in cash and cash equivalents		(20,417)	(918,218)
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		41,998,240	27,326,082

The annexed notes 1 to 37 form an integral part of these condensed interim unconsolidated 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 the Condensed Interim Unconsolidated Financial Statements (Un-Audited)

For The Nine Months Ended September 30, 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, and retail banking and investment activities.

The Bank is operating through 407 branches including 70 sub-branches as at September 30, 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 upgraded the Bank's long-term rating as 'AA-' and maintained the short-term rating as 'A1' with a stable outlook based on financial year ended December 31, 2022.

- 1.2** During the period, JS Bank Limited increased its shareholding in the Bank from 7.79% to 75.12% by way of acquiring Bank's shares through Share Purchase Agreement (SPA) with existing shareholders of the Bank and a public offer, effectively making BankIslami Pakistan Limited a subsidiary of JS Bank Limited.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies

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

- 2.2 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These 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.
- 2.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services.
- 2.4 Further, as per SBP's BPRD circular no. 07 of 2023, IFRS 9 'Financial Instruments' is applicable for all banks effective from January 1, 2024. However, an option of early adoption of the standard has been made permissible.
- 2.5 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.
- 2.6 The Bank provides financing mainly through Murabahah, Ijarah, Istisna, Musharakah, Diminishing Musharakah, Muswammah and other Islamic modes.

The purchases and sales arising under these arrangements are not reflected in these condensed interim 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.

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, 2024:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current and application of materiality to disclosure of accounting policies - Amendments to IAS 1	January 01, 2024
Lease liability in a sale and leaseback - Amendments to IFRS 16	January 01, 2024
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

3.3 IFRS 9 - ‘Financial Instruments’

As directed by the SBP via BPRD Circular Letter no 07 of 2023, IFRS 9, ‘Financial Instruments’ is effective for periods beginning on or after January 1, 2024 for banks. SBP through same circular has emphasised on its earlier 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.

The management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP’s IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalising the impact for initial application of IFRS 9. 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 fair value through profit or loss (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) or 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 are 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 significant increase in credit risk (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 as per IFRS 9 ECL and Stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing prudential regulations’ (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. The requirements will be applicable from January 01, 2024 in accordance with the BPRD Circular Letter no 07 of 2023.

Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective from January 1, 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, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective date (annual periods beginning on or after)
Standard	
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 annual unconsolidated financial statements for the year ended December 31, 2022.

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

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

- Local currency	9,441,053	12,786,558
- Foreign currency	1,039,777	626,887
	<u>10,480,830</u>	<u>13,413,445</u>

With the State Bank of Pakistan in:

- Local currency current account	25,694,112	24,819,147
- Foreign currency deposit accounts:		
- Cash reserve account	639,585	683,821
- Special cash reserve account	1,573,987	826,020
- US dollar clearing account	62,607	7,466
	<u>2,276,179</u>	<u>1,517,307</u>

With National Bank of Pakistan in:

- Local currency current account	2,398,055	222,780
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Prize Bonds	1,558	23
	<u>40,850,734</u>	<u>39,972,702</u>

7 BALANCES WITH OTHER BANKS

In Pakistan:

- In current accounts	14	927
- In deposit accounts	139	132
	<u>153</u>	<u>1,059</u>

Outside Pakistan:

- In current accounts	831,671	1,717,993
- In deposit accounts	315,682	326,903
	<u>1,147,353</u>	<u>2,044,896</u>
	<u>1,147,506</u>	<u>2,045,955</u>

8 DUE FROM FINANCIAL INSTITUTIONS - NET

	Note	(Un-audited)		(Audited)	
		September 30, 2023		December 31, 2022	
		In Local Currency	Total	In Local Currency	Total
----- Rupees in '000 -----					
Secured					
Bai Muajjal Receivable					
-from Other Financial Institutions	8.1	-	-	4,000,718	4,000,718
Unsecured					
Musharaka Placements	8.2	-	-	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	5,255,544	5,255,544	5,840,470	5,840,470
Other placements		18,630	18,630	21,060	21,060
		5,274,174	5,274,174	23,899,243	23,899,243
Provision held against					
Financial Institution Placements	8.3	(18,630)	(18,630)	(21,060)	(21,060)
		5,255,544	5,255,544	23,878,183	23,878,183

8.1 The average return on this product is 17.78% (2022: 16.19%) per annum. The balances have maturities ranging between 8 days to 364 days (2022: 3 days to 278 days). The Secured Bai Muajjal receivables are secured against Federal Government securities received as collateral and having market value of Nil as at September 30, 2023 (2022: Rs. 3,821 million).

8.2 The expected profit rate on these agreements is Nil (2022:16% to 16.10%) per annum. The agreements have Nil maturities (2022: 6 days).

8.3 Category of classification

	(Un-audited)		(Audited)	
	September 30, 2023		December 31, 2022	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	18,630	18,630	21,060	21,060

8.3.1 The Bank does not hold overseas classified placements.

9 INVESTMENTS - NET

	Note	(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
		-----Rupees in '000-----	
Investments - Islamic	9.1 & 9.3	276,160,518	179,163,813
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	-	577,675
		276,160,518	179,741,488

9.1 Islamic Investments by type

Note	(Un-audited)				(Audited)			
	September 30, 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	239,105,274	-	(70,207)	239,035,067	140,109,510	-	(289,819)	139,819,691
Shares / Mudaraba certificates	427,748	(79,243)	145,153	493,658	371,784	(77,571)	84,571	378,784
Non-Government Shariah Compliant Securities	35,750,332	(35,880)	282,579	35,997,031	36,176,548	(35,880)	2,189,908	38,330,576
Foreign Securities	6,820	-	-	6,820	6,820	-	-	6,820
	<u>275,290,174</u>	<u>(115,123)</u>	<u>357,525</u>	<u>275,532,576</u>	<u>176,664,662</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>178,535,871</u>
Associates	627,942	-	-	627,942	627,942	-	-	627,942
Total Islamic investments	<u>275,918,116</u>	<u>(115,123)</u>	<u>357,525</u>	<u>276,160,518</u>	<u>177,292,604</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>179,163,813</u>

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	(1,155,350)	-	-	1,155,350	(577,675)	-	577,675
	<u>1,971,497</u>	<u>(1,971,497)</u>	<u>-</u>	<u>-</u>	<u>1,971,497</u>	<u>(1,393,822)</u>	<u>-</u>	<u>577,675</u>
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	<u>2,642,582</u>	<u>(2,642,582)</u>	<u>-</u>	<u>-</u>	<u>2,642,582</u>	<u>(2,064,907)</u>	<u>-</u>	<u>577,675</u>

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

9.3 Islamic Investments by segments

Federal Government Shariah Compliant Securities

GoP Ijarah Sukuks	239,105,274	-	(70,207)	239,035,067	140,109,510	-	(289,819)	139,819,691
Bai Muajjal	-	-	-	-	-	-	-	-
	<u>239,105,274</u>	<u>-</u>	<u>(70,207)</u>	<u>239,035,067</u>	<u>140,109,510</u>	<u>-</u>	<u>(289,819)</u>	<u>139,819,691</u>

Shares / Mudaraba certificates

Listed companies	427,748	(79,243)	145,153	493,658	371,784	(77,571)	84,571	378,784
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Non-Government Shariah Compliant Securities

Listed

Pakistan Energy Sukuk-I	27,146,945	-	320,334	27,467,279	27,146,945	-	1,845,992	28,992,937
Pakistan Energy Sukuk-II	3,390,483	-	(6,140)	3,384,343	3,391,464	-	(7,464)	3,384,000
	<u>30,537,428</u>	<u>-</u>	<u>314,194</u>	<u>30,851,622</u>	<u>30,538,409</u>	<u>-</u>	<u>1,838,528</u>	<u>32,376,937</u>

Unlisted

Sukuk certificates	5,212,904	(35,880)	(31,615)	5,145,409	5,638,139	(35,880)	351,380	5,953,639
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Foreign securities

Equity securities	6,820	-	-	6,820	6,820	-	-	6,820
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Associates

Shakarganj Food Products Limited	627,942	-	-	627,942	627,942	-	-	627,942
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	<u>275,918,116</u>	<u>(115,123)</u>	<u>357,525</u>	<u>276,160,518</u>	<u>177,292,604</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>179,163,813</u>
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9.3.1 These represent Bank's investment in Pakistan Energy Sukuk-I issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuks are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuks are based on Islamic mode of Ijarah and have a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR + 80bps.

9.3.2 These represent Bank's investment in Pakistan Energy Sukuk-II issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuks are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuks are based on Islamic mode of Ijarah and have a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR - 10bps.

9.4 Conventional Investments by segments*

	(Un-audited)				(Audited)			
	September 30, 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								
Shares								
Unlisted Companies	591,680	(591,680)	-	-	591,680	(591,680)	-	-
	591,680	(591,680)	-	-	591,680	(591,680)	-	-
Non Government Debt Securities								
Listed	74,607	(74,607)	-	-	74,607	(74,607)	-	-
Unlisted	242,005	(242,005)	-	-	242,005	(242,005)	-	-
	316,612	(316,612)	-	-	316,612	(316,612)	-	-
Foreign securities								
Equity securities	1,155,350	(1,155,350)	-	-	1,155,350	(577,675)	-	577,675
Associates								
KASB Capital Limited	41,867	(41,867)	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
	474,169	(474,169)	-	-	474,169	(474,169)	-	-
Subsidiary								
My Solutions Corporation Limited	104,771	(104,771)	-	-	104,771	(104,771)	-	-
	104,771	(104,771)	-	-	104,771	(104,771)	-	-
	<u>2,642,582</u>	<u>(2,642,582)</u>	<u>-</u>	<u>-</u>	<u>2,642,582</u>	<u>(2,064,907)</u>	<u>-</u>	<u>577,675</u>

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

9.5	Investments given as collateral	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
			-----Rupees in '000-----	
	Federal Government Securities		34,814,000	5,889,000
9.6	Provision for diminution in value of investments			
9.6.1	Opening balance		2,178,358	2,177,289
	Charge / (reversal)			
	Charge for the period / year		579,347	1,069
	Reversals for the period / year		-	-
			579,347	1,069
	Amounts written off		-	-
	Closing Balance	9.6.1.1	2,757,705	2,178,358
9.6.1.1	Breakup of provision for diminution in the value of investments is as follows:			
	Investments - Islamic		115,123	113,451
	Investments - Conventional		2,642,582	2,064,907
			2,757,705	2,178,358

9.6.2 Particulars of provision against debt securities

Category of classification	(Un-audited)		(Audited)	
	September 30, 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

9.6.2.1 The Bank does not hold overseas classified debt securities.

10	ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
			-----Rupees in '000-----	
	Islamic financing and related assets - net	10.1	203,541,424	201,160,513
	Advances (relating to amalgamated entity) - net	10.2	158,376	167,929
			203,699,800	201,328,442

10.1 ISLAMIC FINANCING AND RELATED ASSETS

	Note	Performing		Non Performing		Total	
		(Un-audited) September 30, 2023	(Audited) December 31, 2022	(Un-audited) September 30, 2023	(Audited) December 31, 2022	(Un-audited) September 30, 2023	(Audited) December 31, 2022
		-----Rupees in '000-----					
In Pakistan							
- Running Musharakah	10.9	81,959,150	70,086,223	1,324,955	1,324,955	83,284,105	71,411,178
- Diminishing Musharakah financing and related assets - Others	10.3	40,727,286	41,068,657	3,601,581	3,121,040	44,328,867	44,189,697
- Diminishing Musharakah - Housing		24,068,458	25,751,728	2,234,538	1,663,899	26,302,996	27,415,627
- Diminishing Musharakah financing and related assets - Auto		17,709,581	23,470,877	579,379	380,557	18,288,960	23,851,434
- Istisna financing and related assets	10.4 & 10.10	15,950,536	13,790,179	2,758,721	2,563,708	18,709,257	16,353,887
- Murabahah financing and related assets	10.5 & 10.11	14,889,676	13,255,965	207,272	238,222	15,096,948	13,494,187
- Musawamah financing and related assets / Tijarah	10.6 & 10.12	4,749,324	6,221,702	4,973,032	4,328,305	9,722,356	10,550,007
- Investment Agency Wakalah		2,730,590	3,125,000	-	-	2,730,590	3,125,000
- Murabahah against Bills		-	1,120,211	196,779	146,681	196,779	1,266,892
- Financing against Bills		570,648	1,179,967	-	-	570,648	1,179,967
- Ijarah financing under IFAS 2 and related assets	10.7	278,934	336,640	162,337	120,030	441,271	456,670
- Salam	10.8	64,064	223,900	-	-	64,064	223,900
- Past Due Acceptance		70,893	498,354	-	-	70,893	498,354
- Musharakah financing		160,000	160,000	-	-	160,000	160,000
- Qardh-e-Hasana		44,869	36,135	121,794	121,359	166,663	157,494
- Net investment in Ijarah financing in Pakistan		88,973	104,062	-	-	88,973	104,062
- Housing finance portfolio - others		22,767	23,535	-	-	22,767	23,535
Islamic financing and related assets - gross		204,085,749	200,453,135	16,160,388	14,008,756	220,246,137	214,461,891
Less: Provision against non-performing Islamic financing and related assets							
- Specific	10.15	-	-	(12,692,234)	(10,314,265)	(12,692,234)	(10,314,265)
- General	10.15	(4,012,479)	(2,987,113)	-	-	(4,012,479)	(2,987,113)
		(4,012,479)	(2,987,113)	(12,692,234)	(10,314,265)	(16,704,713)	(13,301,378)
Islamic financing and related assets - net of provision		200,073,270	197,466,022	3,468,154	3,694,491	203,541,424	201,160,513
ADVANCES							
- Loans, cash credits, running finances, etc. - In Pakistan*		8,487	15,253	4,471,558	4,598,676	4,480,045	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		-	-	566,408	580,807	566,408	580,807
Advances - gross		8,487	15,253	5,722,261	5,863,778	5,730,748	5,879,031
Provision against advances							
- Specific	10.15	-	-	(5,663,306)	(5,804,866)	(5,663,306)	(5,804,866)
- General	10.15	(55)	(55)	-	-	(55)	(55)
		(55)	(55)	(5,663,306)	(5,804,866)	(5,663,361)	(5,804,921)
Advances - net of provision		8,432	15,198	58,955	58,912	67,387	74,110
Fair value adjustment	10.16	-	-	90,989	93,819	90,989	93,819
Advances - net of provision and fair value adjustment		8,432	15,198	149,944	152,731	158,376	167,929

* This represents non-interest bearing performing financing facilities amounting to Rs. 8.49 million (2022: Rs. 15.253 million).

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	41,070,039	38,633,625
Advance against Diminishing Musharakah financing	3,258,828	5,556,072
	<u>44,328,867</u>	<u>44,189,697</u>
10.4 Istisna financing and related assets		
Istisna financing	7,899,602	7,547,321
Advance against Istisna financing	10,809,655	1,613,446
Istisna inventories	-	7,193,120
	<u>18,709,257</u>	<u>16,353,887</u>
10.5 Murabahah financing and related assets		
Murabahah financing	6,544,831	8,278,378
Deferred murabahah income	1,430,034	563,847
Advances against Murabaha financing	1,251,706	4,651,962
Murabaha Inventories	5,870,377	-
	<u>15,096,948</u>	<u>13,494,187</u>
10.6 Musawamah financing and related assets / Tijarah		
Musawamah financing	7,271,994	8,317,899
Advance against Musawamah financing	31,046	2,232,108
Musawamah inventories	2,419,316	-
	<u>9,722,356</u>	<u>10,550,007</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	425,840	456,059
Advance against Ijarah financing	15,431	611
	<u>441,271</u>	<u>456,670</u>
10.8 Salam		
Salam financing	64	110,000
Advance against Salam	64,000	64,000
Salam inventories	-	49,900
	<u>64,064</u>	<u>223,900</u>
10.9 Running musharakah financing and related assets includes financing amounting to Rs. 2,473 million (2022: Rs. 2,423 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 508.9 million (2022: Rs. 865 million) and advance amounting to Rs. 1,999 million (2022: Rs. 1,087 million) under Islamic Export Refinance Scheme.		
10.11 Murabahah financing and related assets includes financing amounting to Rs. 0.061 million (2022: Rs. 0.033 million) under Islamic Export Refinance Scheme.		
10.12 Musawamah financing and related assets / Tijarah includes advance amounting to Rs. Nil (2022: Rs. 150 million) under Islamic Export Refinance Scheme.		
	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.13 Particulars of Islamic financing and related assets and advances - gross		
In local currency	225,089,070	218,622,648
In foreign currencies	887,815	1,718,274
	<u>225,976,885</u>	<u>220,340,922</u>

10.14 Islamic financing and related assets and advances include Rs. 21,882.649 million (2022: Rs.19,872.534 million) which have been placed under non-performing status as detailed below:

Category of classification

	(Un-audited)		(Audited)	
	September 30, 2023		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	771,164	-	325,596	-
Substandard	609,873	111,977	548,330	48,085
Doubtful	2,235,326	871,243	4,236,194	2,411,182
Loss	18,266,286	17,372,320	14,762,414	13,659,864
Total	21,882,649	18,355,540	19,872,534	16,119,131

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)		
	September 30, 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	2,747,657	1,099,999	3,847,656	2,748,357	2,220,145	4,968,502
Reversals for the period / year	(511,248)	(74,633)	(585,881)	(1,157,169)	-	(1,157,169)
	2,236,409	1,025,366	3,261,775	1,591,188	2,220,145	3,811,333
Amount written off	-	-	-	(687)	-	(687)
Closing balance	18,355,540	4,012,534	22,368,074	16,119,131	2,987,168	19,106,299
10.15.1 Islamic	12,692,234	4,012,479	16,704,713	10,314,265	2,987,113	13,301,378
Conventional	5,663,306	55	5,663,361	5,804,866	55	5,804,921
	18,355,540	4,012,534	22,368,074	16,119,131	2,987,168	19,106,299

10.15.2	Provision / reversal of provision net of fair value adjustment taken to the profit and loss account	(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
		-----Rupees in '000-----	
	Gross reversals for the period / year	585,881	1,157,169
	Charge for the period / year	(3,847,656)	(4,968,502)
		(3,261,775)	(3,811,333)
	Fair value adjusted - net	(2,830)	-
	Net charge taken to the profit and loss account	(3,264,605)	(3,811,333)

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

	(Un-audited)			(Audited)		
	September 30, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	18,355,540	4,012,534	22,368,074	16,119,131	2,987,168	19,106,299
In foreign currency	-	-	-	-	-	-
	18,355,540	4,012,534	22,368,074	16,119,131	2,987,168	19,106,299

10.15.4 The Bank maintains a general reserve (provision) amounting to Rs. 412.533 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. 3,600 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 September 30, 2023 amounts to Rs. 736.724 million (2022: Rs. 1,061.067 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 375.729 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 share holders.

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 the Independent Consultant.

	Note	(Un-audited) September 30, 2023 -----Rupees in '000-----	(Audited) December 31, 2022
10.17 SBP other refinance schemes			
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)		8,253,689	7,478,402
Islamic refinance scheme for payment of wages and salaries		62,197	438,035
Islamic Long-Term Financing Facility		963,047	952,692
RM EFS - Rupee Based Discounting (TFA)		4,273,404	223,136
Islamic refinance scheme for Renewable Energy		688,883	627,670
Islamic refinance scheme for combating COVID (IRFCC)		215,947	271,263
Islamic refinance facility for Modernization of SMEs		72,423	71,930
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)		51,262	59,710
Islamic Refinance and Credit Guarantee Scheme For Women Entrepreneur		7,847	9,279
		<u>14,588,699</u>	<u>10,132,117</u>
11 FIXED ASSETS			
Capital work-in-progress	11.1	1,945,945	1,427,567
Property and equipment		9,942,608	9,864,421
Right of use assets		2,371,916	2,897,382
		<u>14,260,469</u>	<u>14,189,370</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors		755,222	236,844
Advance for acquiring properties:			
- Office premises		1,190,723	1,190,723
		<u>1,945,945</u>	<u>1,427,567</u>
		(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
11.2 Additions to fixed assets		-----Rupees in '000-----	
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		706,988	297,154
Property and equipment			
Leasehold building		-	209,436
Furniture and fixture		559,143	181,236
Electrical office and computer equipment		747,335	297,359
Vehicles		70,225	18,864
		1,376,703	706,895
Right of use assets			
Leasehold building		100,337	194,179
Total		<u>2,184,028</u>	<u>1,198,228</u>

		(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
	Note	----- Rupees in '000 -----	
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Building on freehold land		405,000	-
Leasehold building		42,523	59,620
Furniture and fixture	11.3.1	13,557	7,447
Electrical office and computer equipment		14	2,428
Vehicles		130	-
Total		<u>461,224</u>	<u>69,495</u>

11.3.1 Furniture & Fixtures includes write-offs amounting to Rs. Nil (September 30, 2022: Rs. 5.83 million)

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
		----- Rupees in '000 -----	
12 INTANGIBLE ASSETS			
Computer software		434,308	271,628
Core deposits		21,130	22,835
Membership & Subscription		35,719	22,809
Goodwill		2,944,297	2,944,297
		<u>3,435,454</u>	<u>3,261,569</u>
		(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
		----- Rupees in '000 -----	
12.1 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
- Directly purchased		<u>272,200</u>	<u>131,869</u>
12.2 Disposals of intangible assets			
Membership & Subscription		<u>-</u>	<u>1,837</u>

13	DEFERRED TAX ASSETS	Note	(Un-audited) September 30, 2023 ----- Rupees in '000 -----	(Audited) December 31, 2022 -----
	Deductible Temporary Differences on:			
	Tax losses carried forward		-	863,212
	Provision for diminution in the value of investments		193,571	220,328
	Provision against non-performing Islamic financing and related assets and advances		6,186,890	4,650,741
	Ijarah financing and related assets		25,930	53,009
	Accelerated tax depreciation		-	146,333
			6,406,391	5,933,623
	Taxable Temporary Differences on:			
	Fair value adjustments relating to net assets acquired upon amalgamation		(361,833)	(351,206)
	Surplus on revaluation of available for sale securities		(175,187)	(853,404)
	Surplus on revaluation of fixed assets		(1,276,816)	(1,206,906)
	Surplus on revaluation of non-banking assets		(33,720)	(28,712)
	Accelerated tax depreciation		(16,562)	-
	Others		(151,956)	(154,590)
			(2,016,074)	(2,594,818)
			4,390,317	3,338,805
14	OTHER ASSETS - NET			
	Profit / return accrued in local currency		28,563,487	12,472,201
	Profit / return accrued in foreign currency		19,311	26,199
	Advances, deposits, advance rent and other prepayments		2,386,361	2,656,198
	Non-banking assets acquired in satisfaction of claims		1,453,365	1,455,091
	Branch Adjustment Account		1,505,525	-
	Takaful / insurance claim receivable		63,152	58,148
	Receivable against takaful and registration charges - Diminishing Musharakah Auto Financing		329,262	319,093
	Receivable against First WAPDA Sukuk		50,000	50,000
	Acceptances		1,721,765	2,332,910
	Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		-	7,968
	Others		850,174	802,973
			36,942,402	20,180,781
	Less: Provision held against other assets	14.2	(826,923)	(764,955)
	Other Assets (net of provision)		36,115,479	19,415,826
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		68,816	66,772
	Other assets - total		36,184,295	19,482,598
14.1	Market value of non-banking assets acquired in satisfaction of claims		1,357,003	1,357,003

	Note	(Un-audited) September 30, 2023 ----- Rupees in '000 -----	(Audited) December 31, 2022
14.2 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		494,469	432,501
	14.2.1	<u>826,923</u>	<u>764,955</u>
14.2.1 Movement in provision held against other assets			
Opening balance		764,955	1,261,370
Charge for the period / year		65,597	-
Reversals during the period / year		(3,629)	(496,415)
Closing balance		<u>826,923</u>	<u>764,955</u>
15 BILLS PAYABLE			
In Pakistan		2,640,416	3,530,929
Outside Pakistan		-	-
		<u>2,640,416</u>	<u>3,530,929</u>
16 DUE TO FINANCIAL INSTITUTIONS			
<i>Secured</i>			
Due to State Bank of Pakistan			
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)		8,032,802	7,473,692
Acceptances for financial assistance		4,318,377	4,036,120
Acceptances under Islamic Export Refinance Scheme		2,938,000	4,175,000
Acceptances from SBP under Mudaraba		19,130,415	-
Islamic refinance scheme for payment of wages and salaries		-	469,634
Islamic Long-Term Financing Facility		963,047	922,930
Islamic refinance scheme for Renewable Energy		656,595	563,692
Islamic Export Finance Scheme - Rupee based discounting		5,122,259	139,863
Islamic refinance scheme for combating COVID (IRFCC)		87,681	76,879
Islamic Refinance Scheme for Modernization of SMEs		65,367	65,854
Islamic Credit Guarantee Scheme for Women Entrepreneur		7,847	9,499
Islamic refinance scheme for Facility of Storage of Agricultural Produce (IFFSAP)		38,843	56,967
		<u>41,361,233</u>	<u>17,990,130</u>
Musharakah Acceptance		6,961,000	-
Refinance facility for Islamic Mortgage		3,523,813	3,062,126
<i>Total secured</i>		<u>51,846,046</u>	<u>21,052,256</u>
<i>Unsecured</i>			
Wakalah Acceptance		3,500,000	-
Musharakah Acceptance		4,800,000	-
Total unsecured		<u>8,300,000</u>	<u>-</u>
		<u>60,146,046</u>	<u>21,052,256</u>

17 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	September 30, 2023			December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits	145,383,767	9,747,237	155,131,004	153,254,447	4,891,424	158,145,871
Savings deposits	109,433,134	3,727,827	113,160,961	91,134,589	3,359,456	94,494,045
Term deposits	171,120,828	7,361,639	178,482,467	132,317,698	4,987,727	137,305,425
Margin deposits	11,167,293	115,382	11,282,675	10,979,366	90,052	11,069,418
	437,105,022	20,952,085	458,057,107	387,686,100	13,328,659	401,014,759
Financial Institutions						
Current deposits	1,025,398	8,685	1,034,083	1,419,692	9,985	1,429,677
Savings deposits	2,365,468	-	2,365,468	13,071,506	-	13,071,506
Term deposits	451,300	-	451,300	396,000	-	396,000
Margin deposits	146	-	146	-	-	-
	3,842,312	8,685	3,850,997	14,887,198	9,985	14,897,183
	440,947,334	20,960,770	461,908,104	402,573,298	13,338,644	415,911,942

18 SUBORDINATED SUKUK

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
		-----Rupees in '000-----	
ADT-1 Sukuk Issue I	18.1	2,000,000	2,000,000
Advance subscription against ADT-1 Sukuk Issue II	18.2	850,000	850,000
		2,850,000	2,850,000

18.1 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.

18.1.1 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'
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 Sukuk, 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 Sukuk 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.

- 18.2** 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.

The Pre-IPO (Initial Public Offer) phase of ADT-I Sukuk issue II has been achieved through which subscription amounting to Rs. 850 million was received. Further, the Bank is in process of conducting the IPO of ADT-1 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.

19 OTHER LIABILITIES

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
Profit / return payable in local currency	7,210,848	4,633,768
Profit / return payable in foreign currencies	152,130	152,308
Accrued expenses	1,763,150	1,343,277
Deferred Murabahah Income Financing and IERS	899,930	335,033
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	36,708	29,804
Defined Benefit Plan liabilities	444,574	302,347
Dividend Payable	99,476	-
Security deposits against Ijarah	423,057	441,034
Lease liability against right of use assets	3,489,131	3,559,675
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	1,721,765	2,332,910
Current taxation (provisions less payments)	4,474,089	1,895,197
Provision against other tax liabilities	280,486	95,475
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts	379,464	-
Sundry creditors	2,301,682	1,008,462
Payable to brokers against purchase of shares - net	536	442
Charity payable	12,804	7,440
Retention money payable	47,970	27,158
Provision for Workers' Welfare Fund	656,658	358,419
Branch adjustment account	-	387,266
Others	660,793	442,917
	<u>25,145,903</u>	<u>17,443,584</u>

20	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
			-----Rupees in '000-----	
	Surplus on revaluation of:			
	Available for sale securities	9.1	357,525	1,984,660
	Fixed assets		2,605,747	2,805,877
	Non-banking assets acquired in satisfaction of claims		68,816	66,772
			3,032,088	4,857,309
	Deferred tax liability on surplus on revaluation of:	13		
	Available for sale securities		(175,187)	(853,404)
	Fixed assets		(1,276,816)	(1,206,906)
	Non-banking assets acquired in satisfaction of claims		(33,720)	(28,712)
			(1,485,723)	(2,089,022)
			1,546,365	2,768,287
21	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	21.1	3,872,294	3,527,283
	- Commitments	21.2	32,394,339	35,701,601
	- Other contingent liabilities	21.3	227,256	229,652
			36,493,889	39,458,536
21.1	Guarantees:			
	Performance guarantees		2,953,308	2,668,388
	Other guarantees		918,986	858,895
			3,872,294	3,527,283
21.2	Commitments:			
	Documentary credits and short-term trade-related transactions:			
	- letters of credit		22,424,735	28,386,915
	Commitments in respect of:			
	- Shariah compliant alternative of forward foreign exchange contracts	21.2.1	9,398,642	6,708,168
	Commitments for acquisition of:			
	- fixed assets		541,759	553,177
	- intangible assets		29,203	53,341
			32,394,339	35,701,601
21.2.1	Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions			
	Purchase		46,650,887	17,741,180
	Sale		(37,252,245)	(11,033,012)
			9,398,642	6,708,168
21.3	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	21.3.1	1,804	4,200
	Tax Contingencies	21.3.2	225,452	225,452
			227,256	229,652
21.3.1	Suits filed by customers/ borrowers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt. During the year 2023, a case has been dismissed by an Appellate Court resulted in decreasing the contingent liability.			
21.3.2	There is no change in the status of tax and other contingencies, as set out in note 25.3.2 to the annual financial statements of the Bank for the year ended December 31, 2022.			

			(Un-audited)	
			September 30,	September 30,
			2023	2022
			-----Rupees in '000-----	
22	PROFIT / RETURN EARNED	Note		
	On:			
	Financing		31,408,149	16,899,304
	Investments		30,502,956	11,047,654
	Placements		3,257,499	3,529,114
	Others		140,633	115,418
			65,309,237	31,591,490
23	PROFIT / RETURN EXPENSED			
	On:			
	Deposits and other accounts		28,202,280	14,398,920
	Due to financial institutions		6,936,758	2,947,649
	Cost of foreign currency swaps against foreign currency deposits		364,759	114,868
	Amortisation of lease liability against right of use assets		956,819	259,487
	Subordinated Sukuk		503,995	226,940
			36,964,611	17,947,864
24	FEE AND COMMISSION INCOME			
	Branch banking customer fees		44,790	42,811
	Commission on bancatakaful		55,738	76,038
	Card related fees		612,611	401,866
	Commission on arrangement with financial institutions		62,923	76,248
	Consumer finance related fees		19,005	48,163
	Commission on Guarantees		38,253	41,678
	Investment banking fees		45,486	58,930
	Commission on cash management		16,087	14,661
	Commission on remittances including home remittances		33,858	44,238
	Commission on trade		338,526	232,642
	Others		7,608	7,560
			1,274,885	1,044,835
25	GAIN ON SECURITIES			
	Realized gain	25.1	201,266	77,067
25.1	Realized gain on:			
	Federal Government Shariah Compliant Securities		201,266	77,067
26	OTHER INCOME - NET			
	Rent on property		766	851
	Gain on termination of financing		139,578	88,843
	Gain on sale of fixed assets		101,190	11,697
	Gain on sale of non-banking assets		-	208,967
	Recoveries against previously expensed items		11,330	160,375
	Others		-	3,117
			252,864	473,850

27 OPERATING EXPENSES

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

Total compensation expense	5,110,160	3,846,243
Property expense		
Rent & taxes	150,663	81,663
Takaful cost	1,118	1,169
Utilities cost	613,836	498,155
Security (including guards)	450,782	321,421
Repair & maintenance (including janitorial charges)	228,434	167,552
Depreciation	383,677	362,695
Depreciation on right of use assets	625,803	629,591
	2,454,313	2,062,246
Information technology expenses		
Software maintenance	454,820	257,658
Hardware maintenance	184,593	112,518
Depreciation	240,678	197,482
Amortization	93,718	63,827
Network charges	216,247	181,592
	1,190,056	813,077
Other operating expenses		
Directors' fees and allowances	15,780	8,820
Fees and allowances to Shariah Board	19,582	16,524
Legal & professional charges	88,071	96,683
Travelling & conveyance	83,963	52,086
NIFT clearing charges	28,609	22,356
Depreciation	212,965	152,086
Depreciation on non-banking assets	1,726	2,643
Entertainment expense	79,632	77,026
Training & development	21,164	4,887
Postage & courier charges	50,984	32,617
Communication	186,086	35,652
Stationery & printing	301,660	197,794
Marketing, advertisement & publicity	206,848	266,199
Repairs and maintenance	160,233	117,381
Takaful, tracker and other charges on car Ijarah - net of income	60,153	-
Takaful / Insurance	260,809	255,204
Fee and subscription	300,053	142,041
Vehicle running and maintenance	357,032	220,926
Donations	-	8,846
Auditors' remuneration	23,141	15,816
Amortization	4,595	3,517
CDC and share registrar services	11,311	6,670
Brokerage and commission	24,903	19,601
Stamp duty, registration & verification charges	37,719	64,968
Others	33,577	34,300
	2,570,596	1,854,643
	<u>11,325,125</u>	<u>8,576,209</u>

	Note	----- (Un-audited) ----- September 30, 2023 -----Rupees in '000-----	September 30, 2022
28	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	7,351	8,301
29	PROVISIONS AND WRITE OFFS - NET		
	Reversal of provision against Due from financial institutions	(2,430)	(2,430)
	Charge / (reversal) of provision for diminution in value of Investments	579,347	5,328
	Provision against Islamic financing and related assets and advances - net	3,264,605	2,240,149
	Other provisions / (reversal) / write offs - net	61,967	3,332
		<u>3,903,489</u>	<u>2,246,379</u>
30	TAXATION		
	Current	6,910,616	1,813,651
	Prior years	123,235	-
	Deferred	(547,624)	878,189
		<u>6,486,227</u>	<u>2,691,840</u>
31	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit after taxation for the period	<u>8,473,584</u>	<u>2,852,229</u>
		----- Number of shares -----	
	Weighted average number of ordinary shares	<u>1,108,703,299</u>	<u>1,108,703,299</u>
		----- Rupees -----	
	Basic and diluted EPS	<u>7.6428</u>	<u>2.5726</u>

31.1 There were no convertible / dilutive potential ordinary shares outstanding as at September 30, 2023 and September 30, 2022, therefore diluted earning per share has not been presented separately.

32 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 borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

32.1 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)			
September 30, 2023			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	486,838	-	6,820	493,658
GoP Ijara Sukuk	-	239,035,067	-	239,035,067
Non-Government Shariah compliant securities	30,851,622	5,145,409	-	35,997,031

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,715,929	6,715,929
Non-banking assets acquired in satisfaction of claims	-	-	1,216,419	1,216,419

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	46,650,887	-	46,650,887
Shariah compliant alternative of forward sale of foreign exchange	-	37,252,245	-	37,252,245

(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	371,964	-	584,495	956,459
GOP Ijara 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
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 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.

32.2 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 last year.

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

(Un-audited)					
September 30, 2023					
Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total	
----- Rupees in '000 -----					
Profit & Loss					
Net profit / return	26,442,762	(21,084,790)	23,981,504	(994,850)	28,344,626
Inter segment revenue - net	(27,130,564)	50,040,608	(22,742,707)	(167,336)	-
Total other income	685,152	914,453	436,321	113,463	2,149,389
Total income	(2,650)	29,870,271	1,675,118	(1,048,723)	30,494,015
Segment direct expenses	110,320	6,153,271	466,595	4,900,529	11,630,715
Inter segment expense allocation	36,240	1,978,172	559,652	(2,574,064)	-
Total expenses	146,560	8,131,443	1,026,247	2,326,465	11,630,715
Provisions / (reversals)	577,727	172,222	3,077,140	76,400	3,903,489
Profit / (loss) before tax	(726,937)	21,566,606	(2,428,269)	(3,451,588)	14,959,811

(Un-audited) September 30, 2023					
Balance Sheet	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
Assets					
Cash & Bank balances	1,249,841	40,748,399	-	-	41,998,240
Investments	276,160,518	-	-	-	276,160,518
Net inter segment placements	-	394,453,507	-	-	394,453,507
Due from financial institutions	5,255,544	-	-	-	5,255,544
Islamic financing and related assets - performing	-	35,491,891	155,500,317	9,280,087	200,272,295
- non-performing - net	-	1,963,006	1,464,499	-	3,427,505
Others	-	-	-	58,270,535	58,270,535
Total Assets	282,665,903	472,656,803	156,964,816	67,550,622	979,838,144
Liabilities					
Due to financial institutions	38,709,792	3,523,813	17,912,441	-	60,146,046
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	1,528,201	460,379,903	-	-	461,908,104
Net inter segment acceptances	242,358,024	-	138,166,578	13,928,905	394,453,507
Others	69,888	8,753,087	885,793	18,077,551	27,786,319
Total liabilities	282,665,905	472,656,803	156,964,812	34,856,456	947,143,976
Equity	-	-	-	32,694,168	32,694,168
Total Equity & liabilities	282,665,905	472,656,803	156,964,812	67,550,624	979,838,144
Contingencies & Commitments	9,398,642	-	26,297,028	798,218	36,493,889

(Un-audited) September 30, 2022					
Profit & Loss	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
Net profit / return	10,721,992	(9,178,348)	12,365,941	(265,959)	13,643,626
Inter segment revenue - net	(1,662,994)	24,500,881	(12,941,859)	103,972	-
Total other income	1,399,776	848,149	364,247	230,041	2,842,213
Total Income	458,774	16,170,682	(211,671)	68,054	16,485,839
Segment direct expenses	65,153	5,112,404	410,735	3,107,099	8,695,391
Inter segment expense allocation	24,914	1,669,842	455,954	(2,150,710)	-
Total expenses	90,067	6,782,246	866,689	956,389	8,695,391
Provisions / (reversals)	2,898	116,293	2,120,490	6,698	2,246,379
Profit / (loss) before tax	365,809	9,272,143	(3,198,850)	(895,033)	5,544,069

(Audited) December 31, 2022					
Assets	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
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

34 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, 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 condensed interim unconsolidated financial statements are as follows:

	(Un-audited)						(Audited)					
	September 30, 2023						December 31, 2022					
	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties
(Rupees in '000)												
Due from financial institutions												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	3,233,725	-	-	-	-	-	-	-	-	-	-	-
Repaid during the year	(3,233,725)	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
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 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	-	-	103,955	-	703,910	4,461,960	-	-	204,049	-	813,116	4,655,399
Repaid during the period / year	-	-	(36,733)	-	(695,388)	(3,984,810)	-	(15,382)	(107,733)	-	(813,469)	(4,405,399)
Transfer in / (out) - net	-	-	(121,507)	-	-	(839,452)	-	-	(3,869)	-	-	(250,000)
Closing balance	-	-	318,625	-	488,709	337,699	-	-	372,910	-	480,187	700,001
Other assets												
Profit receivable on financings	-	-	220	-	34,324	1,609	-	-	280	-	5,579	18,842
Due to financial institutions												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings during the year	62,460,600	-	-	-	-	-	-	-	-	-	-	-
Settled during the year	(62,460,600)	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated sukuk												
Opening balance	-	-	1,015	-	-	-	-	-	1,015	-	-	-
Issued / purchased during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / sold during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	(530)	-	-	-	-	-	-	-	-	-
Closing balance	-	-	485	-	-	-	-	-	1,015	-	-	-
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	-	2,690,862	587,584	-	1,271,954	1,542,2849	-	39,235	709,549	-	1,641,001	13,686,134
Withdrawn during the period / year	-	(2,690,289)	(582,851)	-	(1,268,021)	(14,784,656)	-	(42,553)	(716,423)	-	(1,656,153)	(13,218,501)
Transfer in / (out) - net	-	275	(376)	-	-	31,472	-	-	(3,095)	-	-	2,665
Closing balance	-	3,593	36,800	4	16,119	2,446,362	-	2,745	32,443	4	12,186	1,776,697
Other Liabilities												
Profit / return payable	-	2	288	-	6	57,894	-	1	490	-	-	31,609
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Payable	-	34,000	-	-	-	54,876	-	-	-	-	-	-
Meeting fee / remuneration payable	-	400	-	-	-	-	-	240	-	-	-	-
	-	34,402	288	-	6	112,770	-	241	490	-	-	31,609
Contingencies and Commitments												
Other contingencies	-	-	-	-	7,516	36,579	-	-	-	-	25,202	82,277

(Un-audited)						(Un-audited)						
September 30, 2023						September 30, 2022						
Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Associates	Other related parties	
,------(Rupees in '000)-----,												
Income												
Profit / return earned	9,413	-	11,733	-	53,156	102,948	-	973	9,102	-	18,330	36,099
Other income	-	-	547	-	-	-	-	-	11,179	-	-	-
Expense												
Profit / return expensed	200,269	14	1,481	-	35	180,709	-	10	748	-	27	127,312
Other administrative expenses	-	4,072	1,662	-	-	48,830	-	-	2,212	-	-	25,068
Meeting fee / remuneration	-	15,780	370,472	-	-	-	-	8,820	276,565	-	-	-
Contribution to employees provident fund	-	-	-	-	-	155,144	-	-	-	-	-	122,559
Charge for employees gratuity fund	-	-	-	-	-	142,227	-	-	-	-	-	114,594

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	11,007,991	11,007,991
---------------------------------	------------	------------

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	26,563,381	19,539,043
Eligible Additional Tier 1 (ADT 1) Capital	2,850,000	2,850,000
Total Eligible Tier 1 Capital	29,413,381	22,389,043
Eligible Tier 2 Capital	8,148,703	7,112,440
Total Eligible Capital (Tier 1 + Tier 2)	37,562,084	29,501,483

Risk Weighted Assets (RWAs):

Credit Risk	132,350,103	130,973,978
Market Risk	3,554,387	2,036,650
Operational Risk	31,601,888	31,601,888
Total	167,506,378	164,612,516

Common Equity Tier 1 Capital Adequacy ratio	15.86%	11.87%
Tier 1 Capital Adequacy Ratio	17.56%	13.60%
Total Capital Adequacy Ratio	22.42%	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%

- 35.1 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) September 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	29,413,381	22,389,043
Total Exposures	603,787,979	547,348,618
Leverage Ratio	4.87%	4.09%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	282,639,138	158,731,694
Total Net Cash Outflow	86,542,673	50,014,976
Liquidity Coverage Ratio	326.59%	317.37%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	469,596,091	418,095,642
Total Required Stable Funding	151,150,523	160,353,265
Net Stable Funding Ratio	310.68%	260.73%

36 GENERAL

- 36.1 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 condensed interim Unconsolidated Statement of Financial Position and condensed interim Unconsolidated Profit and Loss Account.
- 36.2 These condensed interim unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.
- 36.3 The figures in the financial statements have been rounded off to the nearest thousand rupee.
- 36.4 The Board of Directors in their meeting held on October 24, 2023 has announced an interim cash dividend of Rs. 1.75 per share (17.5%). These condensed interim financial statements do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2023.

37 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue on October 24, 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 and Nine Months Ended
September 30, 2023**

BankIslami Pakistan Limited

Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2023

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	6	40,850,734	39,972,702
Balances with other banks	7	1,149,708	2,048,157
Due from financial institutions - net	8	5,255,544	23,878,183
Investments - net	9	276,771,767	180,176,339
Islamic financing, related assets and advances - net	10	203,699,800	201,328,442
Fixed assets	11	14,261,521	14,190,422
Intangible assets	12	3,482,465	3,308,580
Deferred tax assets	13	4,216,507	3,213,719
Other assets - net	14	36,184,567	19,482,870
Total Assets		585,872,613	487,599,414
LIABILITIES			
Bills payable	15	2,640,416	3,530,929
Due to financial institutions	16	60,146,046	21,052,256
Deposits and other accounts	17	461,908,099	415,911,937
Subordinated sukuk	18	2,850,000	2,850,000
Deferred tax liabilities		-	-
Other liabilities	19	25,165,667	17,463,348
		552,710,228	460,808,470
NET ASSETS		33,162,385	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	20	1,588,013	2,759,222
Unappropriated profit		17,975,310	10,432,660
		33,162,385	26,790,944
CONTINGENCIES AND COMMITMENTS	21		

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

-Sd-
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CHAIRMAN

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DIRECTOR

-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

For The Quarter & Nine Months Ended September 30, 2023

		Quarter Ended		Nine Months Ended	
	Note	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
----- Rupees in '000 -----					
Profit / return earned	22	26,144,635	13,220,921	65,309,237	31,591,490
Profit / return expensed	23	14,453,407	7,495,521	36,964,611	17,947,864
Net Profit / return		11,691,228	5,725,400	28,344,626	13,643,626
OTHER INCOME					
Fee and commission income	24	476,971	315,685	1,274,885	1,044,835
Dividend income		16,975	5,188	44,313	17,753
Foreign exchange income		(208,516)	637,327	376,061	1,228,708
Gain on securities	25	86,261	58,342	201,266	77,067
Other income - net	26	145,474	115,847	252,864	473,850
Total other income		517,165	1,132,389	2,149,389	2,842,213
Total Income		12,208,393	6,857,789	30,494,015	16,485,839
OTHER EXPENSES					
Operating expenses	27	3,831,461	3,063,344	11,325,125	8,576,209
Workers' Welfare Fund		132,322	56,930	298,239	110,881
Other charges	28	2,590	600	7,351	8,301
Total other expenses		3,966,373	3,120,874	11,630,715	8,695,391
Profit before provisions		8,242,020	3,736,915	18,863,300	7,790,448
Provisions and write offs - net	29	1,578,042	890,417	3,903,489	2,246,379
Extra ordinary / unusual items		-	-	-	-
Share of (loss) / profit from associate - net of tax		(24,011)	-	(17,711)	9,819
PROFIT BEFORE TAXATION		6,639,967	2,846,498	14,942,100	5,553,888
Taxation	30	3,286,140	1,430,526	6,486,227	2,691,840
PROFIT AFTER TAXATION		3,353,827	1,415,972	8,455,873	2,862,048
ATTRIBUTABLE TO:					
Equity shareholders of the Holding Company		3,353,827	1,415,972	8,455,873	2,862,048
Non-controlling interest		-	-	-	-
		3,353,827	1,415,972	8,455,873	2,862,048
----- Rupees -----					
Basic / Diluted earnings per share	31	3.0250	1.2771	7.6268	2.5814

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

-Sd-
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CHAIRMAN

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-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

For The Quarter & Nine Months Ended September 30, 2023

	Quarter Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----			
Profit after taxation for the period attributable to:				
Equity shareholders of the Holding Company	3,353,827	1,415,972	8,456,873	2,862,048
Non-controlling interest	-	-	-	-
	3,353,827	1,415,972	8,455,873	2,862,048
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 attributable to:				
Equity shareholders of the Holding Company	(48,724)	147,935	(997,642)	247,359
Non-controlling interest	-	-	-	-
	(48,724)	147,935	(997,642)	247,359
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of fixed assets - net of tax	99,676	-	(69,693)	-
Movement in surplus on revaluation of non-banking assets - net of tax	(239)	-	(3,066)	-
	99,437	-	(72,759)	-
Total comprehensive income	<u>3,404,540</u>	<u>1,563,907</u>	<u>7,385,472</u>	<u>3,109,407</u>
Total comprehensive income attributable to:				
Equity shareholders of the Holding Company	3,404,540	1,563,907	7,385,472	3,109,407
Non-controlling interest	-	-	-	-
	<u>3,404,540</u>	<u>1,563,907</u>	<u>7,385,472</u>	<u>3,109,407</u>

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

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BankIslami Pakistan Limited

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

For The Quarter & Nine Months Ended September 30, 2023

	Share capital	Discount on issue of shares	Statutory reserve ^a	Surplus on revaluation of		Unappropriated profit	Total
				Investments	Fixed / 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 nine months ended September 30, 2022	-	-	-	-	-	2,862,048	2,862,048
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	247,359	-	-	247,359
	-	-	-	247,359	-	2,862,048	3,109,407
Transfer from surplus on revaluation of operating fixed assets to unappropriated profit - net of tax	-	-	-	-	(88,225)	88,225	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(573)	573	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	(10,412)	10,412	-
Transfer from surplus on revaluation of non-banking assets on sale to unappropriated profit - net of tax	-	-	-	-	(43,347)	43,347	-
Opening Balance as at October 1, 2022	11,087,033	(79,042)	1,703,144	1,627,630	1,932,444	9,645,365	25,916,574
Profit after taxation for the period from October 01, 2022 to December 31, 2022	-	-	-	-	-	1,622,165	1,622,165
Other comprehensive (loss) / income for the period from October 01, 2022 to December 31, 2022	-	-	-	(305,439)	(269,050)	26,694	(747,795)
	-	-	-	(305,439)	(269,050)	1,648,859	874,370
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(29,594)	29,594	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	3,231	(3,231)	-
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 nine months ended September 30, 2023	-	-	-	-	-	8,455,873	8,455,873
Other comprehensive loss for the nine months ended September 30, 2023	-	-	-	(997,642)	(72,759)	-	(1,070,401)
	-	-	-	(997,642)	(72,759)	8,455,873	7,385,472
Share of profit from Associate for the period from October 01, 2022 to December 31, 2022	-	-	-	-	-	94,672	94,672
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(100,671)	100,671	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	(137)	137	-
Transactions 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 September 30, 2023	11,087,033	(79,042)	2,591,071	124,549	1,463,464	17,975,310	33,162,385

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

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

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-Sd-
DIRECTOR

BankIslami Pakistan Limited

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For The Nine Months Ended September 30, 2023

	Note	September 30, 2023	September 30, 2022
		----- Rupees in '000 -----	----- Rupees in '000 -----
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		14,942,100	5,553,888
Less: Dividend income		(44,313)	(17,753)
Less: Share of loss / (profit) from associate		17,711	(9,819)
		14,915,498	5,526,316
Adjustments for non-cash charges and other items:			
Depreciation on fixed assets		837,320	712,263
Depreciation on non-banking assets		1,726	2,643
Depreciation on right-of-use assets		625,803	629,591
Amortization		98,313	67,344
Depreciation on operating Ijarah assets		14,540	56,771
Amortisation of lease liability against right of use assets	23	956,819	259,487
Provisions and write offs - net	29	3,903,489	2,246,379
Charge for defined benefit plan		142,227	-
Gain on sale of fixed assets	26	(101,190)	(11,697)
Gain on sale of non-banking assets	26	-	(208,967)
		6,479,047	3,753,814
		21,394,545	9,280,130
(Increase) / decrease in operating assets			
Due from financial institutions		18,622,639	(8,010,308)
Islamic financing and related assets and advances - net		(5,650,502)	(26,401,175)
Other assets (excluding advance taxation)		(17,344,426)	(1,459,644)
		(4,372,289)	(35,871,127)
Increase / (decrease) in operating liabilities			
Bills payable		(890,513)	(383,812)
Due to financial institutions		39,093,790	(253,315)
Deposits and other accounts		45,996,162	43,340,573
Other liabilities (excluding current taxation)		4,952,268	982,687
		89,151,707	43,686,134
		106,173,963	17,095,137
		(4,331,724)	(1,813,651)
Income tax paid			
Net cash generated from operating activities		101,842,239	15,281,486
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(98,095,456)	(14,283,309)
Dividends received		44,313	17,753
Investments in fixed assets		(1,964,803)	(972,393)
Investments in intangible assets		(272,198)	(130,604)
Proceeds from sale of fixed assets		562,415	77,049
Net cash used in investing activities		(99,725,729)	(15,291,504)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of Ijarah (lease) liability against right of use assets		(1,127,700)	(908,200)
Dividend paid		(1,009,228)	-
Net cash generated from / (used in) financing activities		(2,136,928)	(908,200)
Increase / (decrease) in cash and cash equivalents		(20,417)	(918,218)
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		42,000,442	27,328,284

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

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-Sd-
DIRECTOR

BankIslami Pakistan Limited

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

For The Nine Months Ended September 30, 2023

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

1.1 BankIslami Pakistan Limited (Holding Company or the Bank)

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 Bank is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

The Holding Company is operating through 407 branches including 70 sub-branches as at September 30, 2023 (2022: 346 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 upgraded the Holding Company's long-term rating as 'AA-' and maintained the short-term rating as 'A1' with a stable outlook based on financial year ended December 31, 2022.

- 1.2** During the period, JS Bank Limited increased its shareholding in the Bank from 7.79% to 75.12% by way of acquiring Bank's shares through Share Purchase Agreement (SPA) with existing shareholders of the Bank and a public offer, effectively making BankIslami Pakistan Limited a subsidiary of JS Bank Limited.

1.2 Subsidiary Companies

1.2.1 My Solutions Corporations 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

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

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

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

- 2.2 The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These 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.
- 2.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services.
- 2.4 Further, as per SBP's BPRD circular no. 07 of 2023, IFRS 9 'Financial Instruments' is applicable for all banks effective from January 1, 2024. However, an option of early adoption of the standard has been made permissible.
- 2.5 The Holding Company provides financing mainly through Murabahah, Ijarah, Istisna, Musharakah, Diminishing Musharakah, Muswammah and other Islamic modes.

The purchases and sales arising under these arrangements are not reflected in these condensed interim 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 Holding Company.

2.6 Basis of Consolidation

These condensed interim 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 condensed interim consolidated financial statements.

The financial statements of the subsidiary company are prepared for the same reporting period as the Holding Company, using accounting policies that are generally consistent with those of the Holding Company, except for non-banking subsidiaries in Pakistan which follow the requirements of IFRS 9: Financial Instruments, IAS 40: Investment Property and IFRS - 7: Financial Instruments: Disclosures, which are required to comply with local regulations enforced within the respective jurisdictions.

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 consolidated financial statements of the Holding Company 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, 2024:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current and application of materiality to disclosure of accounting policies - Amendments to IAS 1	January 01, 2024
Lease liability in a sale and leaseback - Amendments to IFRS 16	January 01, 2024
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

3.3 IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular Letter no 07 of 2023, IFRS 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2024 for banks. SBP through same circular has emphasised on its earlier instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks. During the transition period, the Holding Company will perform an impact assessment of IFRS 9 on quarterly basis and submit parallel results to SBP.

During 2022 and onwards, the management of the Holding Company 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 Holding Company 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 Holding Company'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 Holding Company, 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 conditions and reasonable and supportable forecasts of economic conditions 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 Holding Company 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 the Holding Company’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 Holding Company will adopt IFRS 9 in its entirety effective January 1, 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 Holding Company 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 annual consolidated financial statements for the year ended December 31, 2022.

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

6 CASH AND BALANCES WITH TREASURY BANKS

In hand:

- Local currency	9,441,053	12,786,558
- Foreign currency	1,039,777	626,887
	<u>10,480,830</u>	<u>13,413,445</u>

With the State Bank of Pakistan in:

- Local currency current account	25,694,112	24,819,147
- Foreign currency deposit accounts:		
- Cash reserve account	639,585	683,821
- Special cash reserve account	1,573,987	826,020
- US dollar clearing account	62,607	7,466
	<u>2,276,179</u>	<u>1,517,307</u>

With National Bank of Pakistan in:

- Local currency current account	2,398,055	222,780
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Prize Bonds	1,558	23
	<u>40,850,734</u>	<u>39,972,702</u>

7 BALANCES WITH OTHER BANKS

In Pakistan:

- In current accounts	14	927
- In deposit accounts	2341	2,334
	<u>2,355</u>	<u>3,261</u>

Outside Pakistan:

- In current accounts	831,671	1,717,993
- In deposit accounts	315,682	326,903
	<u>1,147,353</u>	<u>2,044,896</u>
	<u>1,149,708</u>	<u>2,048,157</u>

8 DUE FROM FINANCIAL INSTITUTIONS - NET

Note	(Un-audited)		(Audited)		
	September 30, 2023		December 31, 2022		
	In Local Currency	Total	In Local Currency	Total	
----- Rupees in ‘000 -----					
Secured					
Bai Muajjal Receivable					
-from Other Financial Institutions	8.1	-	-	4,000,718	4,000,718
Unsecured					
Musharaka Placements	8.2	-	-	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	5,255,544	5,255,544	5,840,470	5,840,470
Other placements		18,630	18,630	21,060	21,060
		5,274,174	5,274,174	23,899,243	23,899,243
Provision held against					
Financial Institution Placements	8.3	(18,630)	(18,630)	(21,060)	(21,060)
		5,255,544	5,255,544	23,878,183	23,878,183

8.1 The average return on this product is 17.78% (2022: 16.19%) per annum. The balances have maturities ranging between 8 days to 364 days (2022: 3 days to 278 days). The Secured Bai Muajjal receivables are secured against Federal Government securities received as collateral and having market value of Nil as at September 30, 2023 (2022: Rs. 3,821 million).

8.2 The expected profit rate on these agreements is Nil (2022:16% to 16.10%) per annum. The agreements have Nil maturities (2022: 6 days).

8.3 Category of classification

	(Un-audited)		(Audited)	
	September 30, 2023		December 31, 2022	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	18,630	18,630	21,060	21,060

8.3.1 The Holding Company does not hold overseas classified placements.

9 INVESTMENTS - NET

	Note	(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
		-----Rupees in '000-----	
Investments - Islamic	9.1 & 9.3	276,771,767	179,598,664
Investments - Conventional (relating to amalgamated entity)	9.2 & 9.4	-	577,675
		276,771,767	180,176,339

9.1 Islamic Investments by type

Note	(Un-audited)				(Audited)			
	September 30, 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	239,105,274	-	34,680	239,139,954	140,109,510	-	(289,819)	139,819,691
Shares / Mudaraba certificates	427,748	(79,243)	145,153	493,658	371,784	(77,571)	84,571	378,784
Non-Government Shariah Compliant Securities	35,750,332	(35,880)	277,129	35,991,581	36,176,548	(35,880)	2,189,908	38,330,576
Foreign Securities	6,820	-	-	6,820	6,820	-	-	6,820
	<u>275,290,174</u>	<u>(115,123)</u>	<u>456,962</u>	<u>275,632,013</u>	<u>176,664,662</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>178,535,871</u>
Associates	1,139,754	-	-	1,139,754	1,062,793	-	-	1,062,793
Total Islamic investments	<u>276,429,928</u>	<u>(115,123)</u>	<u>456,962</u>	<u>276,771,767</u>	<u>177,727,455</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>179,598,664</u>

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	(1,155,350)	-	-	1,155,350	(577,675)	-	577,675
	<u>1,971,497</u>	<u>(1,971,497)</u>	<u>-</u>	<u>-</u>	<u>1,971,497</u>	<u>(1,393,822)</u>	<u>-</u>	<u>577,675</u>

Held to maturity securities

Non-Government Debt Securities	92,145	(92,145)	-	-	92,145	(92,145)	-	-
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Associates

	474,169	(474,169)	-	-	474,169	(474,169)	-	-
Total conventional investments	<u>2,537,811</u>	<u>(2,537,811)</u>	<u>-</u>	<u>-</u>	<u>2,537,811</u>	<u>(1,960,136)</u>	<u>-</u>	<u>577,675</u>

9.3 Islamic Investments by segments

Federal Government Shariah Compliant Securities

GoP Ijarah Sukuks	239,105,274	-	(70,207)	239,035,067	140,109,510	-	(289,819)	139,819,691
Bai Muajjal	-	-	-	-	-	-	-	-
	<u>239,105,274</u>	<u>-</u>	<u>(70,207)</u>	<u>239,035,067</u>	<u>140,109,510</u>	<u>-</u>	<u>(289,819)</u>	<u>139,819,691</u>

Shares / Mudaraba certificates

Listed companies	427,748	(79,243)	145,153	493,658	371,784	(77,571)	84,571	378,784
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Non-Government Shariah Compliant Securities

Listed

Pakistan Energy Sukuk-I	27,146,945	-	320,334	27,467,279	27,146,945	-	1,845,992	28,992,937
Pakistan Energy Sukuk-II	3,390,483	-	(6,140)	3,384,343	3,391,464	-	(7,464)	3,384,000
	<u>30,537,428</u>	<u>-</u>	<u>314,194</u>	<u>30,851,622</u>	<u>30,538,409</u>	<u>-</u>	<u>1,838,528</u>	<u>32,376,937</u>

Unlisted

Sukuk certificates	5,212,904	(35,880)	(31,615)	5,145,409	5,638,139	(35,880)	351,380	5,953,639
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Foreign securities

Equity securities	6,820	-	-	6,820	6,820	-	-	6,820
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Associates

Shakarganj Food Products Limited	1,139,754	-	-	1,139,754	1,062,793	-	-	1,062,793
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Total	<u>276,429,928</u>	<u>(115,123)</u>	<u>357,525</u>	<u>276,672,330</u>	<u>177,727,455</u>	<u>(113,451)</u>	<u>1,984,660</u>	<u>179,598,664</u>
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* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

9.3.1 These represent Holding Company's investment in Pakistan Energy Sukuk-I issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuks are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuks are based on Islamic mode of Ijarah and have a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR + 80bps.

9.3.2 These represent Holding Company's investment in Pakistan Energy Sukuk-II issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuks are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuks are based on Islamic mode of Ijarah and have a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR - 10bps.

9.4 Conventional Investments by segments*

	(Un-audited)				(Audited)			
	September 30, 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								
Shares								
Unlisted Companies	591,680	(591,680)	-	-	591,680	(591,680)	-	-
	591,680	(591,680)	-	-	591,680	(591,680)	-	-
Non Government Debt Securities								
Listed	74,607	(74,607)	-	-	74,607	(74,607)	-	-
Unlisted	242,005	(242,005)	-	-	242,005	(242,005)	-	-
	316,612	(316,612)	-	-	316,612	(316,612)	-	-
Foreign securities								
Equity securities	1,155,350	(1,155,350)	-	-	1,155,350	(577,675)	-	577,675
Associates								
KASB Capital Limited	41,867	(41,867)	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
	474,169	(474,169)	-	-	474,169	(474,169)	-	-
	2,537,811	(2,537,811)	-	-	2,537,811	(1,960,136)	-	577,675

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

		(Un-audited) September 30, 2023 -----Rupees in '000-----	(Audited) December 31, 2022 -----Rupees in '000-----
9.5	Investments given as collateral	Note	
	Federal Government Securities	34,814,000	5,889,000
9.6	Provision for diminution in value of investments		
9.6.1	Opening balance	2,073,587	2,073,095
	Charge / (reversal)		
	Charge for the period / year	579,347	1,069
	Reversals for the period / year	-	(577)
		579,347	492
	Amounts written off	-	-
	Closing Balance	2,652,934	2,073,587
9.6.1.1	Breakup of provision for diminution in the value of investments is as follows:		
	Investments - Islamic	115,123	113,451
	Investments - Conventional	2,537,811	1,960,136
		2,652,934	2,073,587

9.6.2 Particulars of provision against debt securities

	(Un-audited)		(Audited)	
	September 30, 2023		December 31, 2022	
Category of classification	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

9.6.2.1 The Holding Company does not hold overseas classified debt securities.

10	ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET	Note	(Un-audited) September 30, 2023 -----Rupees in '000-----	(Audited) December 31, 2022 -----Rupees in '000-----
	Islamic financing and related assets - net	10.1	203,541,424	201,160,513
	Advances (relating to amalgamated entity) - net	10.2	158,376	167,929
			203,699,800	201,328,442

10.1 ISLAMIC FINANCING AND RELATED ASSETS

	Note	Performing		Non Performing		Total	
		(Un-audited) September 30, 2023	(Audited) December 31, 2022	(Un-audited) September 30, 2023	(Audited) December 31, 2022	(Un-audited) September 30, 2023	(Audited) December 31, 2022
		Rupees in '000					
In Pakistan							
- Running Musharakah	10.9	81,959,150	70,086,223	1,324,955	1,324,955	83,284,105	71,411,178
- Diminishing Musharakah financing and related assets - Others	10.3	40,727,286	41,068,657	3,601,581	3,121,040	44,328,867	44,189,697
- Diminishing Musharakah - Housing		24,068,458	25,751,728	2,234,538	1,663,899	26,302,996	27,415,627
- Diminishing Musharakah financing and related assets - Auto		17,709,581	23,470,877	579,379	380,557	18,288,960	23,851,434
- Istisna financing and related assets	10.4 & 10.10	15,950,536	13,790,179	2,758,721	2,563,708	18,709,257	16,353,887
- Murabahah financing and related assets	10.5 & 10.11	14,889,676	13,255,965	207,272	238,222	15,096,948	13,494,187
- Musawamah financing and related assets / Tijarah	10.6 & 10.12	4,749,324	6,221,702	4,973,032	4,328,305	9,722,356	10,550,007
- Investment Agency Wakalah		2,730,590	3,125,000	-	-	2,730,590	3,125,000
- Murabahah against Bills		-	1,120,211	196,779	146,681	196,779	1,266,892
- Financing against Bills		570,648	1,179,967	-	-	570,648	1,179,967
- Ijarah financing under IFAS 2 and related assets	10.7	278,934	336,640	162,337	120,030	441,271	456,670
- Salam	10.8	64,064	223,900	-	-	64,064	223,900
- Past Due Acceptance		70,893	498,354	-	-	70,893	498,354
- Musharakah financing		160,000	160,000	-	-	160,000	160,000
- Qardh-e-Hasana		44,869	36,135	121,794	121,359	166,663	157,494
- Net investment in Ijarah financing in Pakistan		88,973	104,062	-	-	88,973	104,062
- Housing finance portfolio - others		22,767	23,535	-	-	22,767	23,535
Islamic financing and related assets - gross		204,085,749	200,453,135	16,160,388	14,008,756	220,246,137	214,461,891
Less: Provision against non-performing Islamic financing and related assets							
- Specific	10.15	-	-	(12,692,234)	(10,314,265)	(12,692,234)	(10,314,265)
- General	10.15	(4,012,479)	(2,987,113)	-	-	(4,012,479)	(2,987,113)
		(4,012,479)	(2,987,113)	(12,692,234)	(10,314,265)	(16,704,713)	(13,301,378)
Islamic financing and related assets - net of provision		200,073,270	197,466,022	3,468,154	3,694,491	203,541,424	201,160,513
ADVANCES							
- Loans, cash credits, running finances, etc. - In Pakistan*		8,487	15,253	4,471,558	4,598,676	4,480,045	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		-	-	566,408	580,807	566,408	580,807
Advances - gross		8,487	15,253	5,722,261	5,863,778	5,730,748	5,879,031
Provision against advances							
- Specific	10.15	-	-	(5,663,306)	(5,804,866)	(5,663,306)	(5,804,866)
- General	10.15	(55)	(55)	-	-	(55)	(55)
		(55)	(55)	(5,663,306)	(5,804,866)	(5,663,361)	(5,804,921)
Advances - net of provision		8,432	15,198	58,955	58,912	67,387	74,110
Fair value adjustment	10.16	-	-	90,989	93,819	90,989	93,819
Advances - net of provision and fair value adjustment		8,432	15,198	149,944	152,731	158,376	167,929

* This represents non-interest bearing performing financing facilities amounting to Rs. 8.49 million (2022: Rs. 15.253 million).

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.3 Diminishing Musharakah financing and related assets - Others		
Diminishing Musharakah financing	41,070,039	38,633,625
Advance against Diminishing Musharakah financing	3,258,828	5,556,072
	<u>44,328,867</u>	<u>44,189,697</u>
10.4 Istisna financing and related assets		
Istisna financing	7,899,602	7,547,321
Advance against Istisna financing	10,809,655	1,613,446
Istisna inventories	-	7,193,120
	<u>18,709,257</u>	<u>16,353,887</u>
10.5 Murabahah financing and related assets		
Murabahah financing	6,544,831	8,278,378
Deferred murabahah income	1,430,034	563,847
Advances against Murabaha financing	1,251,706	4,651,962
Murabaha Inventories	5,870,377	-
	<u>15,096,948</u>	<u>13,494,187</u>
10.6 Musawamah financing and related assets / Tijarah		
Musawamah financing	7,271,994	8,317,899
Advance against Musawamah financing	31,046	2,232,108
Musawamah inventories	2,419,316	-
	<u>9,722,356</u>	<u>10,550,007</u>
10.7 Ijarah financing under IFAS 2 and related assets		
Net book value of assets under IFAS 2	425,840	456,059
Advance against Ijarah financing	15,431	611
	<u>441,271</u>	<u>456,670</u>
10.8 Salam		
Salam financing	64	110,000
Advance against Salam	64,000	64,000
Salam inventories	-	49,900
	<u>64,064</u>	<u>223,900</u>
10.9 Running musharakah financing and related assets includes financing amounting to Rs. 2,473 million (2022: Rs. 2,423 million) under Islamic Export Refinance Scheme.		
10.10 Istisna financing and related assets includes financing amounting to Rs. 508.9 million (2022: Rs. 865 million) and advance amounting to Rs. 1,999 million (2022: Rs. 1,087 million) under Islamic Export Refinance Scheme.		
10.11 Murabahah financing and related assets includes financing amounting to Rs. 0.061 million (2022: Rs. 0.033 million) under Islamic Export Refinance Scheme.		
10.12 Musawamah financing and related assets / Tijarah includes advance amounting to Rs. Nil (2022: Rs. 150 million) under Islamic Export Refinance Scheme.		
	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
10.13 Particulars of Islamic financing and related assets and advances - gross		
In local currency	225,089,070	218,622,648
In foreign currencies	887,815	1,718,274
	<u>225,976,885</u>	<u>220,340,922</u>

10.14 Islamic financing and related assets and advances include Rs. 21,882.648 million (2022: Rs.19,872.534 million) which have been placed under non-performing status as detailed below:

Category of classification

	(Un-audited)		(Audited)	
	September 30, 2023		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	771,164	-	325,596	-
Substandard	609,873	111,977	548,330	48,085
Doubtful	2,235,326	871,243	4,236,194	2,411,182
Loss	18,266,286	17,372,320	14,762,414	13,659,864
Total	21,882,649	18,355,540	19,872,534	16,119,131

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)		
	September 30, 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	2,747,657	1,099,999	3,847,656	2,748,357	2,220,145	4,968,502
Reversals for the period / year	(511,248)	(74,633)	(585,881)	(1,157,169)	-	(1,157,169)
	2,236,409	1,025,366	3,261,775	1,591,188	2,220,145	3,811,333
Amount written off	-	-	-	(687)	-	(687)
Closing balance	18,355,540	4,012,534	22,368,074	16,119,131	2,987,168	19,106,299
10.15.1 Islamic	12,692,234	4,012,479	16,704,713	10,314,265	2,987,113	13,301,378
Conventional	5,663,306	55	5,663,361	5,804,866	55	5,804,921
	18,355,540	4,012,534	22,368,074	16,119,131	2,987,168	19,106,299

10.15.2	Provision / reversal of provision net of fair value adjustment taken to the profit and loss account	(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
		-----Rupees in '000-----	
	Gross reversals for the period / year	585,881	1,157,169
	Charge for the period / year	(3,847,656)	(4,968,502)
		(3,261,775)	(3,811,333)
	Fair value adjusted - net	(2,830)	-
	Net charge taken to the profit and loss account	(3,264,605)	(3,811,333)

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

	(Un-audited)			(Audited)		
	September 30, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	18,355,540	4,012,534	22,368,074	16,119,131	2,987,168	19,106,299
	18,355,540	4,012,534	22,368,074	16,119,131	2,987,168	19,106,299

10.15.4 The Holding Company maintains a general reserve (provision) amounting to Rs. 412.533 million (2022: Rs. 487.168 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing. In addition, the Holding Company carries general provision of Rs. 3,600 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 September 30, 2023 amounts to Rs. 736.724 million (2022: Rs. 1,061.067 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 375.729 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 share holders.

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 the Independent consultant.

	Note	(Un-audited) September 30, 2023 -----Rupees in '000-----	(Audited) December 31, 2022
10.17 SBP other refinance schemes			
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)		8,253,689	7,478,402
Islamic refinance scheme for payment of wages and salaries		62,197	438,035
Islamic Long-Term Financing Facility		963,047	952,692
RM EFS - Rupee Based Discounting (TFA)		4,273,404	223,136
Islamic refinance scheme for Renewable Energy		688,883	627,670
Islamic refinance scheme for combating COVID (IRFCC)		215,947	271,263
Islamic refinance facility for Modernization of SMEs		72,423	71,930
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)		51,262	59,710
Islamic Refinance and Credit Guarantee Scheme For Women Entrepreneur		7,847	9,279
		<u>14,588,699</u>	<u>10,132,117</u>
11 FIXED ASSETS			
Capital work-in-progress	11.1	1,945,945	1,427,567
Property and equipment		9,943,660	9,865,473
Right of use assets		2,371,916	2,897,382
		<u>14,261,521</u>	<u>14,190,422</u>
11.1 Capital work-in-progress			
Advances to suppliers and contractors		755,222	236,844
Advance for acquiring properties:			
- Office premises		1,190,723	1,190,723
		<u>1,945,945</u>	<u>1,427,567</u>
		(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
11.2 Additions to fixed assets		-----Rupees in '000-----	
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		706,988	133,147
Property and equipment			
Leasehold building		-	209,436
Furniture and fixture		559,143	120,325
Electrical, office and computer equipment		747,335	166,505
Vehicles		70,225	15,264
		1,376,703	511,530
Right of use assets			
Leasehold building		100,337	159,641
Total		<u>2,184,028</u>	<u>804,318</u>

	Note	(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
		----- Rupees in '000 -----	
11.3 Disposal / Transfer of fixed assets			
The net book value of fixed assets disposed off / transferred during the period is as follows:			
Disposal :			
Building on freehold land		405,000	-
Leasehold building		42,523	59,620
Furniture and fixture	11.3.1	13,557	7,298
Electrical, office and computer equipment		14	212
Vehicles		130	-
		<u>461,224</u>	<u>67,130</u>

11.3.1 Furniture & Fixtures includes write-offs amounting to Rs. Nil (June 30, 2022: Rs. 5.83 million)

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
12 INTANGIBLE ASSETS		
Computer software	435,161	272,481
Core deposits	20,277	21,982
Membership & Subscription	35,719	22,809
Goodwill	2,991,308	2,991,308
	<u>3,482,465</u>	<u>3,308,580</u>

	(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
	----- Rupees in '000 -----	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
- Directly purchased	272,200	131,597
12.2 Disposals of intangible assets		
Membership & Subscription	-	1,837

13	DEFERRED TAX ASSETS	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
			----- Rupees in '000 -----	
	Deductible Temporary Differences on:			
	Accumulated tax losses		-	863,212
	Provision for diminution in the value of investments		68,485	95,242
	Provision against non-performing Islamic financing and related assets and advances		6,186,890	4,650,741
	Ijarah financing and related assets		25,930	53,009
	Accelerated tax depreciation		-	146,333
			6,281,305	5,808,537
	Taxable Temporary Differences on:			
	Fair value adjustments relating to net assets acquired upon amalgamation		(361,833)	(351,206)
	Surplus on revaluation of available for sale securities		(223,911)	(853,404)
	Surplus on revaluation of fixed assets		(1,276,816)	(1,206,906)
	Surplus on revaluation of non-banking assets		(33,720)	(28,712)
	Accelerated tax depreciation		(16,562)	-
	Others		(151,956)	(154,590)
			(2,064,798)	(2,594,818)
			4,216,507	3,213,719
14	OTHER ASSETS - NET			
	Profit / return accrued in local currency		28,563,487	12,472,201
	Profit / return accrued in foreign currency		19,311	26,199
	Advances, deposits, advance rent and other prepayments		3,120,014	2,656,372
	Non-banking assets acquired in satisfaction of claims		1,453,365	1,455,091
	Branch Adjustment Account		1,505,525	-
	Takaful / insurance claim receivable		63,152	58,148
	Receivable against takaful and registration charges - Diminishing Musharakah Auto Financing		325,833	319,093
	Receivable against First WAPDA Sukuk		50,000	50,000
	Trade debts		532	532
	Acceptances		1,721,765	2,332,910
	Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		-	7,968
	Others		119,690	802,539
			36,942,674	20,181,053
	Less: Provision held against other assets	14.2	(826,923)	(764,955)
	Other Assets (net of provision)		36,115,751	19,416,098
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		68,816	66,772
	Other assets - total		36,184,567	19,482,870
14.1	Market value of non-banking assets acquired in satisfaction of claims		1,357,003	1,357,003

	Note	(Un-audited) September 30, 2023 ----- Rupees in '000 -----	(Audited) December 31, 2022 -----
14.2 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		494,469	432,501
	14.2.1	<u>826,923</u>	<u>764,955</u>
14.2.1 Movement in provision held against other assets			
Opening balance		764,955	1,261,370
Charge for the period / year		65,597	-
Reversals during the period / year		(3,629)	(496,415)
Closing balance		<u>826,923</u>	<u>764,955</u>
15 BILLS PAYABLE			
In Pakistan		2,640,416	3,530,929
Outside Pakistan		-	-
		<u>2,640,416</u>	<u>3,530,929</u>
16 DUE TO FINANCIAL INSTITUTIONS			
<i>Secured</i>			
Due to State Bank of Pakistan			
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)		8,032,802	7,473,692
Acceptances for financial assistance		4,318,377	4,036,120
Acceptances under Islamic Export Refinance Scheme		2,938,000	4,175,000
Acceptances from SBP under Mudaraba		19,130,415	-
Islamic refinance scheme for payment of wages and salaries		-	469,634
Islamic Long-Term Financing Facility		963,047	922,930
Islamic refinance scheme for Renewable Energy		656,595	563,692
Islamic Export Finance Scheme - Rupee based discounting		5,122,259	139,863
Islamic refinance scheme for combating COVID (IRFCC)		87,681	76,879
Islamic Refinance Scheme for Modernization of SMEs		65,367	65,854
Islamic Credit Guarantee Scheme for Women Entrepreneur		7,847	9,499
Islamic refinance scheme for Facility of Storage of Agricultural Produce (IFFSAP)		38,843	56,967
		<u>41,361,233</u>	<u>17,990,130</u>
Musharakah Acceptance		6,961,000	
Refinance facility for Islamic Mortgage		3,523,813	3,062,126
Total secured		<u>51,846,046</u>	<u>21,052,256</u>
<i>Unsecured</i>			
Wakalah Acceptance		3,500,000	-
Musharakah Acceptance		4,800,000	-
Total unsecured		<u>8,300,000</u>	<u>-</u>
		<u>60,146,046</u>	<u>21,052,256</u>

17 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) September 30, 2023			(Audited) December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	Rupees in '000					
Customers						
Current deposits	145,383,767	9,747,237	155,131,004	153,254,447	4,891,424	158,145,871
Savings deposits	109,433,134	3,727,827	113,160,961	91,134,589	3,359,456	94,494,045
Term deposits	171,120,828	7,361,639	178,482,467	132,317,698	4,987,727	137,305,425
Margin deposits	11,167,293	115,382	11,282,675	10,979,366	90,052	11,069,418
	437,105,022	20,952,085	458,057,107	387,686,100	13,328,659	401,014,759
Financial Institutions						
Current deposits	1,025,398	8,685	1,034,083	1,419,692	9,985	1,429,677
Savings deposits	2,365,463	-	2,365,463	13,071,501	-	13,071,501
Term deposits	451,300	-	451,300	396,000	-	396,000
Margin deposits	146	-	146	-	-	-
	3,842,307	8,685	3,850,992	14,887,193	9,985	14,897,178
	440,947,329	20,960,770	461,908,099	402,573,293	13,338,644	415,911,937

18 SUBORDINATED SUKUK

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
		Rupees in '000	
ADT-1 Sukuk Issue I	18.1	2,000,000	2,000,000
Advance subscription against ADT-1 Sukuk Issue II	18.2	850,000	850,000
		2,850,000	2,850,000

18.1 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.

18.1.1 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'
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 Holding Company inline with SBP's guidelines of pool management.
Call option	The Holding Company may, at its sole discretion, call the Sukuk, 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 Sukuk 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.

- 18.2** 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.

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-1 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-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.

19 OTHER LIABILITIES

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
Profit / return payable in local currency	7,210,848	4,633,768
Profit / return payable in foreign currencies	152,130	152,308
Accrued expenses	1,779,346	1,359,473
Deferred Murabahah Income Financing and IERS	899,930	335,033
Payable to defined benefit plan	4,677	4,677
Payable to defined contribution plan	36,708	29,804
Defined Benefit Plan liabilities	444,574	302,347
Dividend Payable	99,476	-
Security deposits against Ijarah	423,292	441,269
Lease liability against right of use assets	3,489,131	3,559,675
Provision against off-balance sheet obligations	85,975	85,975
Acceptances	1,721,765	2,332,910
Current taxation (provisions less payments)	4,463,605	1,884,713
Provision against other tax liabilities	280,486	95,475
Unrealized loss on Shariah compliant alternative of forward foreign exchange contracts	379,464	-
Sundry creditors	2,301,682	1,008,462
Payable to brokers against purchase of shares - net	536	442
Charity payable	12,804	7,440
Retention money payable	47,970	27,158
Provision for Workers' Welfare Fund	656,658	358,419
Branch adjustment account	-	387,266
Others	674,610	456,734
	25,165,667	17,463,348

20	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
			-----Rupees in '000-----	
	Surplus on revaluation of:			
	Available for sale securities	9.1	357,525	1,984,660
	Fixed assets		2,696,358	2,796,812
	Non-banking assets acquired in satisfaction of claims		68,816	66,772
			3,122,699	4,848,244
	Deferred tax liability on surplus on revaluation of:	13		
	Available for sale securities		(223,911)	(853,404)
	Fixed assets		(1,276,816)	(1,206,906)
	Non-banking assets acquired in satisfaction of claims		(33,959)	(28,712)
			(1,534,686)	(2,089,022)
			1,588,013	2,759,222
21	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	21.1	3,872,294	3,527,283
	- Commitments	21.2	32,394,339	35,701,601
	- Other contingent liabilities	21.3	227,256	229,652
			36,493,889	39,458,536
21.1	Guarantees:			
	Performance guarantees		2,953,308	2,668,388
	Other guarantees		918,986	858,895
			3,872,294	3,527,283
21.2	Commitments:			
	Documentary credits and short-term trade-related transactions:			
	- letters of credit		22,424,735	28,386,915
	Commitments in respect of:			
	- Shariah compliant alternative of forward foreign exchange contracts	21.2.1	9,398,642	6,708,168
	Commitments for acquisition of:			
	- fixed assets		541,759	553,177
	- intangible assets		29,203	53,341
			32,394,339	35,701,601
21.2.1	Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions			
	Purchase		46,650,887	17,741,180
	Sale		(37,252,245)	(11,033,012)
			9,398,642	6,708,168
21.3	Other contingent liabilities			
	Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Holding Company has not acknowledged as debt	21.3.1	1,804	4,200
	Tax Contingencies	21.3.2	225,452	225,452
			227,256	229,652
21.3.1	Suits filed by customers/ borrowers for recovery of alleged losses suffered, pending in the High Court, which the Holding Company has not acknowledged as debt. During the year 2023, a case has been dismissed by an Appellate Court resulted in decreasing the contingent liability.			
21.3.2	There is no change in the status of tax and other contingencies, as set out in note 25.3.2 to the annual consolidated financial statements of the Holding Company for the year ended December 31, 2022.			

			(Un-audited)	
		Note	September 30, 2023	September 30, 2022
			-----Rupees in '000-----	
	On:			
	Financing			16,899,304
	Investments		30,502,956	11,047,654
	Placements		3,257,499	3,529,114
	Others		140,633	115,418
				<u>31,591,490</u>
23	PROFIT / RETURN EXPENSED			
	On:			
	Deposits and other accounts		28,202,280	14,398,920
	Due to financial institutions		6,936,758	2,947,649
	Cost of foreign currency swaps against foreign currency deposits		364,759	114,868
	Amortisation of lease liability against right of use assets		956,819	259,487
	Subordinated Sukuk		503,995	226,940
			<u>36,964,611</u>	<u>17,947,864</u>
24	FEE AND COMMISSION INCOME			
	Branch banking customer fees		44,790	42,811
	Commission on bancatakaful		55,738	76,038
	Card related fees		612,611	401,866
	Commission on arrangement with financial institutions		62,923	76,248
	Consumer finance related fees		19,005	48,163
	Commission on Guarantees		38,253	41,678
	Investment banking fees		45,486	58,930
	Commission on cash management		16,087	14,661
	Commission on remittances including home remittances		33,858	44,238
	Commission on trade		338,526	232,642
	Others		7,608	7,560
			<u>1,274,885</u>	<u>1,044,835</u>
25	GAIN ON SECURITIES			
	Realized gain	25.1	201,266	77,067
25.1	Realized gain on:			
	Federal Government Shariah Compliant Securities		201,266	77,067
26	OTHER INCOME - NET			
	Rent on property		766	851
	Gain on termination of financing		139,578	88,843
	Gain on sale of fixed assets		101,190	11,697
	Gain on sale of non-banking assets		-	208,967
	Recoveries against previously expensed items		11,330	160,375
	Others		-	3,117
			<u>252,864</u>	<u>473,850</u>

27 OPERATING EXPENSES

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

Total compensation expense	5,110,160	3,846,243
Property expense		
Rent & taxes	150,663	81,663
Takaful cost	1,118	1,169
Utilities cost	613,836	498,155
Security (including guards)	450,782	321,421
Repair & maintenance (including janitorial charges)	228,434	167,552
Depreciation	383,677	362,695
Depreciation on right of use assets	625,803	629,591
	2,454,313	2,062,246
Information technology expenses		
Software maintenance	454,820	257,658
Hardware maintenance	184,593	112,518
Depreciation	240,678	197,482
Amortization	93,718	63,827
Network charges	216,247	181,592
	1,190,056	813,077
Other operating expenses		
Directors' fees and allowances	15,780	8,820
Fees and allowances to Shariah Board	19,582	16,524
Legal & professional charges	88,071	96,683
Travelling & conveyance	83,963	52,086
NIFT clearing charges	28,609	22,356
Depreciation	212,965	152,086
Depreciation on non-banking assets	1,726	2,643
Entertainment expense	79,632	77,026
Training & development	21,164	4,887
Postage & courier charges	50,984	32,617
Communication	186,086	35,652
Stationery & printing	301,660	197,794
Marketing, advertisement & publicity	206,848	266,199
Repairs and maintenance	160,233	117,381
Takaful, tracker and other charges on car Ijarah - net of income	60,153	-
Takaful / Insurance	260,809	255,204
Fee and subscription	300,053	142,041
Vehicle running and maintenance	357,032	220,926
Donations	-	8,846
Auditors' remuneration	23,141	15,816
Amortization	4,595	3,517
CDC and share registrar services	11,311	6,670
Brokerage and commission	24,903	19,601
Stamp duty, registration & verification charges	37,719	64,968
Others	33,577	34,300
	2,570,596	1,854,643
	<u>11,325,125</u>	<u>8,576,209</u>

	Note	----- (Un-audited) ----- September 30, 2023 -----Rupees in '000-----	September 30, 2022
28	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	7,351	8,301
29	PROVISIONS AND WRITE OFFS - NET		
	Reversal of provision against Due from financial institutions	(2,430)	(2,430)
	Charge / (reversal) of provision for diminution in value of Investments	579,347	5,328
	Provision against Islamic financing and related assets and advances - net	3,264,605	2,240,149
	Other provisions / (reversal) / write offs - net	61,967	3,332
		<u>3,903,489</u>	<u>2,246,379</u>
30	TAXATION		
	Current	6,910,616	1,813,651
	Prior years	123,235	-
	Deferred	(547,624)	878,189
		<u>6,486,227</u>	<u>2,691,840</u>
31	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit after tax for the period (Attributable to equity shareholders of the Holding Company)	8,455,873	2,862,048
		----- Number of shares -----	
	Weighted average number of ordinary shares	<u>1,108,703,299</u>	<u>1,108,703,299</u>
		----- Rupees -----	
	Basic and diluted EPS	<u>7.6268</u>	<u>2.5814</u>

31.1 There were no convertible / dilutive potential ordinary shares outstanding as at September 30, 2023 and September 30, 2022, therefore diluted earning per share has not been presented separately.

32 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 borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

32.1 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)			
September 30, 2023			
Level 1	Level 2	Level 3	Total

----- Rupees in '000 -----

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Shares	493,658	-	6,820	500,478
GoP Ijara Sukuk	-	239,035,067	-	239,035,067
Non-Government Shariah compliant securities	30,851,622	5,145,409	-	35,997,031

Non-Financial Assets - measured at fair value

Fixed assets - Land and building	-	-	6,715,929	6,715,929
Non-banking assets acquired in satisfaction of claims	-	-	1,216,419	1,216,419

Off-balance sheet financial instruments - measured at fair value

Shariah compliant alternative of forward purchase of foreign exchange	-	46,650,887	-	46,650,887
Shariah compliant alternative of forward sale of foreign exchange	-	37,252,245	-	37,252,245

(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 Ijara 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
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 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 Banks' 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.

32.2 The Holding Company’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 last year.

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	(Un-audited) September 30, 2023				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
Profit & Loss					
Net profit / return	26,442,762	(21,084,790)	23,981,504	(994,850)	28,344,626
Inter segment revenue - net	(27,130,564)	50,040,608	(22,742,707)	(167,336)	-
Total other income	685,152	914,453	436,321	119,763	2,155,689
Total income	(2,650)	29,870,271	1,675,118	(1,042,423)	30,500,315
Segment direct expenses	110,320	6,153,271	466,595	4,900,529	11,630,715
Inter segment expense allocation	36,240	1,978,172	559,652	(2,574,064)	-
Total expenses	146,560	8,131,443	1,026,247	2,326,465	11,630,715
Provisions / (reversals)	577,727	172,222	3,077,140	76,400	3,903,489
Profit / (loss) before tax	(726,937)	21,566,606	(2,428,269)	(3,445,288)	14,966,111

(Un-audited) September 30, 2023					
Balance Sheet	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
Assets					
Cash & Bank balances	1,252,043	40,748,399	-	-	42,000,442
Investments	276,795,778	-	-	-	276,795,778
Net inter segment placements	-	394,453,507	-	-	394,453,507
Due from financial institutions	5,255,544	-	-	-	5,255,544
Islamic financing and related assets - performing	-	35,491,891	155,500,317	9,280,087	200,272,295
- non-performing - net	-	1,963,006	1,464,499	-	3,427,505
Others	-	-	-	58,145,060	58,145,060
Total Assets	283,303,365	472,656,803	156,964,816	67,425,147	980,350,131
Liabilities					
Due to financial institutions	38,709,792	3,523,813	17,912,441	-	60,146,046
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	1,528,196	460,379,903	-	-	461,908,099
Net inter segment acceptances	242,358,024	-	138,166,578	13,928,905	394,453,507
Others	89,652	8,753,087	885,793	18,077,551	27,806,083
Total liabilities	282,685,664	472,656,803	156,964,812	34,856,456	947,163,735
Equity	-	-	-	32,694,168	33,162,385
Total Equity & liabilities	282,685,664	472,656,803	156,964,812	67,550,624	980,326,120
Contingencies & Commitments	9,398,642	-	26,297,028	689,621	36,385,292

(Un-audited) September 30, 2022					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
Profit & Loss					
Net profit / return	10,721,992	(9,178,348)	12,365,941	(265,959)	13,643,626
Inter segment revenue - net	(11,662,994)	24,500,881	(12,941,859)	103,972	-
Total other income	1,409,595	848,149	364,247	230,041	2,852,032
Total Income	468,593	16,170,682	(211,671)	68,054	16,495,658
Segment direct expenses	65,153	5,112,404	410,735	3,107,099	8,695,391
Inter segment expense allocation	24,914	1,669,842	455,954	(2,150,710)	-
Total expenses	90,067	6,782,246	866,689	956,389	8,695,391
Provisions / (reversals)	2,898	116,293	2,120,490	6,698	2,246,379
Profit / (loss) before tax	375,628	9,272,143	(3,198,850)	(895,033)	5,553,888

(Audited) December 31, 2022					
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	Rupees in '000				
Assets					
Cash & Bank balances	2,150,492	39,870,367	-	-	42,020,859
Investments	180,176,339	-	-	-	180,176,339
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	6,297,594	25,405,181	40,195,591
Total Assets	213,026,645	414,064,838	156,983,548	39,905,504	823,980,535
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	12,701,830	403,210,107	-	-	415,911,937
Net inter segment acceptances	195,667,357	-	140,713,764	-	336,381,121
Others	184,280	7,792,605	2,528,274	10,489,118	20,994,277
Total liabilities	212,589,587	414,064,838	157,196,048	13,339,118	797,189,591
Equity	-	-	-	26,790,944	26,790,944
Total Equity & liabilities	212,589,587	414,064,838	157,196,048	40,130,062	823,980,535
Contingencies & Commitments	6,708,168	-	31,914,198	836,170	39,458,536

34 RELATED PARTY TRANSACTIONS

The Holding Company has related party transactions with its parent, 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 condensed interim consolidated financial statements are as follows:

	(Un-audited)					(Audited)				
	September 30, 2023					December 31, 2022				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)										
Due from financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the year	3,233,725	-	-	-	-	-	-	-	-	-
Repaid during the year	(3,233,725)	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	-	1,102,111	-	-	-	-	1,660,111	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed-off during the period / year	-	-	-	-	-	-	-	-	-	-
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	-	-	103,955	703,910	4,461,960	-	-	204,049	813,116	4,655,399
Repaid during the period / year	-	-	(36,733)	(695,388)	(3,984,810)	-	(15,382)	(107,753)	(813,469)	(4,405,399)
Transfer in / (out) - net	-	-	(121,507)	-	(839,452)	-	-	(3,869)	-	(250,000)
Closing balance	-	-	318,625	488,709	337,699	-	-	372,910	480,187	700,001
Other assets										
Profit receivable on financings	-	-	220	34,324	1,609	-	-	280	5,579	18,842
Due to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Borrowings during the year	62,460,600	-	-	-	-	-	-	-	-	-
Settled during the year	(62,460,600)	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Subordinated sukuk										
Opening balance	-	-	1,015	-	-	-	-	1,015	-	-
Issued / purchased during the period / year	-	-	-	-	-	-	-	-	-	-
Redemption / sold during the period / year	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	(530)	-	-	-	-	(3,095)	-	-
Closing balance	-	-	485	-	-	-	-	1,015	-	-
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	-	2,690,862	587,584	1,271,954	15,422,849	-	39,235	709,549	1,641,001	13,686,134
Withdrawn during the period / year	-	(2,690,289)	(582,851)	(1,268,021)	(14,784,656)	-	(42,553)	(716,423)	(1,656,153)	(13,218,501)
Transfer in / (out) - net	-	275	(376)	-	31,472	-	-	(3,095)	-	2,665
Closing balance	-	3,593	36,800	16,119	2,446,362	-	2,745	32,443	12,186	1,776,697
Other Liabilities										
Profit / return payable	-	2	288	6	57,894	-	1	490	-	31,609
Dividend Payable	-	34,000	-	-	54,876	-	-	-	-	-
Meeting fee / remuneration payable	-	400	-	-	-	-	240	-	-	-
	-	34,402	288	6	112,770	-	241	490	-	31,609
Contingencies and Commitments										
Other contingencies	-	-	-	7,516	36,579	-	-	-	25,202	82,277

	(Un-audited)					(Audited)				
	September 30, 2023					September 30, 2022				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)										
Income										
Profit / return earned	9,413	-	11,733	53,156	102,948	-	973	9,102	18,330	36,099
Other income	-	-	547	-	-	-	-	11,179	-	-
Expense										
Profit / return expensed	200,269	14	1,481	35	180,709	-	10	748	27	127,312
Other administrative expenses	-	4,072	1,662	-	48,830	-	-	2,212	-	25,068
Meeting fee / remuneration	-	15,780	370,472	-	-	-	8,820	276,565	-	-
Contribution to employees provident fund	-	-	-	-	155,144	-	-	-	-	122,559
Charge for employees gratuity fund	-	-	-	-	142,227	-	-	-	-	114,594

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	11,007,991	11,007,991
---------------------------------	------------	------------

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	27,232,849	19,971,442
Eligible Additional Tier 1 (ADT 1) Capital	2,850,000	2,850,000
Total Eligible Tier 1 Capital	30,082,849	22,821,442
Eligible Tier 2 Capital	8,217,704	7,265,706
Total Eligible Capital (Tier 1 + Tier 2)	38,300,553	30,087,148

Risk Weighted Assets (RWAs):

Credit Risk	137,870,129	135,264,964
Market Risk	3,554,387	2,036,650
Operational Risk	31,614,900	31,614,900
Total	173,039,416	168,916,514

Common Equity Tier 1 Capital Adequacy ratio	15.74%	11.82%
Tier 1 Capital Adequacy Ratio	17.38%	13.51%
Total Capital Adequacy Ratio	22.13%	17.81%

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%

35.1 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) September 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	30,082,849	22,821,442
Total Exposures	603,890,017	547,791,150
Leverage Ratio	4.98%	4.17%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	182,643,791	158,731,694
Total Net Cash Outflow	64,711,370	50,014,976
Liquidity Coverage Ratio	282.24%	317.37%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	476,056,185	418,115,780
Total Required Stable Funding	181,020,055	160,353,265
Net Stable Funding Ratio	262.99%	260.75%

36 GENERAL

- 36.1 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 condensed interim consolidated financial statements, except for captions of the condensed interim consolidated Statement of Financial Position and condensed interim Consolidated Profit and Loss Account.
- 36.2 These condensed interim consolidated financial statements are presented in Pakistani Rupees, which is the Holding Company's functional and presentation currency.
- 36.3 The figures in these financial statements have been rounded off to the nearest thousand rupee.
- 36.4 Due to non-availability of financial results of Shakarganj Food Products Limited (associated company) for the period ended September 30, 2023, these condensed interim consolidated financial statements includes share of loss / profit from associate upto period ended June 30, 2023.
- 36.5 The Board of Directors in their meeting held on October 24, 2023 has announced an interim cash dividend of Rs. 1.75 per share (17.5%). These condensed interim financial statements do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2023.

37 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on October 24, 2023 by the Board of Directors of the Holding Company.

-Sd-
PRESIDENT /
CHIEF EXECUTIVE
OFFICER

-Sd-
CHIEF FINANCIAL
OFFICER

-Sd-
CHAIRMAN

-Sd-
DIRECTOR

-Sd-
DIRECTOR



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